



# MEMORANDUM

**Date:** February 20, 2018

File No.: 7125

**To:** Ken Pimlott, Director  
Department of Forestry and Fire Protection  
1416 9th Street  
P.O. Box 944246  
Sacramento, CA 94244-2460

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

**Subject: AUDIT REPORT: COMPLIANCE WITH STATE BUSINESS  
MANAGEMENT POLICIES**

Attached is the final report on our compliance audit of the business management functions and services of the Department of Forestry and Fire Protection (Cal-Fire). The objective of our audit was to determine compliance with policies set forth in the State Administrative Manual, and the terms and conditions of any specific delegations of authority or exemptions from approval granted by the Department of General Services (DGS).

The Cal-Fire's written response to our draft report is included in the final report. The report also includes our evaluation of the response. We are pleased with the actions being taken to address our recommendations.

As part of its operating responsibilities, the Office of Audit Services is responsible for following up on audit recommendations. Therefore, please submit a status report on the implementation of the recommendations to us by August 20, 2018. This should include sample copies of new policies and procedures implemented; checklists developed; reminder e-mails sent; training class syllabi; etc. The necessity of any further status reports will be determined at that time. Please transmit your status report to: DGS - Office of Audit Services, 707 3<sup>rd</sup> Street, 8<sup>th</sup> Floor, West Sacramento, CA 95605 or preferably via e-mail to [Dennis.Miras@dgs.ca.gov](mailto:Dennis.Miras@dgs.ca.gov).

We greatly appreciated the cooperation and assistance provided by Cal-Fire's personnel.

If you need further information or assistance on this report, please call / e-mail me at (916) 376-5064 / [Dennis.Miras@dgs.ca.gov](mailto:Dennis.Miras@dgs.ca.gov), or Christopher Harris, Management Auditor, at (916) 376-5059 / [Chris.Harris@dgs.ca.gov](mailto:Chris.Harris@dgs.ca.gov).

*Dennis M Miras*

DENNIS M MIRAS, CIA  
Manager, Office of Audit Services

Attachment

cc: Janet Barentson, Chief Deputy Director  
- Anthony P. Favro, Deputy Director, Management Services  
Kerry Garcia, Chief, Business Services Office  
Purchasing Authority Management Section (PAMS), Procurement Division, DGS

**GOVERNMENT OPERATIONS AGENCY  
DEPARTMENT OF GENERAL SERVICES**

**AUDIT OF THE  
DEPARTMENT OF FORESTRY  
AND FIRE PROTECTION  
(CAL-FIRE)**

**FOR COMPLIANCE WITH STATE  
BUSINESS MANAGEMENT POLICIES  
REPORT NO. 7125**

**OFFICE OF AUDIT SERVICES**

**AUGUST 2017**

**DEPARTMENT OF FORESTRY AND FIRE PROTECTION  
COMPLIANCE AUDIT  
REPORT NO. 7125**

**TABLE OF CONTENTS**

	<u>PAGE</u>
AUDITOR'S REPORT.....	1
FINDINGS AND RECOMMENDATIONS.....	3
CONTRACTING PROGRAM.....	3
DELEGATED PURCHASING PROGRAM.....	4
REPORTING AND REVIEW OF VEHICLE ACCIDENTS.....	5
DRIVER SAFETY AND INSURANCE PROGRAM.....	6
CONCLUSION.....	7
CAL-FIRE'S RESPONSE.....	8
EVALUATION OF CAL-FIRE'S RESPONSE.....	16

**STATE OF CALIFORNIA**  
**DEPARTMENT OF GENERAL SERVICES**  
**AUDITOR'S REPORT**

DATE: February 20, 2018

TO: **Ken Pimlott, Director**  
Department of Forestry and Fire Protection (Cal-Fire)

This report presents the results of our compliance audit of the business management functions and services of the Department of Forestry and Fire Protection (Cal-Fire). These audits are routinely performed under the authority granted to the Department of General Services (DGS) by Government Code Sections 14615 and 14619. The objective of our audit was to determine compliance with policies set forth in the State Administrative Manual, and the terms and conditions of any specific delegations of authority or exemptions from approval granted by DGS. As applicable, the scope of our audits of state agencies includes, but is not limited to, compliance with policies governing contracting, purchasing, fleet administration, small business (SB) and disabled veteran business enterprises (DVBE) usage, driver safety and insurance, surplus property, real estate and prompt payment of suppliers. Our audit was conducted in accordance with U.S. generally accepted auditing standards.

Our review disclosed the following areas of noncompliance with state requirements that should be addressed by Cal-Fire's management. The implementation of the recommendations presented in this report will assist Cal-Fire in addressing these areas.

- Contracting program policies and procedures are not ensuring full compliance with state contracting requirements. The types of exceptions noted during our audit included: (1) documentation not being maintained that unions were notified prior to agreements being signed; and, (2) documentation not being prepared and/or maintained for applicable contract language, general terms and conditions, and fair and reasonable (cost justification) for service transactions that were both over and under \$5,000 being prepared on the Cal-Fire Form 93.
- The Cal-Fire's delegated purchasing practices are not sufficient to provide reasonable assurance of compliance with the state's procurement statutes, policies, and procedures. Specifically, Cal-Fire's policies and procedures were not always ensuring full compliance with state requirements governing the: (1) referencing of the State's Bidder Instructions and General Provisions in all competitive solicitations; (2) obtaining of bidder declaration forms from SB/ DVBEs that assist in verifying the performance of a commercially useful function; (3) obtaining of a copy of the supplier's sellers permit; (4) notification of the Department of Fair Employment and Housing of purchase awards in excess of \$5,000; (5) completion of the state's non-competitively bid process for purchases made without competition; (6) establishment of fair and reasonable pricing for transactions of less than \$5,000, including CAL-Card payment transactions; and, (7) completion of a Purchasing Authority Purchase Order, STD. 65, that accurately references the procurement method and general provisions used to award the purchase order.

In addition, leveraged procurement agreement (LPA) transaction files did not always contain copies of the contract cover page and pricing page(s) and support that the SB/DVBE certification status of applicable LPA contractors was verified prior to issuing an order for Non-IT and IT procurements.

- Motor vehicle accidents are not always being reported to the DGS' Office of Risk and Insurance Management. Further, supervisors are not always completing a report containing an evaluation of the cause of an accident.
- The Cal-Fire's driver safety and insurance program is not ensuring that employees who use their own vehicle to conduct state business complete and annually update a vehicle certification form. Policies and procedures are also not ensuring the submission of an annual defensive driver training report to DGS.

During our review we also identified other matters requiring attention that we discussed with Cal-Fire's management but are not included in this report.

We are pleased with the commitment shown to improve compliance with state requirements. It should be noted that when advised of areas for improvement during our audit fieldwork, Cal-Fire's management took prompt actions to address our concerns. However, we did not perform effectiveness tests to determine whether the corrective actions were functioning as intended. The Cal-Fire's management has the ongoing responsibility for ensuring that its business management policies and procedures are functioning as prescribed and are modified, as appropriate, for changes in conditions.

Your response to each of our recommendations as well as our evaluation of the response is included in this report.

We greatly appreciated the cooperation and assistance provided by Cal-Fire's personnel.

If you need further information or assistance on this report, please contact me at (916) 376-5064, or Christopher Harris, at (916) 376-5059.

*Dennis M Miras*

DENNIS M MIRAS, CIA  
Manager, Office of Audit Services

Staff: Christopher Harris, Management Auditor, MPA  
Maricela Bautista, Management Auditor

cc: Janet Barentson, Chief Deputy Director  
Anthony P. Favro, Deputy Director, Management Services  
Kerry Garcia, Chief, Business Services Office  
Purchasing Authority Management Section (PAMS), Procurement Division, DGS

# DEPARTMENT OF FORESTRY AND FIRE PROTECTION (CAL-FIRE)

## COMPLIANCE AUDIT

### FINDINGS AND RECOMMENDATIONS

The following presents our detailed findings and recommendations developed based on our review of the business management functions and services of the Department of Forestry and Fire Protection (Cal-Fire) for compliance with policies set forth in the State Administrative Manual (SAM), and the terms and conditions of any specific delegations of authority or exemptions from approval granted by the Department of General Services (DGS). This report presents information on areas of noncompliance with policies governing the: contracting for services; conduct of delegated purchases; reporting of vehicle accidents; completion of vehicle certification forms by employees; and, annual defensive driver training reporting.

This information was developed based on our fieldwork conducted over the period January 30, 2017 through August 14, 2017. Although the finalization of our report was delayed due to other high priority assignments, as findings were observed and developed during our audit fieldwork, Cal-Fire's management was promptly advised of any areas of concern so that they could begin taking corrective action. Further, at our August 2017 formal audit exit conference, Cal-Fire was provided a detailed written summary of issues noted during our review.

To determine compliance, we reviewed policies and procedures, interviewed parties involved, tested records and transactions and performed other tests as deemed necessary. The period covered by our testing varied depending upon the area of review and the type of transactions involved; however, the emphasis of our review and testing was with current procedures and transactions completed during the 2016/17 fiscal year.

#### CONTRACTING PROGRAM

Our sample tests of various types<sup>1</sup> of contracts processed by Cal-Fire disclosed a number of areas for improvement that need to be addressed to fully comply with the state's service contracting requirements. The state's contracting requirements are primarily contained in State Contracting Manual (SCM) Volume 1. Since the instances of noncompliance were discussed with responsible management and staff during our audit fieldwork, they are not detailed in this report. However, the types of exceptions noted included:

- contract agreements not containing documentation that the contract was sent to organizations that represent state employees before the agreement was signed despite the applicable box having been checked on the Std. 215. (MM14-01, SCM 7.05); and
- documentation not being prepared and/or maintained for applicable contract language, general terms and conditions, and fair and reasonable (cost justification) for Small Dollar Value service transactions that were both over and under \$5,000 being prepared on the Cal-Fire Form 93. (SCM 1, 2.07, 5.90).

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<sup>1</sup> The types of contracts tested for compliance included both contracts subject to DGS review and approval (generally contracts of an amount of \$50,000 or more) and those delegated to the Cal-Fire to directly execute (generally contracts of an amount under \$50,000).

### **Recommendation**

1. Implement additional quality assurance policies and procedures to assist in ensuring full compliance with the state's contracting requirements. This process should address the issues noted above.

### **DELEGATED PURCHASING PROGRAM**

Our tests of a sample of 84 delegated information technology (IT) or non-IT procurements, including 45 leveraged procurement agreement transactions, disclosed a number of areas for improvement that need to be addressed to fully comply with delegated purchasing requirements. The state's delegated purchasing requirements are primarily contained in SCM Volumes 2 (non-IT) and 3 (IT). As applicable, the scope of our audits of state agencies includes, but is not limited to, compliance with policies governing the conduct of competitive solicitations, use of leveraged procurement agreements, solicitation of certified small businesses (SB) and disabled veteran business enterprises (DVBE), establishment of fair and reasonable pricing for acquisitions of less than \$5,000, use of CAL-Cards to pay for goods and services, and prompt payment of suppliers.

Since the instances of noncompliance were discussed with responsible management and staff during our audit fieldwork, they are not detailed in this report. However, the types of exceptions involved purchasing practices that were not always ensuring full compliance with SCM provisions governing the:

- completion of a Purchasing Authority Purchase Order, Std. 65, that accurately references the procurement method and general provisions used to award the purchase order (SCM 2, 8.3.5 and SCM 3, 8.4.5);
- obtaining of a copy of the supplier's sellers permit (SCM 2, 4. B6.3 and SCM 3, 4. B8.6) and maintenance of a Bid/Quote worksheet or similar document in the procurement file (SCM 2, 4.B3.4 and SCM 3, 4.D1.1);
- notification of the Department of Fair Employment and Housing of purchase made without competition (SCM 2, 8.2.7 and SCM 3, 8.3.7);
- referencing of the State's Bidder Instructions and General Provisions in all competitive solicitations (SCM 2, 4.B6.0 & 4.B6.1 and SCM 3, 4.B8.0 & 4.B8.1);
- documentation that responsive bids were received from at least two responsible bidders, (SCM 2, 4.D2.1 and SCM 3, 4.D2.1);
- NCB (non-completive bid) process being properly conducted and documented, (SCM 2 & 3, 5.1.0);
- complete documentation for Small Business, Micro Business or DVBE transactions such as CUF (commercially useful function) analysis, Bidder & DVBE Declaration forms, (GSPD 05-105/106 & Std. 843) and Valid Certified status print out (SCM 2 & 3, Chapter 3);
- DVBE Program Requirements being included in the solicitation or a DVBE waiver letter in the procurement file (SCM 2, 4.B2.5 and SCM 3, 3.3.2);
- inclusion of the TACPA Preference Program being referenced in the applicable solicitation (SCM 2 & 3, 3.9.0);

- evidence of DGS-OFAM approvals for mobile equipment being documented in the procurement file (SCM 2, 2.1C.0);
- signed certification from the department's director, deputy director or the director's designee for compliance with State IT policies for all IT procurements valued at \$100,000 or more in the applicable procurement file (SCM 3, 2.C6.0);
- maintaining in the procurement files copies of the contract cover page and pricing page(s) for leveraged procurement agreement (LPA) transactions (SCM 2 & 3, 6.A4.1);
- existence of a correct LPA contract number on the purchase document, (Std. 65 User's Instructions, #8);
- applicable A-2 box being checked for LPA transactions to document the applicable required terms and conditions for the applicable LPA being used (Std. 65 User's Instructions, #23);
- existence of documentation and support to determine if the procurement was in accordance with terms and conditions of the LPA (SCM 2, 6.A2.1);
- invoice processing policies and procedures not ensuring the prompt payment of vendors (Gov. code 927, SCM 2 & 3, 9.A1.1); and
- establishment of fair and reasonable pricing for transactions of less than \$5,000, including CAL-Card payment transactions (SCM 2 & 3, 4.C1.0).

In addition, we had concerns with the completeness of the procurement files. State policy provides that departments are responsible for maintaining records in sufficient detail to allow anyone to review documentation and understand how a procurement was requested, conducted, awarded and administered (SCM 2 and 3, 11.4.0).

Overall, as of the completion of our audit fieldwork in August 2017, we concluded that Cal-Fire's delegated purchasing practices were not sufficient to provide reasonable assurance of compliance with the state's procurement statutes, policies, and procedures.

### **Recommendations**

2. Implement additional quality assurance policies and procedures to assist in ensuring full compliance with the requirements of the delegated purchasing program and the Prompt Payment Act. This process should address the issues noted above.
3. Maintain procurement files containing sufficient detail to allow anyone to review documentation and understand how a procurement was requested, conducted, justified, awarded and administered.

### **REPORTING AND REVIEW OF VEHICLE ACCIDENTS**

Cal-Fire has not implemented policies and procedures which ensure that motor vehicle accidents are reported timely to the DGS' Office of Risk and Insurance Management (ORIM). Specifically, during our review of Cal-Fire's accident reporting process for the period beginning January 2016 through January 2017, we identified 15 accident reports on file at Cal-Fire that



had been submitted to ORIM up to 37 days late. To allow it to effectively administer the state's motor vehicle self-insurance program, SAM Section 2430 provides that a Report of Vehicle Accident, STD. 270, form be submitted to ORIM within 48 hours of an accident.

We also determined that a report containing a supervisor's evaluation of an accident's cause was not on-file for 12 of the 15 accidents that were reported to ORIM. SAM Section 2440 requires that the supervisor of an employee involved in an accident prepare a Review of State Driver Accident (Supervisor's), STD. 274, report, take appropriate action, and forward copies of the report to both ORIM and the agency's safety coordinator.

It should be noted that, although having the responsibility for tracking accident reports, at the time of our review, Cal-Fire's fleet management coordinator's responsibilities did not include monitoring to ensure compliance with the state's motor vehicle accident reporting requirements. Cal-Fire's operating units are responsible for compliance with the state's accident reporting requirements.

### **Recommendation**

4. Implement policies and procedures which ensure that a motor vehicle accident report is submitted to ORIM within 48 hours of an accident and that supervisors complete a report containing an evaluation of the cause of the accident. This process should include the annual notification of managers and supervisors of their accident reporting and review responsibilities. Further, if deemed feasible, policies should provide that the fleet management coordinator monitor to ensure compliance with the state's motor vehicle accident reporting requirements.

### **DRIVER SAFETY AND INSURANCE PROGRAM**

Cal-Fire needs to strengthen its driver safety and insurance program to assist in preventing and controlling the costs of vehicle accidents. Collectively, such accidents cost the state millions of dollars each year, including liability to other parties for damages, repairs to state vehicles, workers' compensation claims and lost productivity. For maximum containment of these costs, each state agency is expected to actively participate in the state's driver safety program. The following areas need strengthening:

- **Vehicle Authorizations** – current policies and procedures are not ensuring that an Authorization to Use Privately Owned Vehicle, STD. 261, certification form is completed and annually updated by employees who use their own vehicle to conduct state business. Specifically, at the time of our audit tests, a current STD. 261 was not available for 13 of 25 employees included in our sample tests who used their own vehicle on state business. Specifically, two were expired, one completed during testing, two were not signed, and eight had no record of a STD. 261. Cal-Fire's travel policies provide that managers/supervisors are to monitor their employees for the proper and timely completion of STD. 261s. As shown by the results of our review, these policies have not been entirely effective.

SAM Section 0753 requires that a privately-owned vehicle authorization form be completed and annually updated by each employee who uses his or her own vehicle to conduct state business. In addition, this section provides that an employee's travel expense claim for private vehicle mileage should not be approved by a supervisor prior to verification that a current authorization form is on-file for the employee. The completion of the authorization form accomplishes the objective of having the employee certify in writing that the vehicle used will always be:

- Covered by liability insurance for the minimum amount prescribed by law;
  - Adequate for work performed;
  - Equipped with safety belts; and,
  - In safe mechanical condition.
- ***Defensive Driver Training Report*** – Cal-Fire has not been submitting a defensive driver training report that is due to DGS by September 1 of each year (Management Memo 11-04). The report contains defensive driver training information for the preceding fiscal year including data on the number of employees required to take the training for the reporting fiscal year and the number of employees completing the training.

### **Recommendations**

5. Implement policies and procedures that ensure the completion and annual update of a STD 261 certification form by employees who use their own vehicle to conduct state business. This process should include an annual notification to managers/supervisors of their responsibility for ensuring the completion and updating of the form.
6. Submit a defensive driver training report to DGS by September 1 of each year.

### **CONCLUSION**

Our findings and recommendations are presented to aid Cal-Fire in administering its business management functions and services. The Cal-Fire should address the reported issues to assist in ensuring compliance with applicable state laws, policies and procedures.

**DEPARTMENT OF FORESTRY AND FIRE PROTECTION**

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February 8, 2018

Dennis M. Miras, CIA  
Office of Audit Services  
Department of General Services  
707 3rd Street, 8th Floor  
West Sacramento, CA 95605

Dear Mr. Miras:

On behalf of the Department of Forestry and Fire Protection (CAL FIRE), I want to extend my appreciation to you and your staff for taking the time to audit CAL FIRE's business management functions and services. The Department welcomes the opportunity to review and improve upon its practices, and values the assistance of the Department of General Services in that effort.

Although many of the items identified in the draft audit report are currently addressed in CAL FIRE policy and are further reinforced through various departmental training or messaging opportunities, the Department concurs with the audit findings and recognizes that a varying percentage of the items reviewed during the audit period were not properly documented.

Following are CAL FIRE's responses to the individual findings and recommendations:

### Contracting Program

#### **Recommendation #1:**

Implement additional quality assurance policies and procedures to assist in ensuring full compliance with the State's contracting requirements. This process should address the following issues:

- Contract agreements not containing documentation that the contract was sent to organizations that represent state employees before the agreement was signed despite the applicable box having been checked on the Std. 15 (MM14-01, SCM 7.05).

***CAL FIRE Response:*** CAL FIRE's Business Services Office (BSO) worked with CAL FIRE's Labor Relations Office to develop a notification letter that is emailed, along with a copy of the solicitation and contract, to all labor unions. In addition to the notification letter, BSO also has developed a reviewer checklist that includes the union notification as part of the review process. When reviewing the contract package for approval, the contract manager must ensure the checklist has been completed and a copy of the union notification is included in the contract package before signing off on the Std. 215. These processes were implemented immediately when DGS auditors raised concern early in the audit process.

*CAL FIRE is diligently working through the process of updating the formalized policies and procedures as they relate to union notifications.*

- Documents not being prepared and/or maintained for applicable contract language, general terms and conditions, and fair and reasonable (cost justification) for Small Dollar Value service transactions that were both over and under \$5,000 being prepared on the CAL FIRE form 93. (SCM 1, 2.07, 5.90).

**CAL FIRE Response:** *CAL FIRE currently addresses the procurement method and associated requirements for these types of services in its Basic Purchasing Class (BPC). BSO staff will continue to emphasize these requirements when conducting training. As it relates to the CAL FIRE 93, the terms and conditions as well as other requirements are identified on a supplemental form (CAL FIRE 20). This supplemental form is required for use of the CAL FIRE 93. Going forward, CAL FIRE will work to incorporate the general terms and conditions into an update of the CAL FIRE 93 document. This information will continue to be taught during all procurement training classes. CAL FIRE is also in the process of updating its policies and procedures relating to the completion of the CAL FIRE 93. These new policies and procedures are expected to be issued to departmental purchasers prior to end of this fiscal year.*

### **Delegated Purchasing Program**

#### **Recommendation #2:**

Implement additional quality assurance policies and procedures to assist in ensuring full compliance with the requirements of the delegated purchasing program and the Prompt Payment Act. The process should address the following issues:

- Completion of a Purchasing Authority Purchase Order, Std. 65, that accurately references the procurement method and general provisions used to award the purchase order (SCM 2, 8.35 and SCM 3, 8.4.5).

**CAL FIRE Response:** *CAL FIRE currently addresses the procurement method and general provisions in its Basic Purchasing Class (BPC). BSO staff will continue to emphasize these requirements when conducting training. BSO is also in the process of developing a refresher BPC and currency requirements for the BPC training as well as the refresher. BSO is also updating its policies and procedures related to these requirements. After implementation of FI\$Cal, reports may be pulled to generate additional opportunities of one on one training with purchasers missing these items.*

- Obtaining of a copy of the supplier's seller's permit (SCM 2, 4. B6.3 and SCM 3, 4.B8.6) and maintenance of a Bid/Quote worksheet or similar document in the procurement file (SCM 2, 4B3.4 and SCM 3, 4.D1.1).

**CAL FIRE Response:** *CAL FIRE's Basic Purchasing Class (BPC) addresses this requirement, with a section specifically dedicated to the Bid/Quote Worksheet. As part of the course, there is also a hands-on exercise where students are asked to complete a Bid/Quote worksheet and participate in discussion related to the requirement. Obtaining a copy of the supplier's seller's permit is also addressed in the BPC in a similar fashion.*

*These reminders are to be included in the refresher course currently under development. BSO staff and management will continue to address the need for a seller's permit during its training. BSO is also in the process of updating its policies and procedure related to these requirements and those which discuss the procurement file requirements.*

- Notification of the Department of Fair Employment and Housing of purchase made without competition (SCM 2, 8.2.7 and SCM 3, 8.3.7).

**CAL FIRE Response:** *CAL FIRE staff currently address the need to complete a Contract Award Report (Std. 16) in its Basic Purchasing Class (BPC). CAL FIRE purchasers are instructed to include this information as part of the procurement process, and to send a copy of the completed Std. 16 to the Department of Fair Employment and Housing. BSO will continue to emphasize these requirements when conducting training and through other messaging opportunities. BSO is also in the process of updating its policies and procedures related to these requirements, which will serve as a daily reminder to all purchasers.*

- Referencing of the State's Bidder Instructions and General Provision in all competitive solicitations (SCM 2, 4.B6.0 & 4.B6.1 and SCM 3, 8.3.7).

**CAL FIRE Response:** *CAL FIRE currently addresses the State's Bidder Instructions and General Provision in its Basic Purchasing Class (BPC). CAL FIRE staff are instructed to include the State's Bidder Instructions and General Provision information in their procurement package. BSO will continue to address this topic within its training and will emphasize this during all procurement related training as well as other general Departmental purchaser reminders. BSO is also in the process of updating its policies and procedures as they relate to this requirement. After implementation of FI\$Cal, reports may be pulled to generate additional opportunities of one on one training with purchasers missing these items.*

- Documentation that responsive bids were received from at least two responsible bidders (SCM 2,4D2.1 and SCM 3, 4.D2.1).

**CAL FIRE Response:** *CAL FIRE currently addresses documentation of bidders in its Basic Purchasing Class (BPC). CAL FIRE staff is instructed to keep copies of the bids with the completed procurement file. BSO staff will continue to emphasize these requirements when conducting training. BSO is in the process of developing a refresher BPC and currency requirements for the BPC training as well as the refresher. BSO is also is in the process of updating its policies and procedures related to these requirements.*

- NCB (non-competitive bid) process being properly conducted and documented (SCM 2 & 3, 5.1.0).

**CAL FIRE Response:** *CAL FIRE currently addresses the NCB process in its Basic Purchasing Class (BPC). CAL FIRE plans on expanding upon this topic to ensure that purchasers fully understand the process and the documentation required for a non-competitive bid. BSO is also in the process of updating its policies and procedures documents related to this subject.*

- Complete documentation for Small Business, Micro Business or DVBE transactions such as CUF (commercially useful function) analysis, Bidder & DVBE Declaration forms, (GSPD 05-10/106 & Std. 843) and Valid Certified status print out (SCM 2 & 3, Chapter 3).

**CAL FIRE Response:** CAL FIRE currently addresses Commercially Useful Function (CUF) documentation for Small Business, Micro Business, and/or DVBE transactions in its procurement training. This is an area that the Department has expanded upon since discussions with DGS auditors and is emphasizing during our current procurement training based on the initial findings of this audit. This topic will continue to be developed for future courses, and updated policies and procedures are being developed on related to this subject for additional clarification.

- DVBE Program requirements being included in the solicitation or a DVBE waiver letter in the procurement file (SCM 2, 4.B2.5 and SCM 3, 3.3.2).

**CAL FIRE Response:** CAL FIRE will continue to follow and enforce the DVBE process established for non-IT Services. CAL FIRE will work to incorporate this requirement into the Departments Basic Purchasing Class (BPC) as well as the refresher course being developed. BSO is in the process of updating its policies and procedures related to this subject and will continue messaging on the subject. CAL FIRE Information Technology (IT) Procurement Staff will be trained on this problem to avoid this occurring again, and the IT policy and procedures manual will be reviewed to ensure consistency.

- Inclusion of the TACPA Preference Program being referenced in the applicable solicitation (SCM 2 & 3, 3.9.0).

**CAL FIRE Response:** CAL FIRE will continue to utilize the Target Area Contract Preference Act (TACPA) language within the Department's service contracts. CAL FIRE will work to incorporate this requirement into the Departments Basic Purchasing Class (BPC) and refresher coursework. This topic will also be further clarified in the updates of CAL FIRE Departmental policies and procedures.

- Evidence of DGS-OFAM approvals for mobile equipment being document in the procurement file (SCM 2, 2.1C.0).

**CAL FIRE Response:** CAL FIRE certified purchasers are instructed to keep copies of the approvals with the completed procurement file. This is discussed in various purchasing training courses, and will continue to be emphasized in future development of ongoing training. BSO continues to update policies and procedures related these requirements, as well as those requirements of what is needed to be maintained in the procurement files.

- Signed certification from the department's director, deputy director or the director's designee for compliance with State IT policies for all IT procurements valued at \$100,000 or more in the applicable procurement file (SCM 3, 2.C6.0).

**CAL FIRE Response:** CAL FIRE began training on reporting S1BA and procedures in January 2017. CAL FIRE has a Delegated Authority that exceeds total of these transactions. SIMM 71A states: "Approval Requirements: If selected, Certifications MUST be signed by the Agency/state entity Chief Information Officer (CIO) or by a member of Agency/state entity management specifically designated by the CIO for this purpose.

*Agency-affiliated state entities must submit the completed Certification of Compliance with IT Policies form to their governing Agency for approval if the total cost of the IT acquisition exceeds the Agency/state Entity's assigned Department of Technology Delegated Cost Threshold (as identified in SIMM Section 15) or \$1 million, whichever is lower."*

- Maintaining in the procurement files copies of the contract over page and pricing page(s) for leveraged procurement agreement (LPA) transactions (SCM 2 &3, 6.A4.1).

**CAL FIRE Response:** CAL FIRE currently addresses maintaining the procurement file to include a copy of the LPA agreement in its Basic Purchasing Class (BPC). BSO will update the training to make this a greater point of emphasis as well as including it in the coursework for the refresher which is under development. BSO is also in the process of updating its policies and procedures as they relate to this subject.

- Existence of a correct LPA contract number on the purchase document, (Std. 65 User's Instructions, #8).

**CAL FIRE Response:** CAL FIRE currently addresses inclusion of the LPA contract number in its Basic Purchasing Class (BPC). CAL FIRE staff are instructed to include the correct LPA contract number on their Std. 65. BSO will continue to address this topic within its training and will emphasize this during all procurement related training courses. BSO is also in the process of updating its policies and procedures related to this subject and will continue to remind purchasers of this requirement as new LPAs are released. After implementation of FI\$Cal, reports may be pulled to generate additional opportunities of one on one training with purchasers missing these items.

- Applicable A-2 box being checked for LPA transactions to document the applicable required terms and conditions for the applicable LPA being used (Std. 65 User's Instructions, #23).

**CAL FIRE Response:** CAL FIRE currently addresses documentation of the required LPA terms and conditions in its Basic Purchasing Class (BPC), as well as the refresher course being developed. CAL FIRE certified purchasers are instructed to check the applicable A-2 box on the Std. 65. BSO will continue to address this topic within its training courses and has put a greater emphasis on this requirement during the current procurement training due to the initial findings of this audit. BSO is also in the process of updating its policies and procedures related to this subject. After implementation of FI\$Cal, reports may be pulled to generate additional opportunities of one on one training with purchasers missing these items.

- Existence of documentation and support to determine if the procurement was in accordance with terms and conditions of the LPA (SCM 2 6.A2.1).

**CAL FIRE Response:** CAL FIRE currently addresses maintaining the procurement file to include a copy of the LPA agreement in its Basic Purchasing Class (BPC) and will include it as a topic within the refresher course. BSO will update the training to make this a greater point of emphasis and is also in the process of updating its policies and procedures on the subject. BSO will continue to look for opportunities to reminder certified purchasers of this requirement as new LPAs are released.

- Invoice processing policies and procedures not ensuring the prompt payment of vendors (Gov. code 927, SCM 2 & 3, 9.A1.1).

**CAL FIRE Response:** CAL FIRE currently addresses the prompt payment of vendors in its current Basic Purchasing Class (BPC) as well as its Processing Financial Documents Class. BSO plans on expanding upon this topic to ensure that purchasers fully understand the process to assist in expediting documentation for payment. BSO is also in the process of updating its policies and procedures on the subject, and once complete, these will be available for daily reminders to certified purchasers.

- Establishment of fair and reasonable pricing for transactions of less than \$5,000, including CAL-Card payment transactions (SCM 2 & 3, 4.C1.0).

**CAL FIRE Response:** CAL FIRE currently addresses establishing fair and reasonable pricing is addressed in its current Basic Purchasing Class (BPC). BSO plans on expanding upon this topic to ensure that purchasers fully understand the fair and reasonable process. This will include an exercise on the process as part of our overall coursework future offering opportunity for detailed discussion on the subject. BSO staff will continue to emphasize these requirements when conducting training. BSO is also in the process of developing a refresher BPC and currency requirements for the BPC as well as updating department policies and detailed procedures on this subject for regular reference when working through the procurement process.

#### **Reporting and Review of Vehicle Accidents**

##### **Recommendation #4:**

Implement policies and procedures which ensure that a motor vehicle accident report is submitted to ORIM within 48 hours of an accident and that supervisors complete a report containing an evaluation of the cause of the accident. This process should include the annual notification of managers and supervisors of their accident reporting and review responsibilities. Further, if deemed feasible, policies should provide that the fleet management coordinator monitor to ensure compliance with the State's motor vehicle accident reporting requirements.

**CAL FIRE Response:** CAL FIRE partially agrees with the findings and recommendations of DGS. Although the findings suggest that CAL FIRE has not implemented policies and procedures to ensure that motor vehicle accidents are reported timely to the DGS Office of Risk and Insurance Management (ORIM), CAL FIRE does have an established policy, 1718 (rev 03/1998), Vehicle Accident Reporting and Investigation, which requires motor vehicle accidents to be reported timely and defines the process to do so.

However, the Department also acknowledges that the enforcement of CAL FIRE Policy 1718 can, and should, be better communicated and enforced. Further, CAL FIRE Policy 1718 and 6833, Accident Reporting, needs to be revised and consistent with State Administrative Manual (SAM) §2430, Motor Vehicle Accidents and Reporting, and §2440, Supervisor's Review and Police Reports.

CAL FIRE's Safety Program and Mobile Equipment Program managers will review SAM §2430 and §2440, as well as CAL FIRE Policy 1718 and 6833, and revise Departmental policies to be consistent with SAM, including vehicle operator responsibilities, supervisor responsibilities, timeframes for reporting to ORIM, and coordination between the Safety Program managers and



*Mobile Equipment Program managers to ensure compliance is maintained with the state's accident reporting requirements. CAL FIRE Policy 1718 and 6833 will be revised no later than April 30, 2018, at which time CAL FIRE will communicate the policy revisions and expectations to its managers, supervisors, and vehicle operators.*

### **Vehicle Authorizations to Use Privately Owned Vehicles (STD. 261)**

#### **Recommendation #5:**

Implement policies and procedures that ensure the completion and annual update of a STD 261 certification form by employees who use their own vehicle to conduct state business. This process should include an annual notification to managers/supervisors of their responsibility for ensuring the completion and updating of the form.

**CAL FIRE Response:** *CAL FIRE concurs with this finding and recommendation. The Department acknowledges that its current policies and procedures are not ensuring that an Authorization to Use Privately Owned Vehicles, STD. 261, certification form is consistently completed throughout CAL FIRE. CAL FIRE Policy currently identifies the need for vehicle operators to complete the STD 261 in various CAL FIRE policies including 3691 – Travel Expense Claim Audit, 3781 – CAL FIRE Travel Handbook, 6751 – Vehicle Use, and 9030 – Volunteers in Prevention Program. Based on this lack of statewide consistency, CAL FIRE agrees it is not meeting the intent of SAM §753, Authorization to Use Privately Owned Vehicles.*

*CAL FIRE Mobile Equipment Program managers will review SAM §753 and CAL FIRE Policy 6751 and will bolster CAL FIRE Policy 6751 consistent with SAM §753 to ensure that the STD. 261 is completed annually to ensure private vehicles used on state business are covered by liability insurance, are adequate for the work being performed, equipped with safety belts, and in safe mechanical condition. CAL FIRE Policy 6751 shall be revised no later than April 30, 2018, at which time CAL FIRE will communicate the policy revisions and expectations to its managers, supervisors, and vehicle operators.*

### **Defensive Driver Training Report**

#### **Recommendation #6:**

Submit a defensive driver training report to DGS by September 1 of each year.

**CAL FIRE Response:** *CAL FIRE concurs with this finding and recommendation and acknowledges that it has not historically submitted a Defensive Driver Training Report to DGS by September 1 as required in SAM Management Memo 11-04 (MM 11-04).*

*CAL FIRE Policy 4022.1.15, Defensive Driver Training, outlines the requirements and timeframes for the Defensive Driver Training curriculum. CAL FIRE Policy 6751, Vehicle Use, also defines the requirements for completing Defensive Driver Training consistent with SAM §751, Operator Requirements. There is no current CAL FIRE policy that addresses the requirements of reporting Defensive Driver Training to ORIM.*

*CAL FIRE Training Program managers and Mobile Equipment Program managers will review MM 11-04, SAM §751, SAM §752, CAL FIRE Policy 4022.1.15, and CAL FIRE Policy 6751 and will establish a CAL FIRE policy and procedure to reside in the Mobile Equipment policy handbook*

*consistent with MM 11-04 no later than June 1, 2018. The CAL FIRE Training Program will compile statewide defensive driver training statistics for the prior fiscal year no later than July 31 to provide to the CAL FIRE Mobile Equipment Program. The CAL FIRE Mobile Equipment Program manager, or designee, will report statistics to ORIM no later than September 1. Once the CAL FIRE policy is implemented, managers, supervisors, and vehicle operators will be communicated this policy implementation and expectations.*

Thank you again for the time and effort of your staff to conduct this compliance audit. I am confident that CAL FIRE programs have already begun to take the appropriate steps to address the issues raised in this report. If you have any questions or need clarification on any of our responses included herein, please contact Kerry Garcia, Chief of Business Services, at (916) 324-7088, or via email at [Kerry.Garcia@fire.ca.gov](mailto:Kerry.Garcia@fire.ca.gov).

Sincerely,



KEN PIMLOTT  
Director

**DEPARTMENT OF FORESTRY AND FIRE PROTECTION  
(CAL-FIRE)**

**COMPLIANCE AUDIT**

**EVALUATION OF CAL-FIRE'S RESPONSE**

We have reviewed the response by the Department of Forestry and Fire Protection (Cal-Fire) to our draft report. The response to the recommendations is satisfactory and we appreciate the efforts taken or being taken by Cal-Fire to improve its business management functions and services.

As part of its operating responsibilities, we are responsible for following up on audit recommendations and will require a status report on the implementation of the recommendations. To the extent that it is practicable, this should include sample copies of new policies and procedures implemented; checklists developed; reminder e-mails sent; training class syllabi; etc.