



# MEMORANDUM

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**Date:** February 12, 2018

File No.: 8122

**To:** Pam Ahlin, Director  
Department of State Hospitals  
1600 9<sup>th</sup> Street, Room 151  
Sacramento, CA 95814

**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 State Hospitals (DSH). 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).

As noted in the report, we concluded that DSH is conducting its business management functions and services in compliance with state requirements.

We greatly appreciated the cooperation and assistance provided by DSH'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 Susan Mitchel, Management Auditor, at (916) 376-1909 / [Susan.Mitchel@dgs.ca.gov](mailto:Susan.Mitchel@dgs.ca.gov).

*Dennis M Miras*

DENNIS M MIRAS, CIA  
Manager, Office of Audit Services

Attachment

cc: Stephanie Clendenin, Chief Deputy Director  
Cindy Woolston, Chief, Office of Audits

**GOVERNMENT OPERATIONS AGENCY  
DEPARTMENT OF GENERAL SERVICES**

**AUDIT OF THE  
DEPARTMENT OF STATE  
HOSPITALS**

**FOR COMPLIANCE WITH STATE  
BUSINESS MANAGEMENT POLICIES  
REPORT NO. 8122**

**OFFICE OF AUDIT SERVICES**

**DECEMBER 2017**

**DEPARTMENT OF STATE HOSPITALS  
COMPLIANCE AUDIT  
REPORT NO. 8122**

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

DATE: February 12, 2018

TO: **PAM AHLIN**, Director  
Department of State Hospitals

This report presents the results of our compliance audit of the business management functions and services of the Department of State Hospitals (DSH). 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, fleet administration, small business (SB) and disabled veteran business enterprises (DVBE) usage, driver safety and insurance, surplus property and real estate. Our audit was conducted in accordance with U.S. generally accepted auditing standards.

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.

Based on the audit results of our fieldwork conducted over the period August 23, 2017 through December 4, 2017 we concluded that DSH is conducting its business management functions and services in compliance with state requirements.

We are pleased with how receptive and responsive DSH staff and management were to our suggestions for improvement and with the prompt actions taken to address issues identified and discussed during our audit fieldwork. However, we did not perform subsequent effectiveness tests to determine whether the corrective actions were functioning as intended. The DSH'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.

We greatly appreciated the cooperation and assistance provided by DSH's personnel.

If you need further information or assistance on this report, please contact me at (916) 376-5064, or Susan Mitchel, at (916) 376-1909.

*Dennis M Miras*

DENNIS M MIRAS, CIA  
Manager, Office of Audit Services

Staff: Susan Mitchel, Management Auditor

cc: Stephanie Clendenin, Chief Deputy Director  
Cindy Woolston, Chief, Office of Audits