



# MEMORANDUM

---

**Date:** April 9, 2019

File No.: 8130

**To:** **Vito Imbasciani, MD**  
Secretary  
California Department of Veterans Affairs  
1227 O Street  
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 California Department of Veterans Affairs (CalVet). 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).

CalVet's written response to our draft report is included in this 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 October 9, 2019.

To the extent that it is practicable, supporting documentation should include: Contract management training syllabi/agenda designed and incorporated to address our related findings and recommendations; copies of the contract management process and relevant procedures posted onto the intranet; a sample copy of the implemented contract management checklist; a sample copy of the amended service order form; documentation that the STD. 261 (Authorization to Use Privately Owned Vehicle) and defensive driver training course tracking have been added to Relias; sample copies of the quarterly email reminders that the Accounting Office will have sent out to Supervisors and Managers relative to their STD. 261 responsibilities; a copy of the Annual State Agency Defensive Driver Training Report due to DGS by September 1, 2019; a sample copy of the April 2019 notification relative to vehicle accident reporting policies and procedures; and, excerpts of newly implemented policies and procedures over vehicle accident reporting and the State Fleet Card Program.

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 sincerely appreciate all the cooperation and assistance provided by CalVet'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, Rhonda Parker, Management Auditor, at (916) 375-4590 / [Rhonda.Parker@dgs.ca.gov](mailto:Rhonda.Parker@dgs.ca.gov).

*Dennis M Miras*

DENNIS M MIRAS, CIA  
Manager, Office of Audit Services

Attachment

cc: Russell Atterberry, Undersecretary  
Sherri Gatinell, Deputy Secretary, Administrative Services Division  
David Gerard, Assistant Deputy Secretary, Facilities and Business Services Division  
Ramon Carlos, Chief, Office of Procurement and Contracts

**GOVERNMENT OPERATIONS AGENCY  
DEPARTMENT OF GENERAL SERVICES**

**AUDIT OF THE  
CALIFORNIA DEPARTMENT OF  
VETERANS AFFAIRS**

**FOR COMPLIANCE WITH STATE  
BUSINESS MANAGEMENT POLICIES  
REPORT NO. 8130**

**OFFICE OF AUDIT SERVICES**

**DECEMBER 2018**



**CALIFORNIA DEPARTMENT OF VETERANS AFFAIRS  
COMPLIANCE AUDIT  
REPORT NO. 8130**

**TABLE OF CONTENTS**

	<u>PAGE</u>
AUDITOR'S REPORT .....	1
FINDINGS AND RECOMMENDATIONS .....	3
CONTRACTING PROGRAM .....	3
DRIVER SAFETY AND INSURANCE PROGRAM .....	6
REPORTING AND REVIEW OF VEHICLE ACCIDENTS .....	7
STATE FLEET CARD PROGRAM .....	8
CONCLUSION .....	9
CALVET'S RESPONSE .....	10
EVALUATION OF CALVET'S RESPONSE .....	13



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

DATE: April 9, 2019

TO: **VITO IMBASCIANI, MD**  
Secretary  
California Department of Veterans Affairs

This report presents the results of our compliance audit of the business management functions and services of the California Department of Veterans Affairs (CalVet). 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 and disabled veteran business enterprises usage, driver safety and insurance, surplus property, and real estate. Our audit was conducted in accordance with U.S. generally accepted auditing standards.

While in most areas we concluded that CalVet is conducting its business management functions and services in accordance with state requirements, we identified the following areas for improvement. The implementation of the recommendations presented in this report will assist CalVet in addressing these issues:

- Contracting program policies and procedures are not ensuring full compliance with state contracting requirements. The types of exceptions noted during our audit included: (1) contract service requests not being submitted timely; (2) contract approvals not being obtained prior to the contract start date; (3) contracts not always adequately managed; (4) consultant contractor evaluations (STD. 4 form) not being completed within 60 days of project completion; and, (5) the elements of a valid contract not present and at least two price quotes or establishment and documentation of fair and reasonable pricing not obtained for small dollar contracts and service orders.
- CalVet'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. Additionally, policies and procedures are also not ensuring that frequent drivers attend a defensive driver training course at least once every four years and that the State Agency Defensive Driver Training Report is submitted to DGS annually.
- Motor vehicle accidents are not being reported to DGS' Office of Risk and Insurance Management in a timely manner. Additionally, supervisors are not completing a report containing an evaluation of the cause of the accident.
- CalVet's fleet administration program is not ensuring compliance with state policies and procedures for establishing controls that would help prevent abusive fleet card practices.

During our review we also identified other matters requiring attention, but did not pose a significant risk to the business management functions, which were discussed with CalVet's management and are not further detailed 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, CalVet'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. CalVet'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 CalVet's personnel.

If you need further information or assistance on this report, please contact me at (916) 376-5064, or Rhonda Parker, at (916) 375-4590.

*Dennis M Miras*

DENNIS M MIRAS, CIA  
Manager, Office of Audit Services

Staff: Rhonda Parker, Management Auditor

cc: Russell Atterberry, Undersecretary  
Sherri Gustinell, Deputy Secretary, Administrative Services Division  
David Gerard, Assistant Deputy Secretary, Facilities and Business Services Division  
Ramon Carlos, Chief, Office of Procurement and Contracts



# CALIFORNIA DEPARTMENT OF VETERANS AFFAIRS 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 California Department of Veterans Affairs (CalVet) 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; annual certification and authorization to use privately owned vehicles on state business; attendance of a defensive driver training course by frequent drivers; submission of an annual defensive driver training report; reporting and supervisory evaluation of motor vehicle accidents; and, control of state fleet cards.

This information was developed based on our fieldwork conducted over the period February 26, 2018 through December 14, 2018. In addition to this written report, as findings were observed and developed during our audit fieldwork, CalVet's management was promptly advised of any areas of concern so that they could begin taking corrective action. Further, at our December 14, 2018 audit exit conference, CalVet 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 2017-18 fiscal year.

### **CONTRACTING PROGRAM**

Overall, we determined that CalVet was conducting its contracting program in compliance with state requirements. However, our sample tests of various types<sup>1</sup> of contracts processed by CalVet disclosed 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. The types of exceptions noted related to the timely approval of contracts, contract management, the preparation of performance evaluations for consulting services contractors, and the use of Small Dollar Value Contracts (Service Orders).

***Timely Approval*** – current policies and procedures are not ensuring that contracts are approved timely. Our review of a sample of 68 contracts indicated that 35 (52%) were not processed in a manner that ensured each was approved prior to the commencement date shown on the contract. We found that contract approvals were up to 232 days late and averaged 55 days late (132 days late for DGS approved contracts and 42 days late for delegated contracts).

---

<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 CalVet to directly execute (generally contracts of an amount under \$50,000).

While it was difficult to determine the primary cause for the delays in processing the sampled contracts, we ultimately concluded that this condition resulted from: programs not submitting contract service requests timely to the CalVet Office of Procurement and Contracts (OPC), and once submitted lacked required documentation; OPC not utilizing an "intake analyst" to ensure required documentation is submitted along with each contract request; and in general, systems for processing contracts in a timely manner once they are received from the Veterans Homes appear to be lacking.

At CalVet, operating staff at the Veterans Homes have significant responsibilities for developing and preparing contract information. If this information is not submitted to OPC for final processing in a timely manner, the contract cannot be completed prior to its requested commencement date.

Public Contract Code (PCC) Sections 10295 and 10335 provide that contracts are of no effect unless and until approved by DGS. The state's policies related to the approval and commencement of contracted work are presented in SCM Volume 1, Section 4.09. The basic state policy is that no contractor should start work until receiving a copy of the formally approved contract.

**Contract Management** – in reviewing CalVet's contract management processes, we also identified other contract management issues that were discussed with responsible management and staff during our audit fieldwork and are not further detailed in this report. The types of exceptions noted included:

- Veterans Homes not developing and writing clear, concise, and detailed descriptions of the work to be performed (SCM 1, 9.04, A.1).
- Amendments to service contracts not occurring with sufficient lead-time to process and execute such changes before the contract expires or funds are depleted in order to prevent a lapse in service (SCM 1, 9.04, A.8).
- Lack of notification to contractors warning them to not start work prior to receipt of the executed contract (SCM 1, 4.09.D).
- Our analysis of the related invoices revealing that services were provided prior to the contract approval date with five (14%) of the 35 late contracts. Per DGS Administrative Order (AO) 06-05.1 and SCM Volume 1, if the contract is not approved and the contractor has begun work, the contractor may be considered to be a volunteer or the contractor may have to pursue a claim for payment by filing with the Government Claims Program. The State has no legal obligation unless and until the contract is approved.

**Consulting Services Contract Evaluations** - current policies and procedures are not ensuring that contractor evaluations are being performed. Our test of a sample of seven completed consulting services contracts disclosed that no contract evaluations were completed for any of the sampled contracts. As provided in SCM Volume 1, Section 3.02.5, a Contract/Contractor Evaluation form (STD. 4) must be prepared within 60 days of the completion of a consulting service contract of \$5,000 or more. This form is used to document the performance of a contractor in doing the work or in delivering the services for which the contract was awarded.

PCC Sections 10367 to 10370 provide that post-evaluations shall be performed and maintained in the file at the offices of the awarding state agency for a period of 36 months following contract completion. Further, a copy of an unsatisfactory evaluation will be sent to the contractor within 15 days and to DGS' Office of Legal Services within 5 days of completion of the evaluation.

It should be noted that CalVet's written contracting policies require the completion of STD. 4s by the designated contract manager. However, as shown by the results of our audit test, these policies have not been effectively enforced.

**Small Dollar Value Contracts (Service Orders)** – CalVet is not using the short form contract process prescribed within SCM 1, Chapter 2, 2.05. As a result, several key items of a valid contract are absent. To be valid, each Small Dollar Value Contract (Service Order) must contain the following elements:

- Identification of the parties
- Term for the performance or completion of the contract (dates or length of time)
- Encumbrance of funds when required
- Consideration (the contract must clearly express the maximum amount to be paid and the basis on which payment is to be made: e.g., a fixed amount regardless of time spent, billing based on time spent at a specified rate plus actual expenses, or cost recovery)
- Scope and deliverables (the work, service, or product to be performed, rendered, and/or delivered) written and described in clear and concise language
- Other general or unique terms and conditions of the agreement
- Signature by a person for each party who is authorized to bind that party

Additionally, documentation of quotes or fair and reasonable justification is not being maintained for the above referenced small dollar value contracts processed as "service orders." SCM Volume 1, Section 5.90 states "Contracts under \$10,000 are not required to be competitively bid (PCC § 10335). However, agencies should obtain price quotes if there is reason to believe a response from a single source is not a fair and reasonable price. Cost justification should be documented."

It should be noted that SCM Volume 1 does not address service orders, so the total contract term that is recommended for a STD. 213 would also apply to a STD. 210/service order. Per SCM 1, Chapter 7, 7.80, A, contracts for services should generally not exceed three years.

### **Recommendations**

1. Implement policies and procedures that ensure the approval of contracts prior to the commencement date shown on the contract. As part of this process, operating unit managers should be periodically reminded of the lead-time needed for the timely processing of contracts and their responsibility for ensuring that complete and accurate contract information is submitted to the Office of Procurement and Contracts in a timely manner.
2. Implement additional quality assurance policies and procedures to assist in ensuring full compliance with the state's contracting requirements. These should ensure compliance with contract management requirements, including: (1) programs developing and writing clear, concise, and detailed descriptions of the work to be performed; (2) amendments to service contracts are processed timely; and (3) contractors are notified not to start work prior to receipt of the fully executed contract.

3. Implement policies and procedures which ensure that contractor performance evaluations are completed for consulting services contracts of \$5,000 or more. This process should ensure that contract managers are periodically reminded of their responsibility for completing the evaluations.
4. Implement policies and procedures to outline best practices of small dollar contracts and service orders that ensure the elements of a valid contract are maintained and to additionally verify that either quotes are obtained or fair and reasonable cost justification is documented.

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

CalVet 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 of employees. 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 39 (44%) of 89 employees included in our sample tests who used their own vehicle on state business. CalVet'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
- In safe mechanical condition

**Defensive Driver Training** – our audit revealed that CalVet could not provide documentation that frequent drivers had attended a defensive driver training (DDT) course once every four years. We found that of 531 employees who had a STD. 261 on file, only 77 (15%) had any indication within internal records that they had attended the required defensive driver training. SAM Section 0751 provides that frequent drivers should attend and successfully complete an approved defensive driver training course at least once every four years.

At CalVet, it appears the responsibility for ensuring that employees attend the defensive driver training course rests with managerial/supervisory personnel or with the Human Resources Division (HRD). However, it was not clear who was responsible for maintaining the list of employees who have taken the Defensive Driver Training course or for ensuring the renewal course is taken in a timely manner.

**Annual State Agency DDT Report** – CalVet has not been submitting a timely and accurate Annual State Agency 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. At the time of our audit, CalVet's policies and procedures did not indicate who was responsible for preparing and submitting this report.

It should be noted that during our December 14, 2018 audit exit conference, CalVet indicated that as of August 2018 it is including and tracking DDT course dates for all CalVet and Veterans Homes employees within its "Relias" learning management system. However, we did not perform effectiveness tests to determine whether these actions were functioning as intended.

### **Recommendations**

5. Implement policies and procedures that ensure the completion and annual update of a STD. 261 certification form by employees prior to using 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. Periodically reemphasize to operating unit managers/supervisors and/or the HRD of their responsibility for ensuring that employees who frequently drive on state business attend an approved defensive driver training course at least once every four years.
7. Submit a defensive driver training report to DGS by September 1 of each year.

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

CalVet has not implemented policies and procedures which ensure that motor vehicle accidents are reported timely to DGS' Office of Risk and Insurance Management (ORIM). Specifically, during our review of CalVet's accident reporting process for the period July 2017 through September 2018, while just four "at fault" accidents were identified, none were reported to ORIM on time, with the oldest being reported 135 days after the accident had occurred.

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 any of these four accidents that were reported to ORIM. SAM Section 2440 requires that the supervisor of an employee involved in an accident prepare a State Driver Accident Review (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 in response to our December 14, 2018 audit exit conference, CalVet indicated that it follows DGS policies for reporting vehicle accidents and that their intranet includes a copy of the State of California, Fleet Handbook: A Guide to Fleet, Travel, and Parking Policies by DGS, which includes what to do in the event of an accident. At that time, CalVet further noted that it will create procedures for following DGS policy and that these procedures will be distributed to employees in January 2019 and annually thereafter. CalVet acknowledged that while being a decentralized department, it did not have a point of contact for keeping track of all accidents. It has since tasked its headquarters Health & Safety Officer to track all accidents; ensure each includes appropriate completion of forms by the employees/supervisors; and, that the required reporting occurs and forms are submitted to DGS in a timely fashion. Again, we were not able to perform effectiveness tests to determine whether these actions were functioning as intended.

### **Recommendation**

8. 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.

### **STATE FLEET CARD PROGRAM**

CalVet has not implemented adequate and effective policies and procedures that ensure the adequate control of state fleet cards. Fleet cards are primarily used by state employees to purchase fuel for vehicles used for official state business. In brief, Management Memo 12-08, dated December 26, 2012, was issued by DGS to establish controls that would help prevent abusive fleet card practices, including but not limited to fraud and abuse. The State Fleet Card Program requires that participating departments comply with a number of requirements including requiring card users to sign an agreement addressing compliance with usage policies and procedures.

The department's fleet card coordinator had no knowledge of the actual number of employees using a state fleet card, and with the exception of the Veterans Home at Redding, did not maintain a listing of employees authorized to drive state vehicles nor retain a signed fleet card user agreement for each. Further, the Annual Certification Form indicating that the department has implemented the required procedures as well as certifying that it has assigned a coordinator to manage its State Fleet Card usage was not submitted timely.

The State Fleet Card Program requires that participating departments comply with a number of requirements including: (1) implementing written oversight procedures; (2) designating a coordinator to closely manage the use of the program; (3) submitting to OFAM an annual certification that the department has executed required procedures; and, (4) requiring card users to sign an agreement addressing compliance with usage policies and procedures.

At CalVet, as with most other departments, fleet cards are assigned to vehicles rather than to individual users. However, the requirement still exists that the department ensure cardholders understand the user requirements and guidelines surrounding the use of the state fleet card and have a signed fleet card user agreement for each user. Additionally, it is good business practice that the department have an accounting of the volume of users for its fleet cards.

**Recommendation**

9. CalVet needs to strengthen its oversight responsibilities of its fleet management in order to ensure that all operating units and Veterans Homes are in full compliance with DGS' Management Memo 12-08, including updating and implementing policies and procedures that will ensure the adequate control of State Fleet Cards. This process should ensure compliance with State Fleet Card Program requirements, including requiring card users to sign an agreement addressing compliance with usage policies and procedures.

**CONCLUSION**

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







CalVet Response:  
State Business Management Policies Report No. 8130

No.	DGS Recommendation	CalVet Response
1	Implement policies and procedures that ensure the approval of contracts prior to the commencement date shown on the contract. As part of this process, operating unit managers should be periodically reminded of the lead-time needed for the timely processing of contracts and their responsibility for ensuring that complete and accurate contract information is submitted to the Office of Procurement and Contracts in a timely manner.	Contract management training was held January - March 2019. Contract management process and procedures are posted on our intranet. Monthly contract management meetings are now being held. A contract management checklist will be implemented.
2	Implement additional quality assurance policies and procedures to assist in ensuring full compliance with the state's contracting requirements. These should ensure compliance with contract management requirements, including: (1) programs developing and writing clear, concise, and detailed descriptions of the work to be performed; (2) amendments to service contracts are processed timely; and (3) contractors are notified not to start work prior to receipt of the fully executed contract.	See response #1 above. These specific items were covered in the training, are on the intranet, reminders are provided during the monthly contract management meetings, and will be included on the checklist.
3	Implement policies and procedures which ensure that contractor performance evaluations are completed for consulting services contracts of \$5,000 or more. This process should ensure that contract managers are periodically reminded of their responsibility for completing the evaluations.	See response #2 above.
4	Implement policies and procedures to outline best practices of small dollar contracts and service orders that ensure the elements of a valid contract are maintained and to additionally verify that either quotes are obtained or fair and reasonable cost justification is documented.	The service order will be amended to include a signature from the contractor. Random audits will be conducted to ensure quotes and/or fair and reasonable cost justification is documented.

CalVet Response:  
State Business Management Policies Report No. 8130

No.	DGS Recommendation	CalVet Response
5	Implement policies and procedures that ensure the completion and annual update of a STD. 261 certification form by employees prior to using 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.	The Std. 261 has been added to Relias; annually it will notify the employee of required completion and monthly notification will be provide to supervisors/managers/executive team of those in non-compliance. The Accounting Office has implemented quarterly email reminders to Supervisors and Managers of their responsibility pertaining to STD 261's. Additionally, travel claims submitted through CalAters will not be approved if not in compliance.
6	Periodically reemphasize to operating unit managers/supervisors and/or the HRD of their responsibility for ensuring that employees who frequently drive on state business attend an approved defensive driver training course at least once every four years.	This has been added to Relias for notification every four years.
7	Submit a defensive driver training report to DGS by September 1 of each year.	The Health & Safety Officer now has this responsibility and will submit timely.
8	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.	Notification of policy and procedures will be issued in April 2019 and annually thereafter. The policy and procedures will be posted on the intranet.
9	CalVet needs to strengthen its oversight responsibilities of its fleet management in order to ensure that all operating units and Veterans Homes are in full compliance with DGS' Management Memo 12-08, including updating and implementing policies and procedures that will ensure the adequate control of State Fleet Cards. This process should ensure compliance with State Fleet Card Program requirements, including requiring card users to sign an agreement addressing compliance with usage policies and procedures.	Policy and procedures will be implemented as recommended by July 2019.



**CALIFORNIA DEPARTMENT OF  
VETERANS AFFAIRS  
(CalVet)**

**COMPLIANCE AUDIT**

**EVALUATION OF CALVET'S RESPONSE**

We have reviewed the response by the California Department of Veterans Affairs (CalVet) to our draft report. The response to the recommendations is satisfactory and we appreciate the efforts taken or being taken by CalVet to improve its business management functions and services.

As part of its operating duties, we are responsible for following up on audit recommendations and will require a six-month status report on the implementation of each. To the extent that it is practicable, supporting documentation should include: Contract management training syllabi/agenda designed and incorporated to address our related findings and recommendations; copies of the contract management process and relevant procedures posted onto the intranet; a sample copy of the implemented contract management checklist; a sample copy of the amended service order form; documentation that the STD. 261 (Authorization to Use Privately Owned Vehicle) and defensive driver training course tracking have been added to Relias; sample copies of the quarterly email reminders that the Accounting Office will have sent out to Supervisors and Managers relative to their STD. 261 responsibilities; a copy of the Annual State Agency Defensive Driver Training Report due to DGS by September 1, 2019; a sample copy of the April 2019 notification relative to vehicle accident reporting policies and procedures; and, excerpts of newly implemented policies and procedures over vehicle accident reporting and the State Fleet Card Program.