



MEMORANDUM

Date: April 6, 2023 File No.: 3200
To: Selvi Stanislaus, Executive Officer
California Franchise Tax Board
P.O. Box 115
Rancho Cordova, CA 95741-0115
From: **Department of General Services**
Office of Audit Services
Subject: **AUDIT REPORT: DELEGATED PURCHASING PROGRAM**

Attached is the final report on our compliance audit of the California Franchise Tax Board's (FTB) delegated purchasing program. The objective of our audit was to determine that procurement transactions are being conducted in accordance with the terms and conditions of FTB's purchasing authority delegation agreements with the Department of General Services (DGS), which include dollar threshold limits for various categories of procurements.

As noted in the report, we concluded that FTB is conducting its procurement activities in compliance with state requirements.

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

If you need further information or assistance on this report, please call me at (916) 376-5054, or Christine Pham, Management Auditor, at (279) 946-8608.

Olivia Haug

OLIVIA HAUG
Manager, Office of Audit Services

Attachment

cc: Michael Banuelos, Director, Procurement Bureau, FTB
Jeanne Harriman, Chief, Finance and Executive Services Division, FTB

Andrea VanWalleghem, Director, Internal Audit Bureau, FTB
Liliana Lopez, Manager, Internal Audit Bureau, FTB
Purchasing Authority Management Section (PAMS), Procurement Division,
DGS

**GOVERNMENT OPERATIONS AGENCY
DEPARTMENT OF GENERAL SERVICES**

**AUDIT OF THE
CALIFORNIA FRANCHISE TAX
BOARD**

**FOR COMPLIANCE WITH STATE
DELEGATED PURCHASING PROGRAM
REPORT NO. 3200**

OFFICE OF AUDIT SERVICES

FEBRUARY 2023

**CALIFORNIA FRANCHISE TAX BOARD
DELEGATED PURCHASING PROGRAM AUDIT
REPORT NO. 3200**

TABLE OF CONTENTS

	<u>PAGE</u>
AUDITOR'S REPORT	1

STATE OF CALIFORNIA
DEPARTMENT OF GENERAL SERVICES
AUDITOR'S REPORT

DATE: April 6, 2023

TO: Selvi Stanislaus, Executive Officer
California Franchise Tax Board

This report presents the results of our compliance audit of the delegated purchasing program of the California Franchise Tax Board (FTB). As required by Public Contract Code Section 10333, the Department of General Services (DGS) conducts an audit at least once in each three-year period of each state agency to which purchasing authority has been delegated by the department. The state's delegated purchasing requirements are primarily contained in State Contracting Manual (SCM) Volumes 2 (Non-IT), 3 (IT), and F (FI\$Cal). The objective of our audit was to determine that procurement transactions are being conducted in accordance with the terms and conditions of FTB's purchasing authority delegation agreements with DGS, which include dollar threshold limits for various categories of procurements. 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 \$10,000, use of CAL-Cards to pay for goods and services, and prompt payment of suppliers. 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 2021-22 and 2022-23 fiscal years. Our transaction tests included the review of 45 delegated non-IT and IT procurements, including 8 leveraged procurement agreement transactions.

Based on our fieldwork conducted over the period of September 21, 2022 through February 22, 2023, we concluded that FTB is conducting its delegated purchasing program in compliance with the terms and conditions of its delegation agreement.

During our review we also identified other matters requiring attention that did not pose a significant risk to the delegated purchasing program, that we discussed with FTB's management and are not further detailed in this report.

It should be noted that when advised of areas for improvement during our audit fieldwork, FTB's management promptly took action to address our concerns. FTB'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 FTB's personnel.

If you need further information or assistance on this report, please contact me at (916) 376-5054, or Christine Pham, Management Auditor, at (279) 946-8608.

Olivia Haug

OLIVIA HAUG
Manager, Office of Audit Services

Staff: Christine Pham, Management Auditor

cc: Michael Banuelos, Director, Procurement Bureau, FTB
Jeanne Harriman, Chief, Finance and Executive Services Division, FTB
Andrea VanWallegghem, Director, Internal Audit Bureau, FTB
Liliana Lopez, Manager, Internal Audit Bureau, FTB
Purchasing Authority Management Section (PAMS), Procurement Division,
DGS