

# COMPREHENSIVE EXTERNAL COMPLIANCE AUDITS

The following information provided below highlights program areas within a departments business and management functions that are subject to be audited for ensuring that state policies are followed.

## CONTRACTING PROGRAM

### SURVEY

- To gather information needed to conduct audit tests.
- To identify internal control weakness and areas of non-compliance.
- To document the system as needed for understanding.
- To identify issues that may influence testing or audit emphasis.
- To determine the audit resources needed to complete the tests in this section of the audit.

### TEST OF CONTRACTS EXEMPTED FROM DGS APPROVAL

- To determine the validity of the criteria applied by the agency.
- To determine whether the exempted contracts meet applicable criteria.
- To determine whether the contracts are subject to advertising.

### TEST FOR DGS APPROVAL & APPROVED CONTRACTS COMPLIANCE

- To determine that the contracts are being approved.
- To determine whether amendments are being submitted for approval.
- To determine the effectiveness of controls for timely submission of contracts and compliance with criteria not determinable by DGS at the time of approval.

### TEST OF DELEGATED CONTRACTS

- To determine the effectiveness of controls for ensuring compliance of sampled contracts with applicable contracting criteria.

### TEST OF SMALL DOLLAR VALUE CONTRACTS

- To determine whether small dollar service orders or service authorizations are being used to circumvent applicable contracting criteria. In particular, contracts for \$10,000 or more should normally contain the applicable contract language and may be subject to advertising, and competitive bidding. Also, for service contracts less than \$10,000, determine if contracts are compliant with informal competition.

### TEST OF INTERAGENCY AGREEMENTS

- To determine if interagency agreements comply with the criteria applicable to such agreements.

### **TEST OF PAYMENTS versus AGREEMENTS**

- To determine if the services being paid per the invoice(s) are in accordance with the agreements.

### **TEST OF ACQUISITIONS OF SERVICES PAID BY CAL-CARD**

- To determine if services paid by charges on the CAL-Card are acquired in accordance with contracting criteria such as advertising, competitive bidding, and programmatic approvals.
- To determine if the CAL-Card service transactions are being split to avoid dollar limits.
- To determine if service transactions are properly authorized and reviewed by management/supervisory personnel.

### **TEST OF CONTRACTOR REPORTING OF DISABLED VETERANS BUSINESS ENTERPRISES (DVBE) SUB-CONTRACTOR USAGE**

- To determine that policies and procedures are in place to ensure that contractors are reporting the actual percentage of DVBE sub-contracting usage within 60 days of receiving final payment under the contract.

## **FLEET and TRAVEL SERVICES MANAGEMENT**

### **SURVEY**

- To gather information needed to conduct audit tests.
- To identify internal control weakness and areas of non-compliance.
- To document the system as needed for understanding.
- To identify issues that may influence testing or audit emphasis.
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### **TEST OF FAMS REPORTING**

- To determine if the agency has accurately reported fleet assets to Office of Fleet and Asset Management (OFAM) via the Fleet Asset Management System (FAMS).
- To determine if the agency is reporting fleet assets monthly to OFAM through FAMS.
- To verify that the agency has submitted a timely “State Fleet Annual Acquisition Plan” to OFAM, per MM 13-02.

### **TEST OF THE STATE FLEET CARD PROGRAM**

- To determine whether departments have implemented appropriate controls to effectively administer the Fleet Card Program.

## **TEST OF VEHICLE USERS AND STORAGE**

- To determine whether state vehicles are being stored at employees' homes without authorization.

## **TEST OF RENTAL CAR USAGE COMPLIANCE**

- To determine whether departments are obtaining OFAM approval (State Fleet Annual Acquisition Plan) for rental car leases over 30 consecutive days or 4 consecutive weeks.
- To determine whether departments are completing the SCO Justification Form for vehicles that exceed the daily contract rate.
- To ensure departments are not circumventing OFAM rules regarding vehicle acquisition by going around the car rental contract (currently approved rental car vendor).
- To ensure departments are not adding vehicles to their inventory through long-term leases.

## **SMALL BUSINESS and DISABLED VETERAN BUSINESS ENTERPRISES PARTICIPATION**

### **SURVEY**

- To gather information needed to conduct audit tests.
- To identify internal control weakness and areas of non-compliance.
- To document the system as needed for understanding.
- To identify issues that may influence testing or audit emphasis.
- To determine the audit resources needed to complete the tests in this section of the audit.

### **TEST OF SMALL BUSINESS & DISABLED VETERAN BUSINESS ENTERPRISES PARTICIPATION PROGRAMS**

- To determine compliance with SB/DVBE reporting requirements.

## **REAL ESTATE RELATED TRANSACTIONS**

### **SURVEY**

- To gather information needed to conduct audit test.
- To identify internal control weakness and areas of non-compliance.
- To document the system as needed for understanding.
- To identify issues that may influence testing or audit emphasis.
- To determine the audit resources needed to complete the test in this section of the audit.

## **TEST OF REAL ESTATE RELATED DELEGATIONS**

- To determine compliance with delegated authority (leases 3 years or under/and up to \$50,000 per year) that may have been granted by the Real Estate Services Division (RESD).
- To verify non-delegated leases initiated by RESD.
- To determine approval of Global CRUISE Requests for other RESD services (cubicles/alterations).

## **DRIVER SAFETY and ACCIDENT REPORTING**

### **SURVEY**

- To gather information needed to conduct audit tests.
- To identify internal control weakness and areas of non-compliance.
- To document the system as needed for understanding.
- To identify issues that may influence testing or audit emphasis.
- To determine the audit resources needed to complete the tests in this section of the audit.

### **TEST OF ACCIDENT REPORTING**

- To determine if vehicle accidents are being promptly reported and reviewed by management/supervisors.

### **TEST OF STATE DRIVER REQUIREMENTS**

- To determine compliance with SAM 0751-0753 for employees who drive on state business. This includes whether employees who frequently drive on state business have attended defensive drivers training every four years and whether employees driving their own vehicles on state business have been authorized to do so.

## **STATE-OWNED SURPLUS PERSONAL PROPERTY SECTION**

### **SURVEY**

- To gather information needed to conduct audit tests.
- To identify internal control weakness and areas of non-compliance.
- To document the system as needed for understanding.
- To identify issues that may influence testing or audit emphasis.
- To determine the audit resources needed to complete the tests in this section of the audit.

## **TEST OF PROPERTY DISPOSALS**

- To determine the effectiveness of control of disposals of surplus property.