



MEMORANDUM

Date: May 21, 2015

File No.: 4120

To: Barbara A. Lee, Director
Department of Toxic Substances Control
P.O. Box 806
Sacramento, CA 95812-0806

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 Toxic Substances Control (DTSC). 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.

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

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

If you have any questions, please call me at (916) 376-5058, or Dennis Miras, Audit Supervisor, at (916) 376-5064.

A handwritten signature in blue ink that reads 'Rick Gillam'.

RICK GILLAM, CPA, CIA
Chief, Office of Audit Services

Attachment

cc: Andrew Collada, Deputy Director, Administrative Services
Sandra Poindexter, Chief, Contracts and Business Management Branch
Tsing Mabel Zhan, Chief, Accounting Office
Kris Escarda, Chief, Regional Administrative Services

**GOVERNMENT OPERATIONS AGENCY
DEPARTMENT OF GENERAL SERVICES**

**AUDIT OF THE
DEPARTMENT OF
TOXIC SUBSTANCES CONTROL**

**FOR COMPLIANCE WITH STATE
BUSINESS MANAGEMENT POLICIES
REPORT NO. 4120**

OFFICE OF AUDIT SERVICES

MARCH 2014

DEPARTMENT OF TOXIC SUBSTANCES CONTROL
COMPLIANCE AUDIT
REPORT NO. 4120

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STATE OF CALIFORNIA
DEPARTMENT OF GENERAL SERVICES
AUDITOR'S REPORT

DATE: May 21, 2015

TO: **BARBARA A. LEE**, Director
Department of Toxic Substances Control

This report presents the results of our compliance audit of the business management functions and services of the Department of Toxic Substances Control (DTSC). 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, records and forms management, surplus property and real estate. Our audit was conducted in accordance with U.S. generally accepted auditing standards.

Based on the results of our fieldwork conducted over the period August 6, 2013 through March 12, 2014 and limited follow-up work conducted in March and April 2015, we concluded that DTSC is conducting its business management functions and services in compliance with state requirements. However, we did identify a number of areas for improvement with those functions and services. These matters included our concern that business management policies and procedures were not ensuring the: (1) attendance of a defensive driver training course by frequent drivers and subsequent annual reporting of driver training information and statistics to DGS' Office of Risk and Insurance Management; (2) completion and annual update of a vehicle certification form by employees who use their own vehicle to conduct state business; (3) monthly update of fleet asset information into the DGS Office of Fleet and Asset Management's Fleet Asset Management System, including fuel and utilization data; (4) adequate oversight of the use of state fleet cards by employees; and, (5) prompt disposal of surplus personal property.

Prior to the completion of our audit, we verified that appropriate actions had been or were being taken to address the above issues. Therefore, they are not further discussed in this report.

We are pleased with the prompt actions taken by DTSC to address findings identified during our audit fieldwork. However, we did not perform effectiveness tests to determine whether the corrective actions were functioning as intended. DTSC'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.

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 2012/13 and 2013/14 fiscal years.

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

If you need further information or assistance on this report, please contact me at (916) 376-5058, or Dennis Miras, Audit Supervisor, at (916) 376-5064.



RICK GILLAM, CPA, CIA
Chief, Office of Audit Services

Staff: Dennis Miras, Audit Supervisor
Christopher Harris

cc: Andrew Collada, Deputy Director, Administrative Services
Sandra Poindexter, Chief, Contracts and Business Management Branch
Tsing Mabel Zhan, Chief, Accounting Office
Kris Escarda, Chief, Regional Administrative Services