



# MEMORANDUM

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**Date:** February 22, 2017

File No. 6202

**To:** The Honorable Tom Torlakson  
Superintendent of Public Instruction  
California Department of Education  
1430 N Street  
Sacramento, CA 95814-5901

**From:** Department of General Services  
Office of Audit Services

**Subject:** AUDIT REPORT: DELEGATED PURCHASING PROGRAM

This report presents the results of our compliance audit of the California Department of Education's (CDE) delegated purchasing program. 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. At the time of our audit, the CDE had two purchasing authority delegations: No. 9G-0216-CDE-HQ1 governing non-information technology purchases and No. 9I-0216-CDE-HQ1 governing information technology (IT) purchases. Our audit was conducted in accordance with U.S. generally accepted auditing standards.

The objective of our audit was to determine that procurement transactions are being conducted in accordance with the terms and conditions of CDE's purchasing authority delegation agreements with DGS, which include dollar threshold limits for various categories of procurements. The State's delegated purchasing requirements are primarily contained in State Contracting Manual Volumes 2 (non-IT) and 3 (IT). 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 \$5,000, use of CAL-Cards to pay for goods and services, and prompt payment of suppliers.

Based on the results of our fieldwork conducted over the period October 6, 2015 through February 22, 2016, we concluded that CDE is conducting its delegated purchasing program in compliance with the terms and conditions of its delegation agreements. The CDE's delegated purchasing policies and procedures are sufficient to provide reasonable assurance of compliance with the State's procurement statutes, policies, and procedures.

The CDE'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 2014/15 and 2015/16 fiscal years. Our transaction tests included the review of 41 delegated procurements.

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

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

*Dennis M Miras*

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Supervisor, Office of Audit Services

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cc: Kevin Chan, Director, Audits and Investigations Division  
Kelly Levario, External Audit Coordinator, Audits and Investigations Division