



MEMORANDUM

Date: August 1, 2017

File No.: 7202

To: Amy Tong, Director and State CIO
California Department of Technology
1325 J Street, Suite 1600
Sacramento, CA 95814

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 Technology's (CDT) 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. 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 CDT'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 (SCM) 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 20, 2016 through January 10, 2017 we concluded that CDT is conducting its delegated purchasing program in compliance with the terms and conditions of its delegation agreements. CDT's delegated purchasing policies and procedures are sufficient to provide reasonable assurance of compliance with the state's procurement statutes, policies, and procedures.

CDT'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 2015/16 fiscal year. Our transaction tests included the review of 97 delegated procurements.

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

If you need further information or assistance on this report, please contact me at (916) 376-5058, or Maricela Bautista at (916) 376-5066.



ANDY WON
Acting Chief, Office of Audit Services

Staff: Maricela Bautista

cc: Melissa Matsuura, Chief, Office of Administration
Jennifer Herrera, Acting Branch Chief, Acquisition and IT Program Management Branch
Danielle Kanelos, Software Services Unit Supervisor, Acquisition and IT Program Management Branch
Chris Stevens, Chief Counsel, Office of Legal Services
Randy Fong, Supervising Management Auditor, Office of Legal Services