



MEMORANDUM

Date: January 26, 2017

File No.: 5122

To: Jennifer Kent, Director
Department of Health Care Services
1501 Capitol Avenue, Suite 0000
Sacramento, CA 95814

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 Health Care Services (DHCS). 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 (DGS).

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

We greatly appreciated the cooperation and assistance provided by DHCS' 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.

Dennis M Miras

On behalf of

ANDY WON
Acting Chief, Office of Audit Services

Attachment

cc: Leanne Smith, Chief, Program Support Branch
Lisa Lassetter, Deputy Director, Administration
Sarah Hollister, External Audit Manager, Internal Audits

**GOVERNMENT OPERATIONS AGENCY
DEPARTMENT OF GENERAL SERVICES**

**AUDIT OF THE
DEPARTMENT OF
HEALTH CARE SERVICES**

**FOR COMPLIANCE WITH STATE
BUSINESS MANAGEMENT POLICIES
REPORT NO. 5122**

OFFICE OF AUDIT SERVICES

MARCH 2016

DEPARTMENT OF HEALTH CARE SERVICES
COMPLIANCE AUDIT
REPORT NO. 5122

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STATE OF CALIFORNIA
DEPARTMENT OF GENERAL SERVICES
AUDITOR'S REPORT

DATE: January 26, 2017

TO: **JENNIFER KENT**, Director
Department of Health Care Services

This report presents the results of our compliance audit of the business management functions and services of the Department of Health Care Services (DHCS). 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 fleet administration, small business (SB) and disabled veteran business enterprises (DVBE) usage, driver safety and insurance, surplus property and real estate. Our audit was conducted in accordance with U.S. generally accepted auditing standards.

Based on the audit results of our fieldwork conducted over the period June 10, 2015 through March 25, 2016 we concluded that DHCS 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) verification of the accuracy of car rental charges and the processing of a justification form when an employee rents a vehicle in specified circumstances, such as when renting a vehicle larger than an intermediate size; (2) timely reporting of motor vehicle accidents; (3) attendance of a defensive driver training course by frequent drivers; and, (4) completion and annual update of a vehicle certification form by employees who use their own vehicle to conduct state business.

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 the DHCS 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. DHCS' 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 DHCS' 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.

Dennis M Miras

On behalf of

ANDY WON

Acting Chief, Office of Audit Services

Staff: Dennis Miras, Audit Supervisor

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cc: Leanne Smith, Chief, Program Support Branch

Lisa Lassetter, Deputy Director, Administration

Sarah Hollister, External Audit Manager, Internal Audits