



MEMORANDUM

Date: February 28, 2019

File No.: 9163

To: Jennifer Kent, Director
Department of Health Care Services
P.O. Box 997413, MS 0000
Sacramento, CA 95899-7413

From: Department of General Services
Office of Audit Services

Subject: QUALITY CONTROL REVIEW OF CONTRACT APPROVAL EXEMPTION AUDIT

This report presents the results of our quality control review of an internal audit conducted of the California Department of Health Care Services' (DHCS) contracting program. The audit was conducted by DHCS' Internal Audits (IA).

As a condition of DHCS' exemption (Exemption Letter No. 55.6) from the Department of General Services' (DGS) approval of its contracts under \$150,000, two audits are required to be performed of the department's contracting program during the exemption period of October 1, 2015 through September 30, 2019. On February 28, 2018, the Internal Audits (IA) issued an audit report which presented the results of the first audit required under the terms of the exemption. Public Contract Code Section 10352 requires DGS to perform a quality control review of the audit.

The objectives of our quality control review are to determine: (1) if the internal audit was conducted in accordance with an audit guide issued by DGS; and, (2) if reported findings are being appropriately addressed by DHCS' management. Based on our interviews of audit staff and review of the working papers prepared to support audit tests, and our performance of other procedures as deemed necessary, we concluded that the audit was conducted in accordance with DGS' audit guide and that management indicated a commitment to take appropriate actions to address reported findings.

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

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.

ANDY WON
Deputy Director, Office of Audit Services

A handwritten signature in blue ink, appearing to read 'Andy Won', is written over the typed name and title.

cc: Erika Sperbeck, Chief Deputy Director, Policy and Program Support, DHCS
Lisa Keeler, Deputy Director, Administration Division, DHCS
Leanne Smith, Chief, Program Support Branch, DHCS
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