

Date: April 27, 2021

File No.: 0128

To: **Joe Xavier, Director**
Department of Rehabilitation
721 Capitol Mall
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 Rehabilitation (DOR) and its delegated purchasing program. 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).

DOR's written response to our draft report is included in this final report. The report also includes our evaluation of the response. We are pleased with the actions taken or proposed and commitments made to address our recommendations.

As part of its operating responsibilities, the Office of Audit Services is responsible for following up on audit recommendations and will require a six-month status report on the implementation of each. Therefore, please submit the status report to us by October 27, 2021.

To the extent that it is practicable, any proof-of-practice and supporting documentation should be specific and include excerpts and/or copies of the following: emails, reminders and follow up correspondence sent out in regards to compliance with requirements related to: the use of STD. 261 certification forms, attending Defensive Driver Training, securing travel needs via DGS' Statewide Travel Program, and signing the state fleet card user agreement; and training syllabi/agendas outlining: proper use of the purchasing requirements checklist; that FTB and CDTFA websites are checked to verify that contractors are not on any prohibited lists; that purchases over \$5,000 are reported to DFEH; relevant requirements related to signed Bidder Declarations, Statements of Work, the correct acquisition method is entered into SCPRS, determining CUF, LPA procurements; and any other delegated purchasing program practices.

The necessity of any further actions or additional support will be determined at that time. Please transmit your proof-of-practice documentation and/or status report to: DGS - Office of Audit Services, 707 3rd Street, 8th Floor, West Sacramento, CA 95605 or preferably via e-mail to Dennis.Miras@dgs.ca.gov.

We sincerely appreciated all the cooperation and assistance provided by DOR's personnel.

If you need further information on or assistance with this report, please call / e-mail me at (916) 376-5064 / Dennis.Miras@dgs.ca.gov or, Rhonda Parker, Management Auditor, at (916) 375-4590 / Rhonda.Parker@dgs.ca.gov.

Dennis M Miras

DENNIS M MIRAS, CIA
Manager, Office of Audit Services

Attachment

cc: Andi Mudryk, Chief Deputy Director
Armel Biscocho, Deputy Director, Administrative Services Division
David Kwan, Assistant Deputy Director, Administrative Services
Division
Suhail Syed, Executive Advisor, Strategic Initiatives Office
Sharon Gong, Chief, Accounting Services
Zachary Mundy, Chief, Contracts and Procurement Section
Julie Sanchez, Assistant Chief, Contracts and Procurement Section
Joseph Carmena, Chief, Business Services Section
Landai Dong, Chief, Human Resources Branch
Kerry Gantt, Chief, Audit Services
John Galicinao, Associate Management Auditor, Strategic
Initiatives Office
Purchasing Authority Management Section (PAMS), Procurement
Division, DGS

**GOVERNMENT OPERATIONS AGENCY
DEPARTMENT OF GENERAL SERVICES**

**AUDIT OF THE
DEPARTMENT OF REHABILITATION**

**FOR COMPLIANCE WITH STATE
BUSINESS MANAGEMENT POLICIES
REPORT NO. 0128**

OFFICE OF AUDIT SERVICES

FEBRUARY 2021

**DEPARTMENT OF REHABILITATION
(DOR)**

**COMPLIANCE AUDIT
REPORT NO. 0128**

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STATE OF CALIFORNIA

DEPARTMENT OF GENERAL SERVICES

AUDITOR'S REPORT

DATE: April 27, 2021

TO: **Joe Xavier, Director**
Department of Rehabilitation

This report presents the results of our compliance audit of the business management functions and services of the Department of Rehabilitation (DOR) and its delegated purchasing program. These audits are routinely performed under the authority granted to the Department of General Services (DGS) by Government Code Sections 14615 and 14619 and Public Contract Code Section 10333. 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 this audit included, but was not limited to, compliance with policies governing contracting, fleet administration, small business (SB) and disabled veteran business enterprises (DVBE) usage, driver safety and insurance, surplus property, real estate, and the delegated purchasing program. Our audit was conducted in accordance with U.S. generally accepted auditing standards.

While in most areas we concluded that DOR is conducting its business management functions and services in accordance with state requirements, we identified the following areas for improvement. The implementation of the recommendations presented in this report will assist DOR in addressing these issues:

- DOR's driver safety and insurance program is not ensuring that employees who use their own vehicle to conduct state business complete and annually update a vehicle certification form. Policies and procedures are also not ensuring that frequent drivers attend a defensive driver training course every four years.

- Fleet and travel policies and procedures are not ensuring: (1) that employees who travel to conduct state business make all travel arrangements through DGS' Statewide Travel Program and (2) compliance with the State Fleet Card Program.
- DOR's delegated purchasing authority practices are not in full compliance with several applicable state requirements governing these types of procurements. Specifically, DOR's policies and procedures were not always ensuring compliance with state requirements governing the: (1) verification that contractors are not on any prohibited lists; (2) notification to the Department of Fair Employment and Housing of purchase awards in excess of \$5,000; (3) inclusion of a signed Bidder Declaration for certified SB/DVBE vendors within the procurement files; (4) support for Statements of Work being included in applicable procurement files; (5) support for entering the correct acquisition method within SCPRS (State Contract & Procurement Registration System) for all applicable amendments; and (6) completion of Commercially Useful Function (CUF) evaluations and determination of SB/DVBE status.

In addition, leveraged procurement agreement (LPA) transaction files did not always include: (1) a copy of the LPA contract cover page to ensure purchases were made in accordance with the applicable LPA terms and conditions and (2) supporting documentation that multiple offers were obtained in accordance with the LPA User Instructions.

During our review we also identified other matters requiring attention, but that did not pose a significant risk to the business management functions, which were discussed with DOR's management and are not further detailed in this report.

We are pleased with the commitment shown to improve compliance with state requirements. It should be noted that when advised of areas for improvement during our audit fieldwork, DOR's management took prompt actions to address our concerns. However, we did not perform effectiveness tests to determine whether the corrective actions were functioning as intended. DOR'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.

Your response to each of our recommendations as well as our evaluation of the response are included in this report.

We sincerely appreciated the cooperation and assistance provided by DOR's personnel.

If you need further information or assistance with this report, please call / e-mail me at (916) 376-5064 / Dennis.Miras@dgs.ca.gov, or Rhonda Parker, at (916) 375-4590 / Rhonda.Parker@dgs.ca.gov.

Dennis M Miras

DENNIS M MIRAS, CIA
Manager, Office of Audit Services

Staff: Maricela Bautista, Management Auditor
Rhonda Parker, Management Auditor

cc: Andi Mudryk, Chief Deputy Director
Armel Biscocho, Deputy Director, Administrative Services Division
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Purchasing Authority Management Section (PAMS), Procurement Division,
DGS

DEPARTMENT OF REHABILITATION

COMPLIANCE AUDIT

FINDINGS AND RECOMMENDATIONS

The following presents our detailed findings and recommendations developed based on our review of the business management functions and services of the Department of Rehabilitation (DOR) for compliance with policies set forth in the State Administrative Manual (SAM), and the terms and conditions of any specific delegations of authority or exemptions from approval granted by the Department of General Services (DGS). This report presents information on areas of noncompliance with policies governing the: driver safety and insurance program; fleet and travel management practices; and delegated purchasing program.

This information was developed based on our fieldwork conducted over the period of April 10, 2020 through February 24, 2021. In addition to this written report, as findings were observed and developed during our audit fieldwork, DOR's management was promptly advised of any areas of concern so that they could begin taking corrective action. Further, during our February 24, 2021 audit exit conference, DOR was provided a detailed written summary of issues noted during our review.

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 2019-20 and 2020-21 fiscal years.

DRIVER SAFETY AND INSURANCE PROGRAM¹

DOR needs to strengthen its driver safety and insurance program to assist in preventing and controlling the costs of vehicle accidents. Collectively, such accidents cost the state millions of dollars each year including liability to other parties, repairs to state vehicles, workers' compensation and lost work time of employees. For maximum containment of these costs, each state agency is expected to actively participate in the state's driver safety program.

The following areas need strengthening:

- **Vehicle Authorizations** – current policies and procedures are not ensuring that an Authorization to Use Privately Owned Vehicle (STD. 261) certification form is completed and annually updated by all employees who use their own vehicle to conduct state business. Specifically, at the time of our audit tests, a current STD. 261 was missing for 30 (73%) of the 41 employees included in our sample tests prior to using their own vehicle on state business; the audit team was eventually provided with recently updated and signed STD. 261 forms for 21 of these employees after DOR was requested to do so.

SAM Section 0753 requires that a privately-owned vehicle authorization form be completed and annually updated by each employee who uses his or her own vehicle to conduct state business. In addition, this section provides that an employee's TEC for private vehicle mileage should not be approved by a supervisor prior to verification that a current authorization form is on-file for the employee. The completion of the authorization form accomplishes the objective of having the employee certify in writing that the vehicle used will always be:

- Covered by liability insurance for the minimum amount prescribed by law

¹ These conditions previously existed and were included in our audit report to DOR dated August 2016

DEPARTMENT OF REHABILITATION
Findings and Recommendations, Cont'd

- Adequate for work performed
- Equipped with safety belts
- In safe mechanical condition

Although DOR has policies and procedures in place which rely heavily on individual supervisors and managers to monitor and enforce compliance, it is clear that these efforts have not been very effective.

- **Defensive Driver Training** – our review of a sample of 37 frequent drivers found that 20 (54%) had not attended a defensive driver training (DDT) course within the last four years. Further analysis revealed 430 employees had expired DDT certificates. SAM Section 0751 provides that frequent drivers attend and successfully complete an approved defensive driver training course at least once every four years.

Although DOR maintains a Learning Management System (LMS) that tracks who and when an individual last attended a driver training course, once again the responsibility for enforcing and scheduling employees to actually attend the required course in a timely manner rests with supervisory/managerial personnel. As shown by the results of our testing, current policies and procedures are not fully operating as intended.

DOR intends on addressing the above weaknesses by further utilizing LMS by incorporating compliance with STD. 261 and DDT requirements in such a manner that it will be able to not only track the current status for each employee, but automatically generate periodic reminders to staff, supervisors and managers of when STD. 261 certifications and DDT are due for renewal and course enrollment.

Additionally, Accounting Services personnel will use LMS to generate reports which will aid in ensuring that an active and up-to-date STD. 261 is on file prior to processing Travel Expense Claims (TEC) for drivers seeking mileage reimbursement.

It should be noted that since these actions had not yet been in operation during our audit fieldwork, we were unable to perform any effectiveness tests to determine whether they would have the desired results.

Recommendations

1. Effectuate planned actions which will strengthen current policies and procedures designed to ensure the completion and annual update of a STD. 261 certification form by employees prior to using their own vehicle to conduct state business. This process should continue to include periodic notification(s) to managers/supervisors regarding their responsibilities for ensuring the completion and updating of the form, particularly prior to any driving or claiming of mileage reimbursement.
2. Periodically reemphasize to operating unit managers/supervisors their responsibilities for ensuring that employees who frequently drive on state business attend an approved defensive driver training course at least once every four years. Continue to utilize DOR's LMS to not only track DDT course completion status for each driver, but to send out automatically generated reminders when re-enrollment is necessary.

FLEET MANAGEMENT AND TRAVEL SERVICES PROGRAMS

DOR needs to strengthen its oversight of the department's fleet and travel services programs. Specifically, the following areas need further attention:

- **Statewide Travel Program** – Current travel policies and procedures are not ensuring that all employees who travel overnight to conduct state business secure their hotel needs through the state's travel program. While DOR appears to always utilize DGS' Statewide Travel Program (STP) for airfare and car rentals, our audit analyses revealed 10 (26%) of 38 employees that sought reimbursement for lodging had not booked their hotel stays through either the CalTravelStore or Concur Travel.

DGS Management Memo 14-03 and SAM Section 4117 require agencies to make all travel arrangements (airfare, hotel, commercial car rental, and rail) through DGS' STP. This program provides for government travelers' needs by obtaining the most economical rates and fares available through the use of contracted travel-related services. It offers comprehensive travel services through Concur Travel, an online booking tool that is the primary means for booking all reservations. The STP also offers traditional call-in service through the CalTravelStore, the state's onsite contracted travel agency.

This condition exists primarily due to travelers booking hotel accommodations under the premise that they are saving the state money by reserving directly with the hotel establishment. While meaning well, they may actually be preventing DOR from obtaining the most cost-effective, pre-negotiated, and leveraged travel rates offered by not utilizing STP's centralized travel management services.

- **State Fleet Card Program** – While our testing revealed that DOR has implemented adequate and effective policies and procedures over its state fleet card program, we identified one area for improvement. Fleet cards are primarily used by state employees to purchase fuel for vehicles used for official state business. In brief, Management Memo 12-08 was issued by DGS to establish controls that would help prevent abusive fleet card practices, including but not limited to fraud and abuse. The State Fleet Card Program requires that participating departments comply with a number of requirements including: (1) implementing written oversight procedures; (2) designating a coordinator to closely manage the use of the program; (3) submitting to OFAM (Office of Fleet and Asset Management) an annual certification that the department has executed required procedures; and (4) requiring card users to sign an agreement addressing compliance with usage policies and procedures.

While signed agreements were provided for the majority of the 14 employees randomly sampled for audit testing, five were conveniently dated after our audit fieldwork began and two were dated after our request for supporting documentation. It appears that half of the agreements requested were simply generated and signed "after-the-fact".

Recommendations

3. Reinforce and communicate existing travel policies and procedures to ensure that all employees required to travel on state business secure all of their travel needs through either Concur Travel or the CalTravelStore, including booking of their hotel stays.
4. Ensure that fleet card practices and controls require all card users to sign and date the agreement which addresses compliance with usage policies and procedures. The program coordinator should maintain copies of all such agreements.

DELEGATED PURCHASING PROGRAM

Although we concluded that DOR has implemented a delegated purchasing program that ensures compliance with the state's primary procurement requirements, our tests of a sample of 85 transactions (including 41 purchases under \$10,000 and 27 leveraged procurement agreement (LPA) transactions) disclosed several areas for improvement that need to be addressed to fully comply with delegated purchasing requirements. When a department is not transacting in FI\$Cal (Financial Information System for California), as is the case with DOR, the state's delegated purchasing requirements are primarily contained in State Contracting Manual (SCM) Volumes 2 and 3.

DEPARTMENT OF REHABILITATION
Findings and Recommendations, Cont'd

Since the instances of noncompliance were discussed with responsible management and staff during our audit fieldwork, they are not detailed in this report. However, the types of exceptions noted included weaknesses involving the following purchasing practices (applicable criteria provided) [applicable exception/deviation rate noted]:

- Supporting documentation is contained within the transaction file that FTB (Franchise Tax Board) and CDTFA (California Department of Tax and Fee Administration) websites are checked to verify that contractors are not on any prohibited lists (SCM 2, 2.B3.18 and SCM 3, 2.B4.17) [29%]
- Supporting documentation for purchases over \$5,000 being reported to the Department of Fair Employment and Housing (DFEH) is included in the transaction file (SCM 2, 8.2.7 and SCM 3, 8.3.7) [21%]
- Signed Bidder Declaration (form GSPD 05-105/05-106 for certified SB/DVBE vendors) is located in the procurement files (SCM 2, 3.5.7 and SCM 3, 3.4.7) [26%]
- Supporting documentation that a “statement of work” is encompassed within the applicable procurement files (SCM 2, 2.B4.0 & 2.B4.1 and SCM 3, 2.B5.0 & 2.B5.1) [25%]
- Supporting documentation that the correct acquisition method is entered into SCPRS (State Contract & Procurement Registration System) for applicable amendments (SCM 2, 5.3.5 and SCM 3, 5.3.5) [50%]
- Commercially Useful Function (CUF) evaluation and determination is completed and documented for all SB/DVBE involved delegated procurements prior to award (SCM 2, 3.2.6 & 3.2.7 and SCM 3, 3.2.6 & 3.2.7) [19%]
- LPA documentation:
 - A copy of the LPA contract cover page is placed in the procurement files (SCM 2, 6.A4.1 and SCM 3, 6.A4.1) [20%]
 - Supporting documentation exists that multiple offers are obtained as instructed by the applicable LPA User Instructions (SCM 2, 6.A3.0 and SCM 3, 6.A3.0) [20%]

While it was difficult to determine the primary cause(s) for each of the aforementioned exceptions, responsible staff not being fully aware of all applicable requirements; available checklists inconsistently used; not following the SCM in totality; the decentralized nature of existing procurement systems and activities; and simple oversight while processing these types of transactions were all found to be contributing factors.

Recommendations

5. Strengthen existing, implement additional, and disseminate all policies and procedures to assist in ensuring full compliance with all requirements of the delegated purchasing program. This process should address each of the issues noted above.
6. Enforce new and existing policies and procedures to ensure that all applicable state laws, rules, policies, and regulations are followed.
7. Ensure that all staff who procure for DOR are trained in, are knowledgeable of, and understand all procurement requirements as prescribed in SCM 2, SCM 3, and any other applicable state procurement policies and procedures.

CONCLUSION

Our findings and recommendations are presented to aid DOR in administering its business management functions and services as well as its delegated purchasing program. DOR should address the reported issues to assist in ensuring compliance with applicable state laws, policies, and procedures.



Dennis Miras, CIA
Manager, Office of Audit Services
Department of General Services
707 3rd Street, 8th Floor
West Sacramento, CA 95606

April 20, 2021

Dear Mr. Miras:

Thank you for the opportunity to respond to the findings identified in the report. The Department of Rehabilitation (DOR) has carefully reviewed the draft report "Audit of the Department of Rehabilitation for Compliance with State Business Management Policies Report No. 0128" dated April 2021.

DOR acknowledges the audit findings and has included responses to the individual findings in the attached document. DOR management has taken action to address the compliance issues identified in the draft report to ensure 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).

We appreciated the ongoing communication, professionalism and collaboration of the DGS audit team. If you have any questions or concerns, please contact Armel Biscocho, Administrative Services Division Deputy Director, at (916) 558-5885 or armel.biscocho@dor.ca.gov.

Sincerely,

[signed original on file]

Joe Xavier
Director

California Department of Rehabilitation

Response to the Draft Report:

Audit of the Department of Rehabilitation (DOR) for Compliance with State Business Management Policies Report No. 0128, April 2021

Issued by the Department of General Services (DGS), Office of Audit Services

Finding 1: DRIVER SAFETY AND INSURANCE PROGRAM

DGS Recommendations:

1. Effectuate planned actions which will strengthen current policies and procedures designed to ensure the completion and annual update of a STD. 261 certification form by employees prior to using their own vehicle to conduct state business. This process should continue to include periodic notification(s) to managers/supervisors regarding their responsibilities for ensuring the completion and updating of the form, particularly prior to any driving or claiming of mileage reimbursement.
2. Periodically reemphasize to operating unit managers/supervisors their responsibilities for ensuring that employees who frequently drive on state business attend an approved defensive driver training course at least once every four years. Continue to utilize DOR's LMS to not only track DDT course completion status for each driver, but to send out automatically generated reminders when re-enrollment is necessary.

Department of Rehabilitation's Response:

We concur with the findings and recommendations. The DOR has taken actions to address the compliance issues identified as follows:

- An email reminder from the DOR Assistant Chief of Business Services was sent on January 12, 2021 to Managers and Supervisors to ensure staff who drive on state business are appropriately authorized to do so, meet State driver requirements, and understand their responsibilities. Quarterly email reminders will continue to be sent.
- DOR will be incorporating the STD 261 into the DOR Learning Management System (LMS). Once incorporated into the LMS, reminders will be sent to DOR staff to complete the form 3, 2, and 1 months before their individual annual renewal dates. Reminders will continue until the form is completed and approved by the manager/supervisor.
- Accounting staff will produce LMS data reports of the DOR staff with active STD 261's. Those reports will be compared to submitted TEC's with mileage reimbursement claims, as a quality control to verify active STD 261's are on file before a mileage claim can be reimbursed and to identify new drivers that may not have completed the STD 261's.

- The LMS will also be used to track completion of the Defensive Driver Training and send reminders to staff prior to the certification expiration.

Finding 2: FLEET ADMINISTRATION

DGS Recommendations:

3. Reinforce and communicate existing travel policies and procedures to ensure that all employees required to travel on state business secure all of their travel needs through either Concur Travel or the CalTravelStore, including booking of their hotel stays.
4. Ensure that fleet card practices and controls require all card users to sign and date the agreement which addresses compliance with usage policies and procedures. The program coordinator should maintain copies of all such agreements.

Department of Rehabilitation's Response:

We concur with the findings and recommendations. The DOR has taken actions to address the compliance issues identified as follows:

- On April 9, 2021, a semi-annual e-mail reminder was sent to all staff reaffirming that they must use Concur or CalTravel Store for all state travel reservations. DOR Travel unit will monitor for compliance by ensuring that travel is booked in Concur. Follow up correspondence will be sent to staff who is not adhering to policy.
- An email reminder from the DOR Assistant Chief of Business Services was sent on January 12, 2021 to Managers and Supervisors to have their staff complete the DR93. When completed, the DR93's are required to be sent to the DOR State Vehicle Coordinator.
- Starting in April 2021, BSS will have the DOR State Vehicle Coordinator compare the monthly submitted travel logs, showing the milage and drivers of DOR owned and DGS leased vehicles, with the completed DR93's they have on file. Any names submitted on the milage logs, but without a completed DR93, the DOR employee and their manager will be notified that a DR93 needs to be completed and submitted for that driver, with reminders sent, until a DR93 is completed/submitted.

Finding 3: DELEGATED PURCHASING PROGRAM

DGS Recommendations:

5. Strengthen existing, implement additional, and disseminate all policies and procedures to assist in ensuring full compliance with all requirements of the

delegated purchasing program. This process should address each of the issues noted above.

6. Enforce new and existing policies and procedures to ensure that all applicable state laws, rules, policies, and regulations are followed.
7. Ensure that all staff who procure for DOR are trained in, are knowledgeable of, and understand all procurement requirements as prescribed in SCM 2, SCM 3, and any other applicable state procurement policies and procedures.

Department of Rehabilitation's Response:

We concur with the findings and recommendations. The DOR has taken actions to address the compliance issues identified as follows:

- A checklist including purchasing requirements was provided to all buyers with a bulletin sent out on 9/27/2019. Buyers were reminded to utilize the checklist for purchases during a training held on 2/18/2021. Moving forward, DOR will post the checklist on the C&PS intranet page for all procurement staff to access easily.
- DOR will continue to remind buyers during future trainings to utilize the checklist and initial the line attesting they checked the FTB (Franchise Tax Board) and CDTFA (California Department of Tax and Fee Administration) websites to verify that contractors are not on any prohibited lists.
- The requirement that purchases over \$5,000 be reported to Department of Fair Employment and Housing (DFEH) is documented in the transaction file was covered in trainings provided on 2/18/2021 and 3/18/2021.
- A bulletin was sent out 9/30/2019 which included the Bidder Declaration requirement, and training was provided on 8/20/2020 on this requirement. This was also covered in trainings provided on documentation requirements presented on 2/18/2021 and 3/18/2021.
- DOR Contracts & Procurement Section (C&PS) management met with Information Technology Services Division management and the IT procurement staff on 2/12/2021 to share information regarding requirements for IT Services. The Statement of Work will be included with all requests for IT services moving forward.
- DOR C&PS has provided additional guidance and training on acquisition methods to the procurement analysts who issue the administrative purchase orders and enter SCPRS in FI\$Cal.
- The requirement for determining CUF is included in DOR policy. A bulletin was sent out on 9/27/2019 informing staff of the requirement. C&PS provided training on how to conduct a CUF analysis during a monthly field procurement staff training held on 8/20/2020. Additionally, DOR provided training on documentation requirements during field procurement staff trainings on 2/18/2021 and 3/18/2021.

- DOR C&PS presented a training to field procurement staff on LPA procurements on 4/15/2021 which included the requirement to include the LPA contract cover page in the procurement file and the requirement to follow the specific user instructions for each LPA.
- DOR will perform random internal audits to ensure compliance with purchasing requirements.

**DEPARTMENT OF REHABILITATION
(DOR)**

COMPLIANCE AUDIT

EVALUATION OF DOR'S RESPONSE

We have reviewed the response by the Department of Rehabilitation (DOR) to our draft report. The response to the recommendations is satisfactory and we appreciate the efforts taken or being taken by DOR to improve its business management functions and services.

As part of its operating duties, we are responsible for following up on audit recommendations and will require a six-month status report on the implementation of each. To the extent that it is practicable, proof-of-practice and supporting documentation should be specific and include excerpts and/or copies of the following: emails, reminders and follow up correspondence sent out in regards to compliance with requirements related to: the use of STD. 261 certification forms, attending Defensive Driver Training, securing travel needs via DGS' Statewide Travel Program, and signing the state fleet card user agreement; and training syllabi/agendas outlining: proper use of the purchasing requirements checklist; that FTB and CDTFA websites are checked to verify that contractors are not on any prohibited lists; that purchases over \$5,000 are reported to DFEH; relevant requirements related to signed Bidder Declarations, Statements of Work, the correct acquisition method is entered into SCPRS, determining CUF, LPA procurements; and any other delegated purchasing program practices.