



MEMORANDUM

Date: May 20, 2021

File No. 1181

To: **Meredith Williams, Ph.D.**, Director
California Environmental Protection Agency
Department of Toxic Substances Control
1001 I Street, 25th Floor
Sacramento, CA 95814

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

Subject: AUDIT REPORT: CONTRACTING PROGRAM

This report presents the results of our audit of the Department of Toxic Substances Control's (DTSC) contracting program. On March 20, 2019, the Director of the Department of General Services (DGS) signed Exemption Letter No. 40.07 which granted DTSC's request to process contracts without DGS review and approval. In brief, subject to a number of limitations, the exemption allows various types of contracts under \$150,000 to be processed without DGS review and approval during the four-year period of April 1, 2019 through March 31, 2023. As a condition of the exemption, two audits are required to be performed of DTSC's contracting program during the four-year exemption period. Based on DTSC's request, the DGS Office of Audit Services agreed to conduct the first audit required under the terms of the exemption.

The objective of our audit was to determine compliance with the terms and conditions of Exemption Letter No. 40.07. In general, the exemption requires that DTSC maintain an adequate and effective system of internal control over contracting and that the system be sufficient to ensure compliance with the state's contracting laws, policies, and procedures. Our audit was conducted in accordance with U.S. generally accepted auditing standards.

Based on the results of our fieldwork conducted over the period January 21, 2021 through April 27, 2021, we concluded that DTSC is conducting its contracting program in compliance with the terms and conditions of its exemption. DTSC's contracting policies and procedures are sufficient to provide reasonable assurance of compliance with the state's contracting laws, policies, and procedures.

To determine compliance, we reviewed policies and procedures, tested a sample of contracts awarded during the 2019-20 and 2020-21 fiscal years, interviewed parties involved and performed other tests as deemed necessary.

We sincerely appreciated the cooperation and assistance provided by DTSC'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 Eric Kim at (916) 376-5071 / Eric.Kim@dgs.ca.gov.

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