



MEMORANDUM

Date: January 17, 2024 File No. 4170

To: **Yana Garcia**, Secretary
California Environmental Protection Agency
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 California Environmental Protection Agency's (CalEPA) contracting program. On October 31, 2019, the Director of the Department of General Services (DGS) signed Exemption Letter No. CalEPA 1 which granted CalEPA'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 November 1, 2019 through October 31, 2023. As a condition of the exemption, two audits are required to be performed of CalEPA's contracting program during the four-year exemption period. Based on CalEPA's request, DGS' Office of Audit Services agreed to conduct the second 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. CalEPA 1. In general, the exemption requires that CalEPA 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.

Based on the results of our fieldwork conducted over the period August 22, 2023 through December 10, 2023, we concluded that CalEPA is conducting its contracting program in compliance with the terms and conditions of its exemption. CalEPA'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 2021-22 and 2022-23 fiscal years, interviewed parties involved and performed other tests as deemed necessary.

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

If you need further information on or assistance with this report, please contact me at (916) 376-5064/Dennis.Miras@dgs.ca.gov, or Eric Kim at (279) 946-8635/Eric.Kim@dgs.ca.gov.

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