

Date: November 12, 2025 File No.: 5120

To: Lynda Gledhill, Executive Officer
California Victim Compensation Board
400 R Street, Suite 500
Sacramento, CA 95811

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 California Victim Compensation Board (CalVCB). 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).

CalVCB'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 the 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 recommendation. Therefore, please submit on your department's official letterhead the status report to us by May 12, 2026.

To the extent that it is practicable, proof-of-practice and supporting documentation should explain/outline specific actions taken and include excerpts, samples, screenshots, and/or copies of documents and communications which demonstrate corrective measures employed to address each of our recommendations, consistent with CalVCB's individual formal responses to our draft audit report.

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 email to Chris.Harris@dgs.ca.gov.

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

If you need further information on or assistance with this report, please contact me at (916) 376-5049 / Lucy.Wong@dgs.ca.gov, or Larisa Samoylovich, Management Auditor, at (279) 799-3730 / Larisa.Samoylovich@dgs.ca.gov.



Lucy Wong
Manager, Office of Audit Services

Attachment

cc: Shawn Ramirez, Deputy Executive Officer, Administration Division, CalVCB
Abobaker Hamid, SSM I, Business Services Unit, Enterprise Operations and Services, Administration Division, CalVCB
Natalie Mack, Chief Deputy Executive Officer, CalVCB
Kim Gauthier, Chief Counsel, CalVCB
Andy Won, Deputy Director, Office of Audit Services, DGS

**GOVERNMENT OPERATIONS AGENCY
DEPARTMENT OF GENERAL SERVICES**

**AUDIT OF THE
CALIFORNIA VICTIM COMPENSATION BOARD**

**FOR COMPLIANCE WITH STATE
BUSINESS MANAGEMENT POLICIES
REPORT NO. 5120**

OFFICE OF AUDIT SERVICES

APRIL 2025
(End of Fieldwork)

**CALIFORNIA VICTIM COMPENSATION BOARD
COMPLIANCE AUDIT
REPORT NO. 5120**

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STATE OF CALIFORNIA
DEPARTMENT OF GENERAL SERVICES
AUDITOR'S REPORT

DATE: November 12, 2025

TO: Lynda Gledhill, Executive Officer
California Victim Compensation Board

This report presents the results of our compliance audit of the business management functions and services of the California Victim Compensation Board (CalVCB). 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 (SAM), 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 contracting, fleet administration, small business (SB) and disabled veteran business enterprise (DVBE) usage, driver safety and insurance, surplus property, and real estate.

Based on our review of sampled transactions processed during the 2023-24 fiscal year through December 31, 2024, we concluded that, in most areas CalVCB is conducting its business management functions and services in accordance with state requirements; nonetheless, we identified the following areas requiring improvement. The implementation of the recommendations presented in this report will assist CalVCB in addressing these issues:

- Contracting policies and procedures are not ensuring full compliance with state contracting requirements. The types of exceptions noted during our audit included instances where DGS' approval was not obtained prior to initiating work on contracts exceeding \$50,000, and not including the required "Economic Sanctions" language in contracts, as well as referencing incorrect terms and conditions in service contracts.
- CalVCB's driver safety program is not ensuring that employees who use their own vehicles to conduct state business complete and annually update a vehicle certification form.
- CalVCB's Fleet and Travel Services Programs are not ensuring compliance with the State Fleet Card Policies and completion of a

justification form when renting a vehicle at a rate higher than the contracted rate.

- Sufficient documentation is not being maintained in the process used to dispose of surplus personal property.

During our review we also identified other matters requiring attention, but that did not pose a significant risk to CalVCB's business management functions. We discussed these issues with CalVCB's management, and they 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, CalVCB'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. CalVCB'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 our recommendations as well as our evaluation of the response are included in this report.

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

If you need further information on or assistance with this report, please contact me at (916) 376-5049, or Larisa Samoylovich, Management Auditor, at (279) 799-3730.



LUCY WONG

Audit Manager, Office of Audit Services

Staff: Larisa Samoylovich, Management Auditor

cc: Shawn Ramirez, Deputy Executive Officer, Administration Division, CalVCB
Abobaker Hamid, SSM I, Business Services Unit, Enterprise Operations and Services, Administration Division, CalVCB
Natalie Mack, Chief Deputy Executive Officer, CalVCB
Kim Gauthier, Chief Counsel, CalVCB
Andy Won, Deputy Director, Office of Audit Services, DGS

CALIFORNIA VICTIM COMPENSATION BOARD

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 California Victim Compensation Board (CalVCB) for compliance with policies set forth in 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: contracting for services; driver safety and insurance program; fleet and travel management practices; and disposition of surplus personal property.

This information was developed based on our fieldwork conducted over the period of September 13, 2024 through April 18, 2025. In addition to this written report, as findings were observed and developed during our audit fieldwork, CalVCB's management was promptly advised of any areas of concern so that they could begin taking corrective action. Further, during our April 18, 2025 audit exit conference, CalVCB was provided with 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 2023-24 fiscal year through December 2024.

CONTRACTING PROGRAM

Overall, we determined that CalVCB was conducting its contracting program in compliance with state requirements. However, our sample tests of the various types¹ of contracts processed disclosed several areas for improvement that need to be addressed to fully comply with the state's service contracting requirements. The state's contracting requirements are primarily contained in the State Contracting Manual (SCM) Volume 1.

¹ The types of contracts tested for compliance included both contracts subject to DGS review and approval (generally contracts over \$50,000.00) and those delegated to CalVCB to directly execute (generally contracts of an amount of \$50,000 and under).

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 contracting practices (applicable criteria provided):

- Contracts for services over \$50,000 should not begin before receipt of DGS/OLS' approval (SCM 1, 4.09) [56%]
- Using an Economic Sanctions language in contract agreements (BB P-07-22 and 3rd Joint Memo 6-21-22) [100%]
- Reference the current version of the State's standard terms and conditions (e.g. "GTC 04/2017" or subsequent version, rather than GSPD Non-IT Commodities on non-IT service contracts (SCM 1, 4.08, A.1d) [91%]

Staff turnover has resulted in limited experience and gaps in awareness of all applicable contracting rules and regulations, and oversight in processing these types of transactions have contributed to the above conditions.

Recommendation

1. Enforce existing policies and procedures to ensure that no contract work begins without prior approval. This process includes: (1) operating unit managers should be periodically reminded of the lead-time needed for the timely processing of contracts and their responsibility for ensuring that complete and accurate contract information is submitted to the Contract Office in a timely manner; (2) contractors are notified not to start work prior to receipt of the fully executed contract; (3) provide training to ensure all contract staff has sufficient knowledge of the contracting process.
2. Update CalVCB's purchase order form for small dollar-value service contracts to include all required languages and to reference the correct version of the State's standard terms and conditions.

DRIVER SAFETY AND INSURANCE PROGRAM

CalVCB 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 area needs 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 the employees who use their own vehicles to conduct state business. Specifically, at the time of our audit tests, the current STD. 261 was not available for 7 (58%) of 12 employees we reviewed prior to using their own vehicles on state business.

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

Presently, the Workforce Development Section, in conjunction with the Accounting Office, coordinate to periodically send out applicable requirements and reminders to operating unit management and frequent drivers in an attempt to achieve compliance. It is clear that these procedures are not entirely functioning as desired.

Recommendations

3. Strengthen current policies and procedures that ensure the completion and annual update of a STD. 261 certification form by employees prior to using their own vehicles to conduct state business. This process should include periodic notification(s) to managers/supervisors regarding their responsibilities for ensuring the completion and updating of the form.

FLEET MANAGEMENT AND TRAVEL SERVICES PROGRAMS

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

- **State Fleet Card Program** – CalVCB has not implemented adequate and effective policies and procedures that ensure the adequate control of state fleet cards. Our review of all three employees with access to use a state fleet

card revealed that all three employees (100%) did not have a signed fleet card user agreement on file.

Fleet cards are primarily used by state employees to purchase fuel for vehicles used for official state business. SAM 4108 and the State Fleet Card Program require 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 DGS' Office of Fleet and Asset Management (OFAM) 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.

It appeared that staff turnover, limited working knowledge, and the absence of internal policies and procedures have contributed to inadequate oversight of the State Fleet Card program.

- **Rental Car Usage Compliance** – CalVCB's policies and procedures are not ensuring that an SCO Justification Form is being completed for those rental car transactions that exceed the daily or weekly contracted rate. Our review of six transactions revealed all of them (100%) exceeded the state contracted rate; however, none of them had a justification form on file as required by current travel notices. DGS Travel Bulletin 20-01 requires employees to obtain supervisory approval prior to renting a vehicle larger than the intermediate size by using the SCO Justification Form, which then needs to accompany the invoice to SCO for payment.

Due to staff turnover and limited working knowledge of car rental requirements, staff have not ensured that an approved Justification Form (DGS OFAM 100) is on file prior to making car reservations.

Recommendations

4. Develop and implement policies and procedures that enforce adequate control of State Fleet Cards in accordance with SAM 4108. This process should ensure compliance with State Fleet Card Program requirements, which include submitting the annual certification to OFAM and requiring all card users to sign an agreement acknowledging their responsibilities of having access to the fleet cards.
5. Implement current policies and procedures to ensure the SCO Justification Form is completed and submitted with the invoice when rental car transactions exceed the daily or weekly contracted rate. Management

personnel and their staff should be reminded of the requirements to complete the form and obtain prior supervisory approval as warranted.

DISPOSAL OF SURPLUS PERSONAL PROPERTY

Policies and procedures have not been implemented to ensure sufficient documentation is maintained in the process used to dispose of surplus personal property. Specifically, our review of 14 Property Survey Reports (STD. 152) disclosed that 8 (57%) did not complete the Certification of Disposition section certifying the disposal of the state-owned personal property. In general, documentation was not available showing that a CalVCB employee supervised a property item's disposal and the manner and date the disposal occurred.

To assist in ensuring the proper disposal of surplus property, STD. 152's instructions require that information be provided on the manner and date of disposal. Further, the officer supervising the disposal is to sign STD. 152. SAM Section 3520.9 also requires that a supervisor certify in writing that the disposition has been accomplished. The certification may be included on the STD. 152 or attached and filed with the STD. 152.

Recommendation

6. Update and implement policies and procedures that ensure complete documentation is maintained for the process of surplus personal property disposals. Periodically remind operating unit supervisors/managers of the surplus property disposal requirements, that include a certificate of disposition to be completed and signed by the agency officials who supervised the disposal.

CONCLUSION

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

October 28, 2025

Lucy Wong
Auditor Manager
Office of Audit Services
Department of General Services
707 3rd Street
West Sacramento, CA 95605

Dear Lucy Wong,

The California Victim Compensation Board (CalVCB) has received the October 16, 2025, Compliance with State Business Management Policies Audit. CalVCB submits this letter in response to the Department of General Services (DGS) Compliance audit from September 13th, 2024, through April 18th, 2025. CalVCB appreciates the review and the opportunity to respond to the six (6) recommendations made within the report.

The following are in response to the compliance audit recommendations:

Contracting Program

Recommendation 1: Enforce existing policies and procedures to ensure that no contract work begins without prior approval. This process includes: (1) operating unit managers should be periodically reminded of the lead-time needed for the timely processing of contracts and their responsibility for ensuring that complete and accurate contract information is submitted to the Contract Office in a timely manner; (2) contractors are notified not to start work prior to receipt of the fully executed contract; (3) provide training to ensure all contract staff has sufficient knowledge of the contracting process.

Response: CalVCB has updated its contracting and procurement procedures to strengthen compliance, improve timelines, and enhance staff training. All contracts now require DGS/OLS approval prior to execution, with clear timelines and early-start planning for renewals to ensure accuracy and continuity. Standardized execution emails now emphasize that no work may begin before the agreement term, and unauthorized services outside contract dates will not be paid.

Staff development has been reinforced through DGS PCA training, annual contracting seminars, and mentorship from experienced staff. Kickoff meetings and updated policies ensure consistent, timely, and compliant contract management across the agency.

Recommendation 2: Update CalVCB's purchase order form for small dollar-value service contracts to include all required languages and to reference the correct version of the State's standard terms and conditions

Response: All CalVCB templates have been updated and will consistently be updated to include the correct version of the State's standard terms and conditions. Our templates are constantly being reviewed and updated to ensure compliance with the most accurate procurement and contracting rules and regulations per the policies and the procedures

Driver Safety and Insurance Program

Recommendation 3: Strengthen current policies and procedures that ensure the completion and annual update of a STD.261 certification form by employees prior to using their own vehicles to conduct state business. This process should include periodic notification(s) to managers/supervisors regarding their responsibilities for ensuring the completion and updating of the form.

Response:

CalVCB is updating its procedures to reinforce requirements for using privately-owned vehicles on State business. Employees will be responsible for completing and submitting form STD 261 to their supervisor for approval before driving a personal vehicle for State business, and supervisors will be required to review, approve, and ensure annual renewal of the form prior to authorizing travel or approving related Travel Expense Claims. The Accounting Unit will periodically remind employees and supervisors of these responsibilities and verify compliance during travel claim audits.

Updated procedures will be finalized by December 31, 2025. In the interim, CalVCB has revised training materials and issued reminders to employees and managers, updated the CalVCB Travel Guide, and conducted manager training to emphasize the requirement for annual STD 261 approval. CalVCB will continue issuing annual reminders and periodic Travel Guide updates to reinforce compliance.

Fleet Management and Travel Services Program

Recommendation 4: Develop and implement policies and procedures that enforce adequate control of State Fleet Cards in accordance with SAM 4108. This process should ensure compliance with State Fleet Card Program requirements, which include submitting the annual certification to OFAM and requiring all card users to sign an agreement acknowledging their responsibilities of having access to the fleet cards.

Response:

CalVCB will develop and implement policies and procedures to reflect and enforce adequate control of State Fleet Cards in accordance with SAM 4108. These policies and procedures will include the requirements for CalVCB to submit the annual certification to OFAM and all card users sign an agreement acknowledging their responsibilities of having access to the fleet cards. CalVCB intends to develop and implement these policies and procedures by December 31, 2025.

Recommendation 5: Implement current policies and procedures to ensure the SCO Justification Form is completed and submitted with the invoice when rental car transactions exceed the daily or weekly contracted rate. Management personnel and their staff should be reminded of the requirements to complete the form and obtain prior supervisory approval as warranted.

Response:

CalVCB is revising its procedures to reinforce that employees must obtain an approved OFAM 100 Short-Term Vehicle Justification Form before renting a vehicle larger than compact/intermediate size, exceeding contracted rental rates, or using a non-contract vendor. Supervisors will be responsible for verifying the approved form before approving Travel Expense Claims, and the Accounting Unit will periodically remind staff of these requirements and ensure compliance through travel claim audits.

Updated procedures will be completed by December 31, 2025. In the interim, CalVCB has updated training materials, issued the revised CalVCB Travel Guide, and provided training to managers emphasizing the requirement for advance approval of the OFAM 100 form. CalVCB will continue to distribute annual reminders and Travel Guide updates to ensure ongoing compliance.

Disposal of Surplus Personal Property

Recommendation 6: Update and implement policies and procedures that ensure complete documentation is maintained for the process of surplus personal property disposals. Periodically remind operating unit supervisors/managers of the surplus property disposal requirements, that include a certificate of disposition to be completed and signed by the agency officials who supervised the disposal.

Response: CalVCB overhauled our Asset Management process by utilizing the SharePoint system earlier this year, this guarantees better tracking and disposition of assets by having a more organized and uniform system that both our BSU and IT departments can utilize. This has already been implemented, and more categories are being added to assist with correct understanding when an asset is active or retired. The disposition certificate was being omitted due to insufficient collaboration between IT and BSU, now with a combined system and clear roles for each department we are seeing a more mature system process that ensures completion of property disposal requirements.

If you have any further questions or inquiries, please contact Abobaker Hamid at (916) 491-3544 or abobaker.hamid@victims.ca.gov, or reach out to me at (916) 491-3505 or shawn.ramirez@victims.ca.gov.

Sincerely,



Digitally signed by Shawn
Ramirez
Date: 2025.10.28
12:58:46 -07'00'

Shawn Ramirez
Deputy Executive Officer Administration Division

cc: Lynda Gledhill, Executive Officer, CalVCB
Natalie Mack, Chief Deputy Executive Officer, CalVCB
Kim Gauthier, Chief Counsel, CalVCB

California Victim Compensation Board (CalVCB)

EVALUATION OF CalVCB'S RESPONSE

We have reviewed the response by the California Victim Compensation Board (CalVCB) to our draft report. The response to the recommendations is satisfactory. We appreciate the efforts being taken by CalVCB to improve its business management functions and services.

As part of its operating duties, DGS is 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 explain/outline specific actions taken and include excerpts, samples, screenshots, and/or copies of documents and communications which demonstrate corrective measures employed to address each of our recommendations, consistent with CalVCB's individual formal responses to our draft audit report.