

Date: June 10, 2025 File No.: 4203

To: The Honorable Rob Bonta, Attorney General
California Department of Justice
P.O. Box 944255
Sacramento, CA 94244-2550

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

Subject: **AUDIT REPORT: DELEGATED PURCHASING PROGRAM**

Attached is the final report on our compliance audit of the Department of Justice's (DOJ's) delegated purchasing program. The objective of our audit was to determine whether procurement transactions are being conducted in accordance with the terms and conditions of DOJ's purchasing authority delegation agreements with the Department of General Services (DGS), which include dollar threshold limits for various categories of procurements.

DOJ'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. Therefore, please submit on your department's official letterhead a status report on the implementation of each recommendation to us by December 10, 2025.

The necessity of any further status reports will be determined at that time. Please transmit your status report to: DGS – Office of Audit Services, 707 3rd Street, 8th Floor, West Sacramento, CA 95605.

We greatly appreciated the cooperation and assistance provided by DOJ's personnel.

If you have any questions, please call me at (916) 376-5058, or Christine Pham, Management Auditor, at (279) 946-8608.



Andy Won
Deputy Director, Office of Audit Services

Attachment

cc: Chris Ryan, Chief, Division of Operations, DOJ
Michael Fong, Director, Office of Fiscal Services, DOJ
Patty Li, General Counsel, Office of General Counsel, DOJ
Chris Prasad, Director, Office of Program Oversight and Accountability, DOJ
Veronica Gilliard, Chief, California Justice Information Services Division, DOJ
Statewide Procurement Oversight, Consulting Unit (SPOC), Procurement Division, DGS

**GOVERNMENT OPERATIONS AGENCY
DEPARTMENT OF GENERAL SERVICES**

**AUDIT OF THE
CALIFORNIA DEPARTMENT OF JUSTICE**

**FOR COMPLIANCE WITH STATE
DELEGATED PURCHASING PROGRAM
REPORT NO. 4203**

OFFICE OF AUDIT SERVICES

**SEPTEMBER 2024
(End of Fieldwork)**

**CALIFORNIA DEPARTMENT OF JUSTICE
DELEGATED PURCHASING PROGRAM AUDIT
REPORT NO. 4203**

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STATE OF CALIFORNIA
DEPARTMENT OF GENERAL SERVICES
AUDITOR'S REPORT

DATE: June 10, 2025

TO: The Honorable Rob Bonta
California Department of Justice

This report presents the results of our compliance audit of the delegated purchasing program of the Department of Justice (DOJ). As required by Public Contract Code Section 10333, at least once in each three-year period the Department of General Services (DGS) conducts an audit of each state agency to which purchasing authority has been delegated by the department. The objective of our audit was to determine whether procurement transactions are being conducted in accordance with the terms and conditions of DOJ's purchasing authority delegation agreements with DGS, which include dollar threshold limits for various categories of procurements. As applicable, the scope of our audits of state agencies includes, but is not limited to, compliance with policies governing the conduct of competitive solicitations, use of leveraged procurement agreements, solicitation of certified small businesses (SBs) and disabled veteran business enterprises (DVBES), establishment of fair and reasonable pricing for acquisitions of less than \$10,000, use of CAL-Cards to pay for goods and services, and prompt payment of suppliers.

Overall, we concluded that DOJ is conducting its delegated purchasing program in compliance with the terms and conditions of its delegation agreement. However, as discussed under the Findings and Recommendations section of this report, we identified a number of areas for improvement that need to be addressed to fully comply with purchasing requirements. The implementation of the recommendations presented in this report will assist DOJ in addressing these issues.

During our review we also identified other matters requiring attention that did not pose a significant risk to DOJ's delegated purchasing program. We discussed these issues with DOJ's management and they are not further detailed in this report.

It should be noted that when advised of areas for improvement during our audit fieldwork, DOJ's management agreed to take action to address our concerns. We were pleased with the commitment shown to improve compliance with state requirements. However, we did not perform effectiveness tests to determine whether the corrective actions were functioning as intended. DOJ'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 greatly appreciated the cooperation and assistance provided by DOJ's personnel.

If you need further information or assistance on this report, please contact me at (916) 376-5058, or Christine Pham, Management Auditor, at (279) 946-8608.



Andy Won
Deputy Director, Office of Audit Services

Staff: Christine Pham, Management Auditor

cc: Chris Ryan, Chief, Division of Operations, DOJ
Michael Fong, Director, Office of Fiscal Services, DOJ
Patty Li, General Counsel, Office of General Counsel, DOJ
Chris Prasad, Director, Office of Program Oversight and Accountability, DOJ
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Statewide Procurement Oversight, Consulting Unit (SPOC), Procurement
Division, DGS

CALIFORNIA DEPARTMENT OF JUSTICE

DELEGATED PURCHASING PROGRAM AUDIT

FINDINGS AND RECOMMENDATIONS

The following presents our detailed findings and recommendations developed based on our compliance audit of DOJ's delegated purchasing program. The state's delegated purchasing requirements are primarily contained in the Consolidated State Contracting Manual Volume 2 (SCM Vol. 2).

This information was developed based on our fieldwork conducted over the period of January 23, 2024 through September 26, 2024. 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. Our transaction tests included the review of 46 delegated non-IT and IT procurements, including 10 leveraged procurement agreement (LPA) transactions.

DELEGATED PURCHASING PROGRAM

Overall, we concluded that DOJ has implemented a delegated purchasing program that ensures compliance with the state's primary procurement requirements, including those governing the obtaining of bids from multiple suppliers. However, our tests disclosed a number of areas for improvement that need to be addressed to fully comply with purchasing requirements.

It should be noted that although some types of noncompliance occurred infrequently, when combined, the numerous instances indicate a weakness in the procurement program that warrants addressing. 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 with procurement transactions performed by DOJ staff involved either missing or inadequate procurement documentation for the following areas:

- Bidder Declarations were not in the file, the wrong version was used, not signed, and/or the form was incomplete regarding the Request for Quotation # or other transaction identifiers to identify whose forms they belonged to (SCM Vol. 2, Section 1202)

- Non-Competitive Bid (NCB) acquisitions lacking cost reasonable justification and documentation (SCM Vol. 2, Section 1503)
- The data recorded in FI\$Cal-SCPRS was either incomplete, incorrect, or inconsistent with that recorded on the Std. 65 regarding items purchased, PO start and end dates, vendor name, procurement method, and acquisition type (SCM Vol. 2, Sections 1504, 2200.1, MM 16-03)
- Acquisitions not reported to California Civil Rights Department (CRD) or reported to CRD late (SCM Vol. 2, Section 2200.4)
- The LPA price page was not retained, and the items purchased and/or prices were not consistent with the LPA or it was undeterminable if they were authorized by the LPA (SCM Vol. 2, Section 1602)
- No evidence of FTB and/or CDTFA tax delinquency verifications (SCM Vol. 2, Section 605)
- Mobile equipment repairs, a non-IT service, being acquired under the purchasing delegation (SCM Vol. 2, Section 409)
- Incorrectly classifying the acquisition type/procurement method of a contract causing the contractor's terms and conditions to be added to the contract (SCM Vol. 2, Section 303)

RECOMMENDATIONS

Strengthen existing policies and procedures over DOJ's delegated purchasing program that includes the following areas:

1. Enforce current policies and procedures to ensure full compliance with the requirements of the delegated purchasing program.
2. Increase staff training and education in the insufficient areas noted above to ensure they understand and comply with State purchasing requirements.
3. Obtain assistance from DGS Office of Legal Services on handling non-IT service acquisitions.
4. Obtain assistance from DGS Procurement Division to properly classify the acquisition type and/or procurement method of a procurement. Further, carefully review contractor documents prior to incorporation, and/or seek guidance from DGS' Procurement Division regarding contractor's terms and conditions.

CONCLUSION

Our findings and recommendations are presented to aid DOJ in administering its delegated purchasing program. DOJ should address the reported issues to assist in ensuring compliance with applicable state laws, policies and procedures.



Michael Fong
Director, Office of Fiscal Services
Department of Justice
Telephone: 916-210-7028
E-Mail Address: Michael.fong@doj.ca.gov

May 23, 2025

Christine Pham
DGS Office of Audit Services
707 3rd Street, 4th Floor.
West Sacramento, CA 95605

RE: Response to Audit Report: DOJ Contracting Program

Dear Ms. Pham:

This letter is in response to your audit of the Department of Justice's (DOJ) contracting program.

We concur with DGS's findings and recommendations and appreciate DGS' feedback throughout this review. In light of DGS' audit, DOJ is conducting a review of its internal trainings and reference material to further support our Departmental staff and stakeholders, as well as implementing additional internal document reviews. Overall, DOJ will continue to focus on process improvements to further strengthen our internal control policies, procedures, and oversight.

Sincerely,

Michael Fong

Digitally signed by
Michael Fong
Date: 2025.05.23 16:55:28
-07'00'

Michael Fong
Director, Office of Fiscal Services
Division of Operations

For: ROB BONTA
Attorney General

DEPARTMENT OF JUSTICE (DOJ)

EVALUATION OF DOJ'S RESPONSE

We have reviewed the response by the Department of Justice (DOJ) to our draft report. The response to the recommendations is satisfactory. We appreciate the efforts being taken by DOJ to improve its delegated purchasing functions.

As a part of our operating duties, DGS is responsible for following up on audit recommendations and will require a six-month status report on the implementation of those recommendations that have not been fully implemented. To the extent practical, supporting documentation should reflect the requirements stated in the Recommendations section in the report. Please provide copies of training agendas or PowerPoint presentations as applicable.