



MEMORANDUM

Date: June 26, 2025

File No.: 5176

To: Nancy Farias, Director
Employment Development Department
722 Capitol Mall, #5098
Sacramento, CA 95814

From: Department of General Services
Office of Audit Services

Subject: QUALITY CONTROL REVIEW OF CONTRACT APPROVAL EXEMPTION AUDIT

This report presents the results of our quality control review of an internal audit conducted of the Employment Development Department's (EDD) contracting program. The audit was conducted by EDD's Audit & Evaluation Division (A&ED).

As a condition of EDD's exemption (Exemption Letter No. 54.6) from the Department of General Services' (DGS) approval of its contracts under \$150,000, two audits are required to be performed of EDD's contracting program during the exemption period of March 1, 2021 through February 28, 2025. On November 5, 2024, A&ED issued an audit report that presented the results of the second audit required under the terms of the exemption. Public Contract Code Section 10352 requires DGS to perform a quality control review of the audit.

The objectives of our quality control review were to determine: (1) if the internal audit was conducted in accordance with an audit guide issued by DGS; and, (2) if reported findings are being appropriately addressed by EDD's management. Based on our interviews of audit staff and review of the working papers prepared to support audit tests, and our performance of other procedures as deemed necessary, we concluded that the audit was conducted in accordance with DGS' audit guide and that management indicated a commitment to take appropriate actions to address reported findings.

We greatly appreciated the cooperation and assistance provided by EDD's audit staff.

If you need further information or assistance on this report, please contact me at (916) 376-5058, or Lucy Wong, Audit Manager, at (916) 376-5049.



ANDY WON
Deputy Director, Office of Audit Services

cc: Clera Yen, Deputy Director, Policy, Accountability and Compliance Branch, EDD
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