

Date: September 9, 2025 File No.: 4123

To: Gustavo Velasquez, Director
Department of Housing and Community Development
651 Bannon Street
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 the business management functions and services of the California Department of Housing and Community Development (HCD). 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.

As noted in the report, we concluded that HCD is conducting its business management functions and services in compliance with state requirements.

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

If you need further information or assistance on this report, please call/email me at (916) 376-5058/Andy.Won@dgs.ca.gov.



ANDY WON
Deputy Director, Office of Audit Services

Attachment

cc: Matt Schueller, Deputy Director, Administration and Management, HCD

Pat Brown, Chief Financial Officer, HCD

Michael Mock, Audit Chief, Audits and Evaluation, HCD

GOVERNMENT OPERATIONS AGENCY
DEPARTMENT OF GENERAL SERVICES

AUDIT OF THE
Department of Housing
and Community Development

FOR COMPLIANCE WITH STATE
BUSINESS MANAGEMENT POLICIES
REPORT NO. 4123

OFFICE OF AUDIT SERVICES

JUNE 2025
(End of Fieldwork)

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

COMPLIANCE AUDIT

REPORT NO. 4123

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STATE OF CALIFORNIA
DEPARTMENT OF GENERAL SERVICES
AUDITOR'S REPORT

DATE: September 9, 2025

TO: Gustavo Velasquez, Director
Department of Housing and Community Development

This report presents the results of our compliance audit of the business management functions and services of the California Department of Housing and Community Development. These audits are routinely performed under the authority granted to the Department of General Services (DGS) by Government Code Sections 14615 and 14619. 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 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.

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 and 2024-25 fiscal years.

Based on the audit results of our fieldwork conducted over the period of May 1, 2024 through June 4, 2025, we concluded that HCD is conducting its business management functions and services in compliance with state requirements.

We are pleased with how receptive and responsive HCD staff and management were to our suggestions for improvement and with the prompt actions taken and the commitments made to address issues identified and discussed during our audit fieldwork. However, we did not perform subsequent effectiveness tests to determine whether the adjustments made by HCD were functioning as intended. HCD'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.

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

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



ANDY WON
Deputy Director, Office of Audit Services

Staff: Susan Mitchel, Management Auditor

cc: Matt Schueller, Deputy Director, Administration and Management, HCD
Pat Brown, Chief Financial Officer, HCD
Michael Mock, Audit Chief, Audits and Evaluation, HCD