M E M O R A N D U M

Date: July 30, 2026 File No.: 5124

To: Elizabeth A. Landsberg, Director
Department of Health Care Access and Information
2020 West El Camino Avenue, Suite 800
Sacramento, CA 95833

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 Department of Health Care Access and Information (HCAI). 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).

HCAI'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 recommendation.

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 the recommendation. Therefore, please submit on your department's official letterhead the status report to us by January 30, 2027.

To the extent that it is feasible, 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 our recommendation, consistent with HCAI's individual formal written response to our draft 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 HCAI's personnel.

If you need further information or assistance with this report, please call/email me at (279) 946-8606/Chris.Harris@dgs.ca.gov, or Eric Kim, Management Auditor, at (279) 946-8635/Eric.Kim@dgs.ca.gov.

Christopher Harris

CHRISTOPHER HARRIS, MPA
Manager, Office of Audit Services

Attachment

cc: Jennifer Sanford – Deputy Director, Office of Administrative Services, HCAI
Scott Christman – Chief Deputy Director, HCAI
Andy Won, Deputy Director, Office of Audit Services, DGS

GOVERNMENT OPERATIONS AGENCY

DEPARTMENT OF GENERAL SERVICES

AUDIT OF THE
DEPARTMENT OF
HEALTH CARE ACCESS
AND INFORMATION

FOR COMPLIANCE WITH STATE
BUSINESS MANAGEMENT POLICIES
REPORT NO. 5124

OFFICE OF AUDIT SERVICES

MAY 2026

(End of Fieldwork)

DEPARTMENT OF HEALTH CARE ACCESS AND INFORMATION

COMPLIANCE AUDIT
REPORT NO. 5124

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STATE OF CALIFORNIA

DEPARTMENT OF GENERAL SERVICES

AUDITOR'S REPORT

DATE: July 30, 2026

TO: **Elizabeth A. Landsberg**
Department of Health Care Access and Information

This report presents the results of our compliance audit into the business management functions and services of the Department of Health Care Access and Information (HCAI). 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.

While in most areas we concluded that HCAI is conducting its business management functions and services in accordance with state requirements, we identified the following for improvement. The implementation of this recommendation presented in this report will assist HCAI in addressing these issues:

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

During our review we also identified other matters requiring attention but did not pose a significant risk to HCAI's business management functions. We discussed these issues with HCAI's management, and they are not further detailed in this report.

We were 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, HCAI's management took prompt actions to address our concerns. However, we did not perform post effectiveness tests to determine whether the corrective actions were functioning as intended. HCAI's management has the ongoing responsibility for ensuring that its business management policies and procedures function 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 HCAI's personnel.

If you need further information or assistance regarding this report, please contact me at (279) 946-8606, or Eric Kim, Management Auditor, (279) 946-8635.

Christopher Harris

CHRISTOPHER HARRIS, MPA
Audit Manager, Office of Audit Services

Staff: Eric Kim, Management Auditor

cc: Jennifer Sanford – Deputy Director, Office of Administrative Services, HCAI
Scott Christman – Chief Deputy Director, HCAI
Andy Won, Deputy Director, Office of Audit Services, DGS

DEPARTMENT OF HEALTH CARE ACCESS AND INFORMATION

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 the Department of Health Care Access and Information (HCAI) 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: disposition of surplus personal property.

This information was developed based on our fieldwork conducted over the period of April 21, 2025 through October 10, 2025. In addition to this written report, as findings were observed and developed during our audit fieldwork, HCAI's management was promptly advised of any areas of concern so that they could begin taking corrective action. Further, during our October 22, 2025 audit exit conference, HCAI 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 2024-25 fiscal year.

<u>DISPOSAL OF SURPLUS PERSONAL PROPERTY</u>

Policies and procedures have not been implemented to ensure sufficient documentation is maintained regarding the process used to dispose of surplus personal property. Specifically, our review of Property Survey Reports (STD. 152) disclosed that five of nine STD. 152 Property Survey Reports reviewed for Fiscal Year 2024/25 were missing the required Certification of Disposition section. HCAI was unable to provide the missing certifications during the audit.

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 the 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 STD. 152 or attached.

It appears that the noted condition exists due to no formal policies and procedures. Minimal experience, knowledge, and awareness of all applicable requirements of the program. Also limited Headquarters oversight and staff turnover within the Business Services Office are contributing factors.

Recommendation

Update Surplus Personal Property Program policies and procedures that ensure complete documentation is maintained on the status and the process used to dispose of surplus personal property.

CONCLUSION

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

Memorandum

State of California

Department of Health Care Access and Information

Date: June 23, 2026

To: Christopher Harris, MPA
Manager
Office of Audit Services

From: Chantelle Parr
Supervisor I
Administrative Services

Subject: AUDIT REPORT: Compliance with State Business Management Policies

HCAI has completed our task in support of the compliance audit report finding, to address the

- Sufficient documentation is not being maintained regarding the process used to dispose

HCAI has updated a procedure, *Disposition of Property – Survey Assets* to comply with

Within the updated survey procedures, are identifiable steps of securing approval from

If you have any questions or concerns, please email me at chantelle.parr@hcai.ca.gov.

Chantelle Parr
Supervisor I, Administrative Services

Disposition of Property – Survey Assets

REFERENCES	SECTIONS
State Administrative Manual	- 3520 - 8640 - 8641 - 8642 - 8643 - 8650.1 - 8650.2 - 8650.3

Purpose

Property accounting procedures maintain uniform accountability for state property and provide accurate records for the disposition of property.

Introduction

HCAI currently utilizes ServiceNow as the system to record all property, capitalized and non-capitalized including disposal.

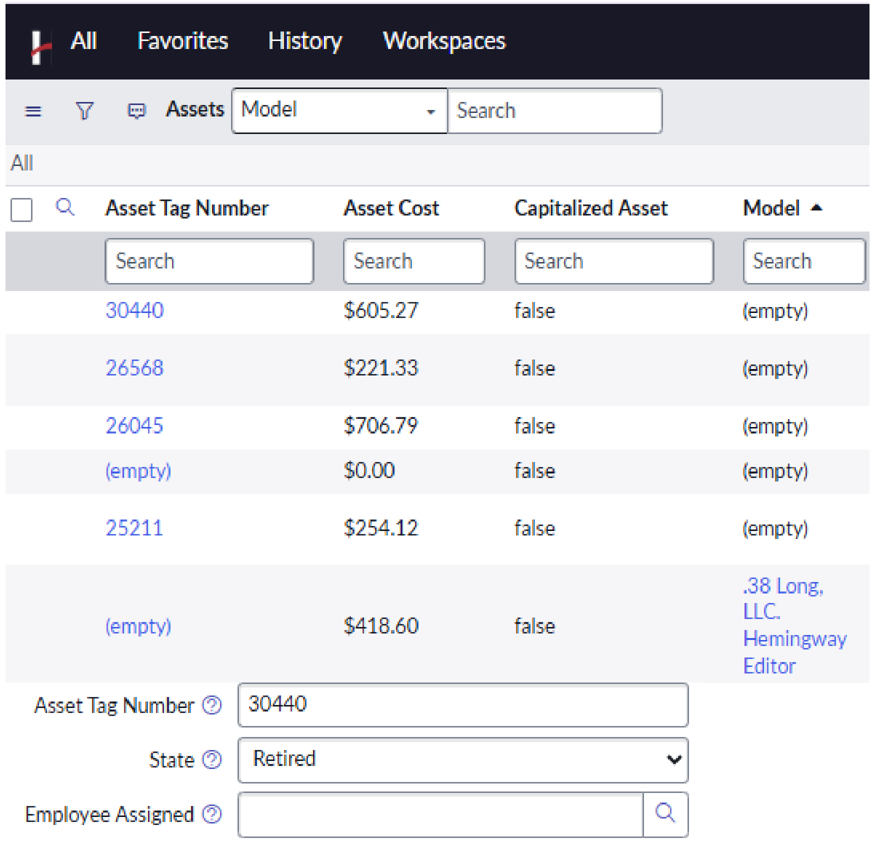
Disposition of Property - Survey Assets

1. Per SAM Section 8640, before disposing of property, (e.g. sale, transfer, trade-in, etc.) departments must receive approval from the Department of General Services (DGS), Surplus Property and Reutilization (SPR). To secure approval, proceed with the following steps:

    a. Complete a Property Survey Report (STD. 152) to dispose of property and submit online via the California Surplus Property System (CSPS). Complete a Property Transfer Report (STD. 158) online to either transfer property to another state department or a DGS approved school.

    b. Business Services (for physical assets), IT Service desk (for IT assets), and Office of Statewide Hospital Planning and Development (OSHPD) (for OSHPD owned assets at the Sacramento or Los Angeles headquarters) will generate a list of assets to be surveyed out and update the asset's state to read: "to be surveyed out." This can be done in ServiceNow within "All Assets."

    c. Double Click the blue asset tag number to enter the asset information screen. This screen will allow you to edit an asset's state.



Asset Tag Number	Asset Cost	Capitalized Asset	Model
30440	$605.27	false	(empty)
26568	$221.33	false	(empty)
26045	$706.79	false	(empty)
(empty)	$0.00	false	(empty)
25211	$254.12	false	(empty)
(empty)	$418.60	false	.38 Long, LLC. Hemingway Editor

d. The Asset Manager (Facilities Coordinator) will confirm the asset's state is "to be surveyed out" in ServiceNow and that the assets on the list are the same as in ServiceNow (i.e. the list says a Dell laptop and ServiceNow says a Dell laptop).

e. Tagged assets must have a serial number when available or when an asset has been sanitized (memory erased). All items without a serial number or not needing sanitation can be marked N/A.

f. Submit the list to BusinessServices@hcai.ca.gov for review and approval.

g. Save all documents and emails regarding disposal in PSR Approvals & letters (Drive -> Admin -> FACILITIES OPERATIONS SERVICES -> PSR Approvals & letters -> pick the current year). The PSR number assigned must be sequential.

- PSR 25 -26 -5
- PSR 25-26 - 1 Bad Throw Away
- PSR 25-26 - 2 Bad Rolo Sac
- PSR 25-26 - 3 Bad Wellness Room
- PSR 25-26 - 4 Bad E-Waste
- PSR 25-26 - 5 Bad E-Waste
- PSR 25-26 - 6 Bad Furniture
- PSR 25-26 - 7 Bad E-Waste + Furniture Warehouse
- PSR 25-26 - 8 Bad

2. DGS Approval

    a. Navigate to DGS CSPS online viahttps://www.csps.dgs.ca.gov/ and log in.

    b. Enter Billing Code: 088000

    c. Enter the associated email address: Confidential – Provided to Asset Management Team

    d. Enter the password: Confidential – Provided to Asset Management Team

    e. Select “Login”.

    f. Select “STD 152” (bottom of the page).

    g. Next, select “New STD 152” (bottom of the page).

    h. Agency Document Number: Enter the assigned PSR number

    i. Select the proper categorization of the asset’s disposition, from the offered drop-down menu:

1 - Trade-In (Show Trade-In price offered)
2 - Sale (See SAM Section 3520)
3 - Valueless Unable to Be Recycled (To be Legally/Safely Disposed of)
4 - Lost (Refer to SAM Section 8643 for Instructions)
5 - To be Cannibalized (salvaged for parts)
6 - Shipped to Scrap/Salvage dealer (to be recycled)
7 - Donation to Public Computer Center (SB 493), an Eligible Public School, Public School District or Eligible Organization (See Sam Section 3520.5)
8 - Ship to Property Reuse Program (No poor or junk material)
9 - Stolen (Refer to SAM Section 8643 for Instructions)
10 - Universal Waste - Salvage Dealer, Recycler (E-Waste)
11 - Destroyed (Refer to SAM Section 8643 for Instructions)

j. Enter the property location (County): Sacramento (or Los Angeles if applicable)

k. For Approving Name 1 enter the name of the Deputy Director, Office of Administrative Services.

l. For Approving Name 2, enter the name of the Business Services Manager.

m. Select the proper explanation i.e. the reason for proposed disposition from the offered drop-down menu:

Cannibalized
Destroyed
Donation to Computers for School
Donation to eligible Non-profit
Donation to Scrap
Lost
No longer needed by agency
Obsolete
Other
Replaced
Sale
Stolen
Surplus to Agency Needs
Trade-in
Valueless

n. Click “Save” to save the STD 152 created.

o. Find the newly created STD 152 from the list, then select “Edit”.

p. Select “Add Item” then follow the steps outlined in part q or part r as applicable.

q. **Assets with Memory** – Select “Add Line Item”

   i. Enter the “Non-Standard Item(s)” (i.e. laptop or printer).

   ii. Complete the “Sanitization Required" filed, this will be required for assets with memory (i.e. computer, printer, etc.).

   iii. Select “Other – Removed”.

   iv. Under “Conducted by”, enter the name of the IT Help Desk person who assisted.

   v. Under “Validated by”, enter the name of the IT Help Desk Supervisor.

   vi. Enter the Manufacturer (if known).

vii. Enert the “Make: model”.

viii. Enter the “Serial Number”, this is required for the sanitized item.

ix. Enter the “Quantity”.

x. Enter the “Unit of Measure” from the following options:

- Box
- Case
- Dozen
- Each

xi. Enert the “State Ident. (Tag) Number”(this is the asset tag number).

xii. Select the “Present Condition” from the drop-down menu as applicable:

E - Excellent or New
F - Fair
G - Good
J - Junk or Broken
N - Non Working
O - Other
P - Poor

xiii. Click “Save” to save the entry for Item 1.

xiv. Repeat part q above for all other assets in the package.

r. **Assets without Memory** – Select “Add Line Item”
Note: Items with no asset tag or serial number can be grouped together with quantities listed (i.e. CALCTRA Tiburon quantity 6, CALCTRA Madison quantity 2, HP E24i monitor quantity 8, Dell U3017 monitors quantity 3, etc.)

i. Enter the “Non-Standard Item(s)” (i.e. monitor or chair).

ii. Enter the “Manufacturer” (if known).

iii. Enter the “Make: model”.

iv. Enter the “Quantity”.

v. Enter the “Unit of Measure” from the following options:

- Box
- Case

- Dozen
- Each

vi. Select the “Present Condition” from the drop-down menu as appropriate:

E - Excellent or New
F - Fair
G - Good
J - Junk or Broken
N - Non Working
O - Other
P - Poor

vii. Click “Save” to save the entry for Item 1.

viii. Repeat part r above for all assets in this package.

s. Click “Save” to save the STD 152 created.

t. Find the PSR list you’re working on, then select “Edit”.

u. Press “Submit STD 152” (bottom of the page) to send the item for DGS approval.

v. DGS Approval

i. DGS will send an email approving or denying the list.

ii. Save the following documents in the PSR Approvals & letters folder (Drive -> Admin -> FACILITIES OPERATIONS SERVICES -> PSR Approvals & letters):
-Email file converted to PDF
-Approval Letter
-STD 152
-Sanitization Certificate

3. The Business Services Manager and the Deputy Director, Office of Administrative Services must sign final STD 152, along with whom they are disposed of the assets. Once signed, save in the PSR Approvals & letters folder (Drive -> Admin -> FACILITIES OPERATIONS SERVICES -> PSR Approvals & letters).

4. All surveyed out Capitalized Assets (those with costs of $5,000 or more) need to be disposed in FI$Cal – notify the FI$Cal Asset Manager by emailing BusinessServices@hcai.ca.gov.

5. The Disposal Vendor (either for e-waste or garbage) and the overseeing manager must sign the final STD 152 form and save it in the corresponding PSR Approvals & letters folder (Drive -> Admin ->

FACILITIES OPERATIONS SERVICES -> PSR Approvals & letters).

6. OSHPD will perform the following in ServiceNow for OSHPD assets only:

    a. Update ServiceNow when an OSHPD asset is “to be surveyed.”

    b. Provide a list of the asset(s) that is/are no longer needed and can be disposed of to the Asset Manager via email to BusinessServices@hcai.ca.gov.

7. Office of Technology Services (OTS) will perform the following:

    a. Update ServiceNow when an IT asset is moved to a different location, include the new location number and employee name.

    b. Change the status in ServiceNow to “To Be Surveyed” when IT equipment is no longer needed and can be disposed of.

    c. Provide a list of the asset(s) that is/are no longer needed and can be disposed of to the Asset Manager via email to BusinessServices@hcai.ca.gov.

Department of Health Care Access and Information (HCAI)

EVALUATION OF HCAI'S RESPONSE

We have reviewed the response by the Department of Health Care Access and Information (HCAI) to our draft audit report. The response to the recommendation is satisfactory. We appreciate the efforts being made by HCAI to improve its business management functions and services.

As part of its operating duties, 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 those recommendations that have not been fully implemented. To the extent that is feasible, 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 our recommendation, consistent with HCAI's individual formal response to our draft report.