DGS
GENERAL SERVICES

MEMORANDUM

Date: April 18, 2013 File No.: 2121

To: The Honorable Tom Torlakson
State Superintendent of Public Instruction
California Department of Education
1430 N Street
Sacramento, CA 95814

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 Department of Education (CDE). 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 the CDE is conducting its business management functions and services in compliance with state requirements.

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

If you have any questions, please call me at (916) 376-5058, or Dennis Miras, Audit Supervisor, at (916) 376-5064.

Rick Gillam

RICK GILLAM, CPA, CIA
Chief, Office of Audit Services

Attachment

cc: Richard Zeiger, Chief Deputy Superintendent of Public Instruction
Jeannie Oropeza, Deputy Superintendent, Services for Administration, Finance, Technology, and Infrastructure Branch
Sharon Taylor, Director, Personnel Services Division
Roxanne Eres, Director, Fiscal and Administrative Services Division
Kevin Chan, Director, Audits and Investigations Division
Annie Baccay, Audit Response Coordinator, Audits and Investigations Division

STATE AND CONSUMER SERVICES AGENCY

DEPARTMENT OF GENERAL SERVICES

AUDIT OF THE CALIFORNIA DEPARTMENT OF EDUCATION

FOR COMPLIANCE WITH STATE BUSINESS MANAGEMENT POLICIES
REPORT NO. 2121

OFFICE OF AUDIT SERVICES

SEPTEMBER 2012

CALIFORNIA DEPARTMENT OF EDUCATION
COMPLIANCE AUDIT
REPORT NO. 2121

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STATE OF CALIFORNIA

DEPARTMENT OF GENERAL SERVICES

AUDITOR'S REPORT

DATE: April 18, 2013

TO: **THE HONORABLE TOM TORLAKSON**
State Superintendent of Public Instruction

This report presents the results of our compliance audit of the business management functions and services of the California Department of Education (CDE). 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 the 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 and disabled veteran business usage, driver safety and insurance, records and forms management, surplus property and real estate. Our audit was conducted in accordance with U.S. generally accepted auditing standards.

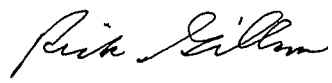
Based on the results of our fieldwork conducted over the period March 7, 2012 through September 19, 2012, we concluded that the CDE is conducting its business management functions and services in compliance with state requirements. However, we did identify a number of areas for improvement with those functions and services. These matters included our concern that business management policies and procedures were not ensuring the: (1) timely approval of contracts; (2) attendance of a defensive driver training course by frequent drivers; (3) completion and annual update of a vehicle certification form by employees who use their own vehicle to conduct state business; (4) verification of the accuracy of car rental charges; and, (5) timely reporting and supervisory review of motor vehicle accidents.

Prior to the completion of our audit, we verified that appropriate actions had been or were being taken to address the above issues. Therefore, they are not further discussed in this report. We were pleased with the prompt actions taken by the CDE to address findings identified during our audit fieldwork.

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 2010/11 and 2011/12 fiscal years.

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

If you need further information or assistance on this report, please contact me at (916) 376-5058, or Dennis Miras, Audit Supervisor, at (916) 376-5064.



RICK GILLAM, CPA, CIA
Chief, Office of Audit Services

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Rhonda Owen
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cc: Richard Zeiger, Chief Deputy Superintendent of Public Instruction
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