DGS
GENERAL SERVICES

MEMORANDUM

Date: August 30, 2013 File No.: 3123

To: Dave Jones, Insurance Commissioner
California Department of Insurance
300 Capitol Mall, 17th Floor
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 Insurance (CDI). 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 CDI is conducting its business management functions and services in compliance with state requirements.

We greatly appreciated the cooperation and assistance provided by CDI'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, CPA, CIA
Chief, Office of Audit Services

Attachment

cc: Erika Sperbeck, Deputy Commissioner, Administration and Licensing Services Branch
Julia Cross, Chief, Financial Management Division
Lisa Keeler, Chief, Business Management Bureau

STATE AND CONSUMER SERVICES AGENCY

DEPARTMENT OF GENERAL SERVICES

AUDIT OF THE CALIFORNIA DEPARTMENT OF INSURANCE

FOR COMPLIANCE WITH STATE
BUSINESS MANAGEMENT POLICIES
REPORT NO. 3123

OFFICE OF AUDIT SERVICES

JULY 2013

CALIFORNIA DEPARTMENT OF INSURANCE
COMPLIANCE AUDIT
REPORT NO. 3123

TABLE OF CONTENTS

	PAGE
AUDITOR'S REPORT	1

STATE OF CALIFORNIA

DEPARTMENT OF GENERAL SERVICES

AUDITOR'S REPORT

DATE: August 30, 2013

TO: **Dave Jones**, Insurance Commissioner
California Department of Insurance

This report presents the results of our compliance audit of the business management functions and services of the California Department of Insurance (CDI). 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 April 11, 2013 through July 30, 2013, we concluded that CDI is conducting its business management functions and services in compliance with state requirements.

During our review we identified a number of areas of improvement with CDI's policies and procedures. Since these areas were not significant to the overall business management functions and services of CDI, they are not discussed in this report. However, they were discussed with appropriate CDI management personnel who indicated that our concerns would be addressed.

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 2012/13 fiscal year.

We greatly appreciated the cooperation and assistance provided by CDI'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

Staff: Dennis Miras, Audit Supervisor
Rhonda Owen
Suzie Wong

cc: Erika Sperbeck, Deputy Commissioner, Administration and Licensing Services Branch
Julia Cross, Chief, Financial Management Division
Lisa Keeler, Chief, Business Management Bureau