DGS
GENERAL SERVICES

MEMORANDUM

Date: June 28, 2013 File No.: 2120

To: Pam Harris, Director
Employment Development Department
800 Capitol Mall, MIC 83
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 Employment Development Department (EDD). 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 EDD is conducting its business management functions and services in compliance with state requirements.

We greatly appreciated the cooperation and assistance provided by EDD'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: Jack Budmark, Deputy Director, Administration Branch
Sheri Huber, Chief, Business Operations Planning and Support Division
Jeannine Fenton, Chief, Office of Procurement, Contracting and Administration
Mark Steinwert, Chief, Audit and Evaluation Division

STATE AND CONSUMER SERVICES AGENCY

DEPARTMENT OF GENERAL SERVICES

AUDIT OF THE EMPLOYMENT DEVELOPMENT DEPARTMENT

FOR COMPLIANCE WITH STATE
BUSINESS MANAGEMENT POLICIES
REPORT NO. 2120

OFFICE OF AUDIT SERVICES

MARCH 2012

EMPLOYMENT DEVELOPMENT DEPARTMENT
COMPLIANCE AUDIT
REPORT NO. 2120

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STATE OF CALIFORNIA

DEPARTMENT OF GENERAL SERVICES

AUDITOR'S REPORT

DATE: June 28, 2013

TO: **PAM HARRIS**, Director
Employment Development Department

This report presents the results of our compliance audit of the business management functions and services of the Employment Development Department (EDD). 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 and disabled veteran business usage, driver safety and insurance, records and forms management, surplus property and real estate. To avoid duplication of work, our review did not include detailed testing of EDD's contracting program. As a condition of EDD's exemption from DGS' approval of its contracts under $75,000, EDD's Audit and Evaluation Division periodically conducts audits of the contracting program. Our audit was conducted in accordance with U.S. generally accepted auditing standards.

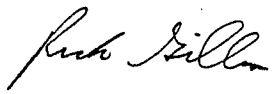
Overall, we concluded that EDD is conducting its business management functions and services in compliance with state requirements. However, we did identify a number of areas for improvement with those functions and services. These matters included our concern that business management policies and procedures were not ensuring the attendance of a defensive driver training course by frequent drivers and the completion and annual update of a vehicle certification form by employees who use their own vehicle to conduct state business.

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 EDD 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 EDD'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
Christopher Harris
Amalia Sanchez

cc: Jack Budmark, Deputy Director, Administration Branch
Sheri Huber, Chief, Business Operations Planning and Support Division
Jeannine Fenton, Chief, Office of Procurement, Contracting and Administration
Mark Steinwert, Chief, Audit and Evaluation Division