DGS

MEMORANDUM

Date: May 5, 2009 File No.: 9162

To: Matthew Cate, Secretary
California Department of Corrections and Rehabilitation
1515 S Street, Suite 502
Sacramento, CA 95811

From: **Department of General Services**
Office of Audit Services

Subject: **QUALITY CONTROL REVIEW OF CONTRACT APPROVAL EXEMPTION AUDIT**

This report presents the results of our quality control review of an internal audit conducted of the California Department of Corrections and Rehabilitation's (CDCR) contracting program. The audit was conducted by CDCR's Office of Audits and Compliance (OAC).

As a condition of CDCR's exemption (Exemption Letter No. CDCR1) from the Department of General Services' (DGS) approval of its contracts under $75,000, two audits are required to be performed of the department's contracting program during the exemption period of July 1, 2005 through June 30, 2009. On October 12, 2007, the OAC issued an audit report which presented the results of the first audit required under the terms of the exemption. Public Contract Code Section 10352 requires the DGS to perform a quality control review of the audit.

The objectives of our quality control review were to determine: (1) if the internal audit was conducted in accordance with an audit guide issued by the DGS; and, (2) if reported findings are being appropriately addressed by the CDCR's management. Based on our interviews of audit staff and review of the working papers prepared to support audit tests, and our performance of other procedures as deemed necessary, we concluded that the audit was conducted in accordance with the DGS' audit guide and that management indicated a commitment to take appropriate actions to address reported findings.

We greatly appreciated the cooperation and assistance provided by CDCR's audit staff.

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

cc: Jose Aguirre, Deputy Director and Chief Counsel, Office of Legal Services, DGS
Lori Gillihan, Acting Director, Division of Support Services, CDCR
Steve Alston, Deputy Director, Office of Business Services, CDCR
Richard Krupp, Assistant Secretary, Office of Audits and Compliance, CDCR