DGS
GENERAL SERVICES

MEMORANDUM

Date: November 19, 2013 File No.: 1124

To: Karen Ross, Secretary
California Department of Food and Agriculture
1220 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 Food and Agriculture (CDFA). 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, our review disclosed a number of areas of noncompliance with state requirements. However, prior to the completion of our audit, we verified that appropriate actions had been or were being taken to address those areas.

We greatly appreciated the cooperation and assistance provided by CDFA'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: Janet Glaholt, Director, Administrative Services
Kari Morrow, Assistant Director, Administrative Services
Melissa Eidson, Chief, Departmental Services
Ron Shackelford, CPA, Chief, Audit Office

STATE AND CONSUMER SERVICES AGENCY

DEPARTMENT OF GENERAL SERVICES

AUDIT OF THE CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE

FOR COMPLIANCE WITH STATE BUSINESS MANAGEMENT POLICIES
REPORT NO. 1124

OFFICE OF AUDIT SERVICES

APRIL 2012

CALIFORNIA DEPARTMENT OF FOOD AND AGRICULTURE
COMPLIANCE AUDIT
REPORT NO. 1124

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STATE OF CALIFORNIA

DEPARTMENT OF GENERAL SERVICES

AUDITOR'S REPORT

DATE: November 19, 2013

TO: **KAREN ROSS**, Secretary
California Department of Food and Agriculture

This report presents the results of our compliance audit of the business management functions and services of the California Department of Food and Agriculture (CDFA). 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 enterprises 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 CDFA's contracting program. As a condition of CDFA's exemption from DGS' approval of its contracts under $150,000, CDFA's Audit Office periodically conducts audits of the contracting program. Our audit was conducted in accordance with U.S. generally accepted auditing standards.

Our review disclosed a number of areas of noncompliance with state requirements that needed to be addressed by the CDFA's management. These matters included our concern that business management policies and procedures were not ensuring the: (1) maintenance of up-to-date records retention schedules; (2) verification of the accuracy of car rental charges and the processing of a justification form when an employee rents a vehicle in specified circumstances, such as when renting a vehicle larger than an intermediate size; (3) timely disposal and maintenance of complete documentation on the process used to dispose of surplus personal property; (4) attendance of a defensive driver training course by frequent drivers; (5) completion and annual update of a vehicle certification form by employees who use their own vehicle to conduct state business; (6) timely reporting of motor vehicle accidents; and, (7) maintenance of complete records and documents to support reported procurement activities with small businesses and disabled veteran business enterprises.

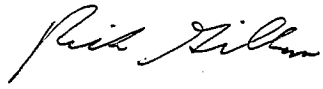
Prior to the completion of our audit, we verified that appropriate actions had been or were being taken to address the above issues. Therefore, they are not further discussed in this report.

We are pleased with the prompt actions taken by CDFA to address findings identified during our audit fieldwork. However, we did not perform effectiveness tests to determine whether the corrective actions were functioning as intended. CDFA's management has the ongoing responsibility for ensuring that its business management policies and procedures are functioning as prescribed and are modified, as appropriate, for changes in conditions.

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 CDFA'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
Miriam Stevens

cc: Janet Glaholt, Director, Administrative Services
Kari Morrow, Assistant Director, Administrative Services
Melissa Eidson, Chief, Departmental Services
Ron Shackelford, CPA, Chief, Audit Office