DGS
GENERAL SERVICES

MEMORANDUM

Date: October 21, 2013 File No.: 2123

To: Robert Oglesby, Executive Director
California Energy Commission
1516 9th 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 Energy Commission (Commission). 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 Commission is conducting its business management functions and services in compliance with state requirements.

We greatly appreciated the cooperation and assistance provided by the Commission'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: Drew Bohan, Chief Deputy Director
Mark Hutchison, Deputy Director, Administrative Services Division

STATE AND CONSUMER SERVICES AGENCY

DEPARTMENT OF GENERAL SERVICES

AUDIT OF THE
CALIFORNIA
ENERGY COMMISSION

FOR COMPLIANCE WITH STATE
BUSINESS MANAGEMENT POLICIES
REPORT NO. 2123

OFFICE OF AUDIT SERVICES

AUGUST 2012

CALIFORNIA ENERGY COMMISSION
COMPLIANCE AUDIT
REPORT NO. 2123

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STATE OF CALIFORNIA

DEPARTMENT OF GENERAL SERVICES

AUDITOR'S REPORT

DATE: October 21, 2013

TO: **ROBERT OGLESBY**, Executive Director
California Energy Commission

This report presents the results of our compliance audit of the business management functions and services of the California Energy Commission (Commission). 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 the Commission's contracting program. As a condition of the Commission's exemption from DGS' approval of its contracts under $75,000, a separate audit is conducted of the contracting program. Our audit was conducted in accordance with U.S. generally accepted auditing standards.

Overall, we concluded that the Commission 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) attendance of a defensive driver training course by frequent drivers; (2) completion and annual update of a vehicle certification form by employees who use their own vehicle to conduct state business; (3) maintenance of up-to-date records retention schedules; (4) use of public use forms that contain all necessary identification attributes; and, (5) verification of the accuracy of car rental charges.

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 the Commission 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. The Commission'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 2011/12 fiscal year. We greatly appreciated the cooperation and assistance provided by the Commission'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
Amalia Sanchez

cc: Drew Bohan, Chief Deputy Director
Mark Hutchison, Deputy Director, Administrative Services Division