DGS
GENERAL SERVICES

MEMORANDUM

Date: April 24, 2013 File No.: 3162

To: Malcolm Dougherty, Director
California Department of Transportation
1120 N Street
P.O. Box 942873
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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 Transportation's (Caltrans) contracting program. The audit was conducted by Caltrans' Audits and Investigations (A&I) office.

As a condition of Caltrans' exemption (Exemption Letter No. 11.9) from the Department of General Services' (DGS) approval of its contracts under $75,000, two audits were required to be performed of the department's contracting program during the exemption period of July 1, 2008 through June 30, 2012. On April 27, 2012, the A&I issued an audit report which presented the results of the second 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 Caltrans' 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 Caltrans' 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: David Zocchetti, Deputy Director and Chief Counsel, Office of Legal Services, DGS
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