DGS
GENERAL SERVICES

MEMORANDUM

Date: April 29, 2014 File No.: 4167

To: Ron Chapman, MD, MPH, Director
California Department of Public Health
P.O. Box 997377, MS 0500
Sacramento, CA 95899-7377

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 Public Health's (CDPH) contracting program. The audit was conducted by CDPH's Office of Internal Audits.

As a condition of CDPH's exemption (Exemption Letter No. CDPH2) from the Department of General Services' (DGS) approval of its contracts under $150,000[1], two audits are required to be performed of the department's contracting program during the exemption period of July 1, 2011 through June 30, 2015. On October 15, 2013, the Office of Internal Audits 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 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 DGS; and, (2) if reported findings are being appropriately addressed by CDPH'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 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 CDPH's audit staff.

If you need further information or assistance on this report, please contact me at (916) 376-5058.

Rick Gillam

RICK GILLAM, CPA, CIA
Chief, Office of Audit Services

cc: David Zocchetti, Deputy Director and Chief Counsel, Office of Legal Services, DGS
Alan Lum, Deputy Director, Administration Division, CDPH
Tim Bow, Chief, Program Support Branch, CDPH
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[1] Effective July 1, 2013, the exemption level increased from $75,000 to $150,000.