DGS
GENERAL SERVICES

MEMORANDUM

Date: January 6, 2014 File No. 3203

To: Elizabeth Ashford, Chief of Staff
Department of Justice
P.O. Box 944255
Sacramento, CA 94244-2550

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

Subject: **AUDIT REPORT: DELEGATED PURCHASING PROGRAM**

This report presents the results of our compliance audit of the Department of Justice's (DOJ) delegated purchasing program. As required by Public Contract Code Section 10333, the Department of General Services (DGS) conducts an audit at least once in each three-year period of each state agency to which purchasing authority has been delegated by the department. At the time of our audit, DOJ had two purchasing authority delegations: No. 9G-0113-DOJ-HQ1 governing non-information technology purchases and No. 9I-0113-DOJ-HQ1 governing information technology (IT) purchases. Our audit was conducted in accordance with U.S. generally accepted auditing standards.

The objective of our audit was to determine that procurement transactions are being conducted in accordance with the terms and conditions of DOJ's purchasing authority delegation agreements with DGS, which include dollar threshold limits for various categories of procurements. The state's delegated purchasing requirements are primarily contained in State Contracting Manual Volumes 2 (non-IT) and 3 (IT). As applicable, the scope of our audits of state agencies includes, but is not limited to, compliance with policies governing the conduct of competitive solicitations, use of leveraged procurement agreements, solicitation of certified small businesses and disabled veteran business enterprises, establishment of fair and reasonable pricing for acquisitions of less than $5,000, use of CAL-Cards to pay for goods and services, and prompt payment of suppliers.

Based on the results of our fieldwork conducted over the period October 25, 2012 through February 5, 2013, we concluded that DOJ is conducting its delegated purchasing program in compliance with the terms and conditions of its delegation agreements. DOJ's delegated purchasing policies and procedures are sufficient to provide reasonable assurance of compliance with the state's procurement statutes, policies, and procedures.

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 and 2012/13 fiscal years. Our transaction tests included the review of 26 delegated procurements.

We greatly appreciated the cooperation and assistance provided by DOJ'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

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