DGS

MEMORANDUM

Date: May 27, 2009 File No.: 7120

To: Donald Koch, Director
Department of Fish and Game
1416 9th Street, 12th Floor
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 Department of Fish and Game (DFG). 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 (DGS).

The DFG's written response to a draft copy of this report is included in the report. The report also includes our evaluation of the response. We are pleased with the actions being taken to address our recommendations.

As part of its operating responsibilities, the Office of Audit Services is responsible for following up on audit recommendations. Therefore, please submit a status report on the implementation of the recommendations to us by December 1, 2009. The necessity of any further status reports will be determined at that time. Please transmit your status report to: DGS Office of Audit Services, 707 3rd Street, 4th Floor, West Sacramento, CA 95605, IMS Code: Z-1, MS 104.

We greatly appreciated the cooperation and assistance provided by the DFG'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, Chief
Office of Audit Services

cc: Helen Carriker, Deputy Director, Administration
Cynde Jones, Assistant Deputy Director, Administration
Lisa Gallegos, Chief, Business & Contracts Management Branch
Will Fong, Chief, Accounting Services Branch
Karen Wroten, Chief, Human Resources Branch
Brian Kwake, Chief, Audits Branch

STATE AND CONSUMER SERVICES AGENCY

DEPARTMENT OF GENERAL SERVICES

AUDIT OF THE DEPARTMENT OF FISH AND GAME

FOR COMPLIANCE WITH STATE
BUSINESS MANAGEMENT POLICIES
REPORT NO. 7120

OFFICE OF AUDIT SERVICES

FEBRUARY 2008

DEPARTMENT OF FISH AND GAME
COMPLIANCE AUDIT
REPORT NO. 7120

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STATE OF CALIFORNIA

DEPARTMENT OF GENERAL SERVICES

AUDITOR'S REPORT

DATE: May 27, 2009

TO: **DONALD KOCH**, Director
Department of Fish and Game

This report presents the results of our compliance audit of the business management functions and services of the Department of Fish and Game (DFG) in effect as of February 13, 2008. 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 the DGS. As applicable, the scope of our audits of State agencies includes, but is not limited to, compliance with policies governing contracting, purchasing, 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 of the DFG's operations did not include detailed testing of its purchasing program. At the time of our review, the DGS' Procurement Division had recently completed a compliance review of the purchasing program. Our audit was conducted in accordance with U.S. generally accepted auditing standards.

Our review disclosed the following areas of noncompliance with State requirements that should be addressed by the DFG's management. The implementation of the recommendations presented in this report will assist the DFG in improving these areas.

- Contracting policies and procedures are not ensuring that: (1) contracts are approved prior to the commencement date shown on the contract; and, (2) contractor performance evaluations are completed for consulting services contracts of $5,000 or more.
- The DFG's driver safety and insurance program is not ensuring the attendance of a defensive driver training course by frequent drivers.
- Records retention schedules are not being completed and updated in a timely manner.
- Invoice processing policies and procedures are not ensuring the prompt payment of vendors.
- The process for reporting the DFG's procurement activities with small businesses and disabled veteran-owned businesses is not ensuring the: (1) maintenance of records and documents to support reported dollar amounts; (2) inclusion of service contracts entered into through the use of STD. 213 agreements; and, (3) accurate presentation of certified small business and microbusiness contractor transactions.
- Accurate records are not being maintained on the assignment of DGS charge cards.
- Motor vehicle accidents are not being reported within 48 hours to the DGS' Office of Risk and Insurance Management. Further, supervisors are not always completing a report containing an evaluation of the cause of an accident.

During our review we also identified other matters requiring attention that we discussed with the DFG's management but are not included in this report. These matters included our concern that policies and procedures were not ensuring the prompt disposal of surplus personal property. Further, we had concerns that operating units were not fully complying with the State's competitive contracting requirements for services procured under $10,000 through the use of the Short Form Contract process. Prior to the completion of our audit fieldwork, we verified that appropriate actions had been or were being taken to address these issues. Therefore, they are not further discussed in this report.

It should be noted that when advised of areas for improvement during our audit fieldwork the DFG's management took immediate action to begin addressing a number of our concerns. Although we were not able to verify the effectiveness of some of these actions prior to the completion of our audit fieldwork, we were pleased with the commitment shown to improve compliance with State requirements.

Your response to each of our recommendations as well as our evaluation of the response are included in this report.

We greatly appreciated the cooperation and assistance provided by the DFG'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, Chief
Office of Audit Services

Staff: Dennis Miras, Audit Supervisor
Rhonda Parker
Monica De La Rosa

cc: Helen Carriker, Deputy Director, Administration
Cynde Jones, Assistant Deputy Director, Administration
Lisa Gallegos, Chief, Business & Contracts Management Branch
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Brian Kwake, Chief, Audits Branch

DEPARTMENT OF FISH AND GAME
COMPLIANCE AUDIT

FINDINGS AND RECOMMENDATIONS

The following presents our detailed findings and recommendations developed based on our review of the business management functions and services of the Department of Fish and Game (DFG) for compliance with policies set forth in the State Administrative Manual (SAM), and the terms and conditions of any specific delegations of authority or exemptions from approval granted by the Department of General Services (DGS). This report presents information on areas of noncompliance with policies governing the: timely approval of contracts; preparation of performance evaluations for consulting services contractors; attendance of a defensive driver training course by frequent drivers; maintenance of up-to-date records retention schedules; prompt payment of vendors; reporting of purchasing and contracting activities; control of DGS charge cards; and, timely reporting and supervisory review of motor vehicle accidents.

This information was developed based on our fieldwork conducted over the period February 27, 2007 through February 13, 2008. 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 2006/07 and 2007/08 fiscal years.

CONTRACTING PROGRAM

Although overall we determined that the DFG is conducting its contracting program in compliance with State requirements, our tests disclosed areas for improvement related to the timely approval of contracts and the preparation of performance evaluations for consulting services contractors. The following areas for improvement were noted during our audit:

- ***Timely Approval*** – current policies and procedures are not ensuring that contracts are approved prior to the commencement date shown on the contract. Our review of a sample of 21 contracts found that 12 were not processed in a manner that allowed final approval by authorized personnel prior to the commencement date shown on the contract. Further, we determined that actual work started on 5 of the contracts prior to approval.

  The significant percentage of late contracts processed by the DFG indicates a weakness in time management. While it was difficult to determine the causes of delays in processing the sampled contracts, we ultimately concluded that many of the late contracts resulted from programs not submitting contract information to the Contract Management Section (CMS) in a timely manner. At the DFG, operating unit staff have significant responsibilities for developing and preparing contract information. If this information is not submitted to the CMS for final processing in a timely manner, the contract can not be completed prior to its requested commencement date.

  It should be noted that we did observe that the DFG's contracting policies and procedures contain detailed information on processing timelines. In many instances, we found that programs were not submitting their contract requests in compliance with these timelines.

Public Contract Code Sections 10295 and 10335 provide that contracts are of no effect unless and until approved by the DGS (if exempted from DGS approval by SAM, these criteria apply to approval by agency staff with written authority to approve the contract). The State's policies related to the approval and commencement of contracted work are presented in State Contracting Manual Section 4.09. The basic State policy is that no contractor should start work until receiving a copy of the formally approved contract.

- ***Consulting Services Contract Evaluations*** – at the time of our audit testing, timely performance evaluations had not been prepared for any of the four completed consulting services contracts included in our sample tests. State Contracting Manual Section 3.02.5 provides that a Contract/Contractor Evaluation form, STD. 4, must be prepared within 60 days of the completion of a consulting services contract of $5,000 or more. This form is used to document the performance of a contractor in doing the work for which the contract was awarded.

  It should be noted that the DFG's written contracting policies require the completion of STD. 4s by the designated contract manager. However, as shown by the results of our audit test, these policies have not been effectively enforced.

Recommendations

1. Implement policies and procedures that ensure the approval of contracts prior to the commencement date shown on the contract. As part of this process, operating unit managers should be periodically reminded of the lead-time needed for the timely processing of contracts and their responsibility for ensuring that contract information is submitted to the CMS in a timely manner.

2. Implement policies and procedures which ensure that contractor performance evaluations are completed for consulting services contracts of $5,000 or more. As part of this process, contract managers should be periodically reminded of their responsibility for completing the evaluations.

DEFENSIVE DRIVER TRAINING

Our review of the training records for a sample of 348 frequent drivers found that 269 of them had not attended a defensive driver training course within the last four years. SAM Section 0751 provides that frequent drivers should attend and successfully complete an approved defensive driver training course at least once every four years. Although the department's training office maintains a database that includes records on driver training attendees, the responsibility for ensuring that employees attend a driver training course rests with managerial/supervisory personnel. As shown by the results of our tests, these employees are not consistently enforcing this requirement.

For maximum containment of vehicle accident costs, each State agency is expected to actively participate in the State's driver safety and insurance program. Collectively, such accidents cost the State millions of dollars each year including liability to other parties, repairs to State vehicles, worker's compensation and lost work time of employees. A primary administrative control process within the driver safety and insurance program is the timely attendance of driver training courses by employees.

It should be noted that upon being advised of this finding the DFG took prompt action to begin addressing our concern. Specifically, in September 2007, a memorandum was issued to operating unit managers and supervisors reminding them of their responsibility for ensuring the attendance of a defensive driver training course by applicable employees. Although we were pleased with this action, we could not verify its effectiveness prior to the completion of our audit fieldwork.

Recommendation

3. Continue to periodically reemphasize to managers and supervisors their responsibility for ensuring that employees who frequently drive on State business attend an approved defensive driver training course at least once every four years.

RECORDS MANAGEMENT

The DFG's records management policies and procedures are not ensuring the completion and maintenance of up-to-date records retention schedules. Specifically, at the time of our review, only 10 of 37 operating units had up to date records retention schedules on-file. The remaining 27 units either did not have any schedules on-file (11) or had expired schedules on-file (16) for their program activities. As provided in SAM Sections 1665 through 1672, records retention schedules must be updated at least once every five years after the conducting of a records inventory and appraisal process. Up-to-date records retention schedules provide evidence of a cost effective and efficient records management program. Business services management and staff advised us that other operating responsibilities and priorities have impacted the DFG's ability to maintain updated records retention schedules. Staff turnover and department reorganizations have also impacted the DFG's ability to effectively perform its records management function.

At the time of our review, we observed that the current Records Management Coordinator and business services management were actively attempting to update the schedules. This included notifying the DFG's operating unit management of the deficiencies found in our audit and reminding them of their responsibility for complying with records management policies.

Recommendation

4. Develop an action plan that provides for the completion and updating of records retention schedules to ensure compliance with SAM Sections 1665 through 1672.

PROMPT PAYMENT OF VENDORS

In reviewing a sample of 150 vendor invoices processed for payment during the 2006/07 and 2007/08 fiscal years, we found that 75 were not processed in a manner that ensured payment in accordance with the State's prompt payment requirements. Specifically, the invoices were not paid within 45 calendar days of receipt by the DFG. Further, a penalty fee was not added to the amount due a vendor in 24 applicable instances. As provided in SAM Section 8474.2, a penalty fee must be paid whenever a late payment is made to a certified small business or whenever a penalty due a non-small business is over $75.

The DFG's prompt payment program lacks written operating policies and procedures and a comprehensive training activity which, in our opinion, contributed to the high rate of noncompliance. We were also advised that workload and turnover issues within both the DFG's operating units and Accounting Services Branch (ASB) impacted the ability of staff to promptly process invoices. Apparently, the penalty fees were not paid due to oversight by accounts payable staff.

Government Code Section 927, et seq., and SAM Sections 8474 through 8474.4 contain the State's policies related to the prompt payment of businesses. These policies include a requirement that vendor invoices be paid within 45 calendar days of receipt. The 45 day timeline allows State agencies 30 days to perform their payment approval function and the State Controller's Office 15 days to perform its audit and warrant generation process. The failure to promptly pay invoices restricts the State's efforts in getting businesses to provide goods and services to the State.

Recommendation

5. Implement policies and procedures that ensure the prompt payment of vendor invoices and payment of a penalty fee when required by State policy. As part of this process, operating unit management should be reminded of the importance of the prompt forwarding of invoices to the ASB for payment. Further, the DFG should develop written operating policies and procedures governing the prompt payment program and implement a comprehensive training activity for that program.

REPORTING OF PURCHASING AND CONTRACTING ACTIVITIES

The DFG has not implemented policies and procedures that ensure compliance with requirements for the reporting of procurement activities with small businesses and disabled veteran-owned businesses. Specifically, our review of the DFG's Contracting Activity Report, STD. 810, submitted to the DGS for the 2006/07 fiscal year found a number of weaknesses in the department's reporting process. We found that the DFG was not complying with STD. 810 reporting instructions that require the:

- maintenance of records and documents to support reported dollar amounts. This condition resulted in an audit trail not being readily available to allow the independent verification of $8.7 million of the $18.6 million in total procurement activity reported by the DFG;
- inclusion of service contracts entered into through the use of STD. 213 agreements in the report. Apparently, these agreements, which based on our limited testing totaled over $4 million, were not included on the report due to oversight; and,
- accurate presentation of certified small business and microbusiness contractor transactions. We found that DFG's reporting system was not ensuring that only transactions with certified businesses were reported as small business or microbusiness procurements. Further, we found that the DFG was in many instances reporting businesses as small when in actuality they were microbusinesses and, in some instances, were not reporting transactions with certified small businesses on the report.

Based on our discussions with business services management and staff and our observation of the current reporting system, it was apparent that weaknesses in the DFG's data management system (Business Information System) maintained to capture information on expenditures

contributed to the errors in reporting. Further, DFG's decentralized procurement operations also contributed to the some of the inaccuracies that we observed during our tests.

To allow for the monitoring of progress in meeting the legislature's direction that a fair share of State purchases and contracts for property and services be placed with small businesses and disabled veteran-owned businesses, State Contracting Manual Section 7.15 (B) requires that all State departments report purchasing and contracting activities to the DGS. As part of this process, the DGS has disseminated detailed STD. 810 reporting instructions that include information on reportable and non-reportable contracts and requirements for the maintenance of records to support total dollar amounts reported.

Recommendation

6. Implement policies and procedures for STD. 810 reporting that ensure the maintenance of supporting records and accurate reporting of the department's procurement activities.

CONTROL OF DGS CHARGE CARDS

The DFG has not established policies and procedures which ensure that accurate records are maintained on the assignment of DGS charge cards. Specifically, at the time of our audit testing, a charge card process had not been established that ensured the maintenance of a complete and accurate charge card control log and the performance of annual inventory and reconciliation procedures for the approximately 1,500 cards used by the DFG. Our tests of the charge card control log maintained by the DFG's Business & Contracts Management Branch disclosed that it contained numerous inaccuracies, including 77 cards shown as assigned to employees who had separated from the DFG. Further, the DFG appeared to have an excessive number of unassigned cards, 948.

To assist in ensuring accountability for DGS charge cards, systems of internal control must be in-place that ensure the maintenance of accurate records of the cards. SAM Section 4108.1 requires State agencies to execute proper management and oversight of the charge cards and identify internal control procedures that must be addressed by each agency. Further, the State Fleet Handbook provides various internal procedures that must be in place to assist in ensuring accountability for the cards. These procedures include requirements for the maintenance of a central charge card control log, periodic performance of annual inventory and reconciliation activities and immediate cancellation of surplus cards.

Apparently, the charge card system was not being adequately maintained due to turnover of staff and other operating priorities. However, it should be noted that during our review the DFG began taking action to reconcile and account for the cards. These actions included the October 2007 cancellation of 801 cards. We were pleased with the prompt actions being taken to improve the internal control system maintained for DGS charge cards.

Recommendation

7. Implement policies and procedures which ensure that accountability is maintained for DGS charge cards. The process should provide for the maintenance of a central control log that contains accurate information on all charge cards issued to the DFG. Further, operating procedures should contain provisions which ensure compliance with State Fleet Handbook

provisions including those governing the conduct of annual inventory and reconciliation procedures.

REPORTING AND REVIEW OF VEHICLE ACCIDENTS

The DFG has not implemented policies and procedures which ensure that motor vehicle accidents are reported within 48 hours to the DGS' Office of Risk and Insurance Management (ORIM). Specifically, we determined that 10 of the 22 accident reports included in our sample tests were not submitted to ORIM within 48 hours. The actual time in submitting the reports ranged from 9 to 62 days after the applicable accident. To allow it to effectively administer the State's motor vehicle self-insurance program, SAM Section 2430 provides that a Report of Vehicle Accident, STD. 270, form be submitted to ORIM within 48 hours of an accident.

We also determined that a report containing a supervisor's evaluation of an accident's cause was not on-file for 8 of the accidents. SAM Section 2440 requires that the supervisor of an employee involved in an accident prepare a Review of State Driver Accident (Supervisor's), STD. 274, report, take appropriate action, and forward copies of the report to both the ORIM and the agency's safety coordinator.

It should be noted that, although having the responsibility for tracking accident reports, at the time of our review the DFG safety coordinator's responsibilities did not include monitoring to ensure compliance with the State's motor vehicle accident reporting requirements. The DFG's operating units are responsible for compliance with the State's accident reporting requirements.

Upon being advised of the weaknesses identified during our audit, the DFG issued a memorandum reminding its staff of the importance of fully complying with motor vehicle accident reporting and review requirements. Although we did not verify its effectiveness, we were pleased with the prompt action taken to begin addressing our concerns.

Recommendation

8. Implement policies and procedures which ensure that a motor vehicle accident report is submitted to ORIM within 48 hours of an accident and that supervisors complete a report containing an evaluation of the cause of the accident. This process should include the annual notification of managers and supervisors of their accident reporting and review responsibilities. Further, if deemed feasible, policies should provide that the safety coordinator monitor to ensure compliance with the State's motor vehicle accident reporting requirements.

CONCLUSION

Our findings and recommendations are presented to aid the DFG in administering its business management functions and services. The DFG should address the reported issues to assist in ensuring compliance with applicable State laws, policies and procedures.

State of California
Department of Fish and Game

Memorandum

Date: May 19, 2009

To: Rick Gillam, CPA, CIA
Chief, Office of Audit Services
Department of General Services

From: Helen Carriker, Deputy Director, Administration
Department of Fish and Game

Subject: Audit Response: **File No: 7120** – Compliance with State Business Management Policies

The following is the Department of Fish and Game's (DFG) response to the subject draft audit report issued on May 6, 2009. DFG has taken immediate steps to address the deficiencies and recommendations cited. Below is the current status for each finding and the continued measures required in order for DFG to achieve full compliance:

CONTRACTING PROGRAM

DGS Recommendations 1 & 2

1. Implement policies and procedures that ensure the approval of contracts prior to the commencement date shown on the contract. As part of this process, operating unit managers should be periodically reminded of the lead-time needed for the timely processing of contracts and their responsibility for ensuring that contract information is submitted to the Contract Management Section (CMS) in a timely manner.

2. Implement policies and procedures which ensure that contractor performance evaluations are completed for consulting services contracts of $5,000 or more. As part of this process, contract managers should be periodically reminded of their responsibility for completing the evaluations.

DFG Response:

1. Timely Approval
   Effective July 1, 2009, and thereafter on the first working day each month, the DFG's CMS will send a detailed scripted email to all Program Contract Managers, and Administrative Officers. This email will remind Programs of submittal dates required for timely processing of

Solicitations/Agreements/Grants. This email will also include timeline tables to assist Programs with planning. See Attachment 1, Sample Scripted Email, Timely Approval.

2. Consulting Services Contract Evaluation
Effective July 1, 2009, and thereafter every month, CMS will run a Consultant Report to identify any Consultant Agreements/Amendments ending within the last thirty (30) days. CMS will send a scripted email reminder to the Program Contract Manager, Contract Coordinator and Administrative Officer for each Consultant Agreement identified on the monthly report. This email will include a link to the Contract/Contractor Evaluation form, STD 4 located on the CMS Intranet: (http://dfgintranet/Portal/Portals/0/BCMB/docs/STD4ConsultantEval.pdf) See Attachment 2, Sample Scripted Email, Consulting Services.

Further, CMS will track the process and when the STD 4 is not received after two reminders, the non-compliance issue will be reported to the Assistant Deputy Director, Administration Division who will contact the appropriate Program Management to resolve the matter. CMS will maintain a log of all consulting services evaluations with poor ratings and submit them as required to DGS, Office of Legal Services.

DEFENSIVE DRIVER TRAINING

DGS Recommendation 3

3. Continue to periodically reemphasize to managers and supervisors their responsibility for ensuring that employees who frequently drive on state business attend an approved defensive driver training course at least once every four years.

DFG Response:

3. In September 2008, the Health and Safety Office published Defensive Driver Training Program Policy and Guidelines. The document is located in the Health and Safety domain on DFG's intranet site and the policy and procedures were sent to all employees.

On August 30, 2007, at a Statewide Administrative Officers Meeting the participants were informed of the results of this audit and reminded to have employees sign up for the training. Periodic notes are sent to DFG employees informing them of upcoming Defensive Driver classes. The

Risk Management Office (RMO) will audit the list of attendees and request that Administrative Officers remind employees when their four years are approaching indicating that their defensive driving certificates are up for renewal

RECORDS MANAGEMENT

DGS Recommendation 4

4. Develop an action plan that provides for the completion and updating of records retention schedules to ensure compliance with SAM Sections 1665 through 1672.

DFG Response:

4. DFG has developed and implemented an action plan, including the training and education of staff; completion and updating of records retention schedules (RRS), and coordinating efforts to ensure compliance with SAM Sections 1665 through 1672. Specifically, DFG's Business Management Branch has taken the following steps:

Initiated internal Records Management Program changes:

A. Reorganized the RRS reporting structure to reflect a more logical order for maintaining and reporting appraisals and schedule renewals as well as overseeing the transfer and destruction of outdated documents. This increased the number of reporting units from 37 to 43. (See Annex "A" dated 5/08 compared to Annex "B" dated 5/09).

B. Provided RRS packets to all program contacts in August, 2008.

C. Closely monitored each step of the records management process flow to assure accurate and timely completion of each stage.

Expanded knowledge base of procedures and requirements:

A. Attended DGS training and conferences, and held one-on-one meetings with RRS Consultants to increase the proficiency of the records management process.

B. Networked with other state agencies to discover, develop and incorporate best practices.

C. Developed and presented several training modules to staff to increase knowledge and proficiency of RM processes.

D. Created and implemented web page on our Intranet dedicated specifically to RRS resources and information.

Coordination of records management efforts:

A. Coordinated several area-wide Confidential Shred Days to encourage safe and regular practice of reducing expired documentation (to avert temptation of long-term storage practices).

B. Developed and implemented a plan to assure the timely and proper disposition of the high volume of annually generated accounting records.

C. Provided information on, and continue to advocate the use of, various electronic options for storing documents. Options include scanning, imaging and/or conversion techniques for research documents and those that are of historic or intrinsic nature.

As of May 13, 2009, Business Management Branch shows that 35 of the 43 schedules are either in compliance or in the process of becoming compliant. Of those 35, 18 are complete; 17 are in pending and are in progress. The remaining 8 records retention schedules will be addressed by the end of this fiscal year in order to bring DFG into 100% compliance with SAM Sections 1665 through 1672.

PROMPT PAYMENT OF VENDORS

DGS Recommendation 5

5. Implement policies and procedures that ensure the prompt payment of vendor invoices and payment of a penalty fee when required by state policy. As part of this process, operating unit management will be reminded of the importance of the prompt forwarding of invoices to the ASB for payment . Further, the DFG should develop written operating policies and procedures governing the prompt payment program and implement a comprehensive training activity for that program.

DFG Response:

5. The DFG Accounting Services Branch (ASB) is currently developing written policies and procedures to ensure that invoices and penalty payments are paid more expeditiously. These policies and procedures are expected to be completed by the end of this calendar year. Invoices to be audited are being prioritized by the date received. Through meetings and notices, in particular the annual year-end letter, management and program staff have been advised to submit their invoices timely.

   Training to achieve compliance with the Prompt Payment Program has been presented to region and division staff. The ASB has also implemented policies and procedures for ASB staff to follow to ensure compliance. Specifically, ASB has developed and maintains a data base that assists staff to quickly and efficiently determine if a vendor is entitled to penalties. At the time an invoice is audited by ASB's staff, and it is determine that penalties are due, a notation is made to identify that it is subject to a penalty payment. Invoice training has been provided to staff, and supervisors are auditing claim schedules to ensure that proper penalties have been applied.

REPORTING OF PURCHASING AND CONTRACTING ACTIVITIES

DGS Recommendation 6

6. Implement policies and procedures for STD. 810 reporting that ensure the maintenance of supporting records and accurate reporting of the department's procurement activities.

DFG Response:

6. DFG's Business Management Branch has developed and implemented statewide procurement training and education for employees and has begun to coordinate efforts to ensure immediate compliance. Specifically, the following steps are being taken:

Initiate internal SB/Microbusiness and DVBE changes:

A. Revise current DFG's Form FASB-555 for inclusion of micro business to report accurate data.

B. Meet with DFG's Information Technology Branch to discuss the need and develop a plan to make necessary modifications to the DFG's data management system (Business Information System) to capture accurate information and generate reports specifically pertaining to SB/Mico Business/DVBE.

C. Schedule and complete annual spot audits/monitoring of purchasing records and processes DFG's statewide decentralized units to ensure accuracy and/or provide feedback and training on areas determined to compliance.

Expand knowledge base of procedures and requirements:

D. Attend DGS training and conferences, and hold one-on-one meetings with the SB/DVBE Coordinator to increase the level of knowledge that will enable DFG to ensure compliance with reporting mandates

E. Network with other state agencies to discover, develop and incorporate best practices.

F. Revise training modules to be more comprehensive of the SB/DVBE requirements and provide resources in our statewide procurement training to staff to increase knowledge and proficiency.

G. Update web page on DFG's Intranet dedicated specifically to SB/DVBE resources and information.

H. Monitor compliance of support documentation that verifies the certification of small businesses versus micro business.

CONTROL OF DGS CHARGE CARDS

DGS Recommendation 7

7. Implement policies and procedures which ensure that accountability is maintained for DGS charge cards. The process should provide for the maintenance of a central control log that contains accurate information on all charge cards issued to the DFG. Further, operating procedures should contain provisions which ensure compliance with State Fleet Handbook provisions including those governing the conduct of annual inventory and reconciliation procedures.

DFG Response:

7. Since 2008 DFG has been updating their DGS Charge Cards and Agency Billing Codes to correspond with changes to DFG's budget allotment process. To date, DFG has terminated 1,001 DGS Charge Cards and 30 Agency Billing Codes.

   Regional staffs are reviewing their respective lists of Agency Billing Codes and DGS Charge Cards to make further adjustments to their needs and prepare for the upcoming FY 09/10. The Business Management Branch (BMB) is drafting policy and procedures for release prior to FY 09/10 to ensure staff are informed of their responsibilities in the management of Agency Billing Codes and DGS Charge Cards. The policy will detail DFG efforts to perform annual updates of the listings in conjunction with their evolving program funding sources.

REPORTING AND REVIEW OF VEHICLE ACCIDENTS

DGS Recommendation 8

8. Implement policies and procedures which ensure that a motor vehicle accident report is submitted to ORIM within 48 hours of an accident and that supervisors complete a report containing an evaluation of the cause of the accident. This process should include the annual notification of managers and supervisors of their accident reporting and review responsibilities. Further, if deemed feasible, policies should provide that the safety coordinator monitor to ensure compliance with the State's motor vehicle accident reporting requirements.

DFG Response:

8. Annually, beginning in July 2007 the DFG Risk Management Office (RMO) issues a Vehicle Accident Reporting Human Resources Memorandum. The Memorandum includes all DGS website links that employees need to access in the event of an automobile accident. The Memorandum advises employees to keep an accident reporting form with them when traveling on State business and gives direction on completing the form, where to mail it to, and explains the supervisor's responsibilities when an accident occurs. At the August 30, 2007 Statewide Administrative Officers Meeting the RMO presented the results of this audit and the need to submit the reports to the DFG Health and Safety Officer.

   As a result of these efforts, the RMO is now receiving the reports on a more regular basis. Additionally, for internal audit purposes the RMO requests a list from DGS every six months of all DFG vehicle accidents to ensure all necessary reports are completed. It is expected that DGS, Office of Risk and Insurance Management (ORIM), will now receive the motor vehicle accident reports within 48 hours.

If you have any questions or require additional information, please contact Ms. Cynde Jones, Assistant Deputy Director at (916) 653-2224. Thank you.

Attachment (s)
Attachment 1 – Timely Approval
Attachment 2 – Consulting Services

cc: Department of Fish and Game
John McCamman, Chief Deputy Director
Cynde Jones, Assistant Deputy Director, Administration
Harriet Kiyan, Assistant Deputy Director, Fiscal
Will Fong, Branch Chief, Accounting Services Branch
Lisa Gallegos, Branch Chief, Business Management Branch
Karen Wroten, Branch Chief, Human Resources Branch
Brian Kwake, Branch Chief, Audits Branch

MONTHLY E-MAIL SCRIPT:

"To ensure timely processing of agreements, solicitation, quotes, proposals, grants and all amendments, CMS has included the following timeline information and timeline tables to serve as a planning tool for all Contract Managers and Administrative Officers.

- Invitation For Bid (IFB) – Begin preparation of solicitation 7 - 9 months prior to the anticipated start date of Agreement. Processing timeline will depend on complexity of Solicitation.
- Request For Quote (RFQ) – Begin preparation of the RFQ 7 – 9 months prior to the anticipated start date of Agreement. Processing timeline will depend on complexity of RFQ.
- Request For Proposal (RFP) Primary – Begin preparation of Proposal 9 - 12 months prior to the anticipated start date of Agreement. Processing timeline will depend on complexity of Proposal.
- Request For Proposal (RFP) Secondary – Begin preparation of Proposal 9 – 12 months prior to the anticipated start date of Agreement. Processing timeline will depend on complexity of Proposal.

Month service needs to begin.	Date to begin Solicitation/Quote Process. IFB/RFQ	Date to begin Proposal Process. RFP- Primary/Secondary
January	April of Prior Year	January of Prior Year
February	May of Prior Year	February of Prior Year
March	June of Prior Year	March of Prior Year
April	July of Prior Year	April of Prior Year
May	August of Prior Year	May of Prior Year
June	September of Prior Year	June of Prior Year
July	October of Prior Year	July of Prior Year
August	November of Prior Year	August of Prior Year
September	December of Prior Year	September of Prior Year
October	January of Current Year	October of Prior Year
November	February of Current Year	November of Prior Year
December	March of Current Year	December of Prior Year

Agreements, Grants and all Amendments need to be submitted to CMS no later than ninety (90) calendar days prior to anticipated start date. See table below for required submission dates.

Month service needs to begin.	Date to submit Agreement/Amendment documents to CMS for processing.	Date to submit Grant/Grant Amendment documents to CMS for processing.
January	October of Prior Year	October of Prior Year
February	November of Prior Year	November of Prior Year
March	December of Prior Year	December of Prior Year
April	January of Current Year	January of Current Year
May	February of Current Year	February of Current Year
June	March of Current Year	March of Current Year
July	April of Current Year	April of Current Year
August	May of Current Year	May of Current Year
September	June of Current Year	June of Current Year
October	July of Current Year	July of Current Year
November	August of Current Year	August of Current Year
December	September of Current Year	September of Current Year

Program does not need to wait until ninety (90) calendar days prior to anticipated start date to submit the required documents to CMS. Programs are encouraged to submit all contract related documents to CMS as early as possible.

Any questions regarding the above timelines should be directed to the CMS Contract Manager, (insert name) at (916) 651-8328.

MONTHLY E-MAIL SCRIPT

This is a reminder for those consultant agreements that have ended within the last thirty (30) days. Per State Contracting Manual (SCM) 3.02.5 (PCC10367 and PCC10369), these Agreements require a Contract/Contractor Evaluation, STD 4. The STD 4 is required to be submitted to CMS within sixty (60) days of the completion of the Agreement.

Please complete the STD 4 and return it to CMS within thirty (30) calendar days from the date of this email. The STD 4 is available on the CMS Intranet at: http://dfgintranet/Portal/Portals/0/BCMB/docs/STD4ConsultantEval.pdf

If the Contractor did not satisfactorily perform the work or service identified in the Agreement, CMS will forward a copy of your STD 4 to the Department of General Services, Office of Legal Services (DGS/OLS) within five (5) working days of the completion of the evaluation. Upon notifying DGS/OLS, CMS shall notify and send a copy of the negative evaluation (STD 4) to the Contractor within fifteen (15) days.

Please contact the CMS Manager, (insert name), at (916) 651-8328 if you have any questions regarding the STD 4 requirements.

DEPARTMENT OF FISH AND GAME
COMPLIANCE AUDIT

EVALUATION OF DFG'S RESPONSE

We have reviewed the response by the Department of Fish and Game (DFG) to our draft report. The response to the recommendations is satisfactory. We appreciate the efforts taken or being taken by the DFG to improve its business management functions and services.