

SAM—AUDITING OF STATE AGENCIES

NOTIFICATION OF FRAUD OR ERROR

20080

(Revised 12/2017)

WHY REPORT

State agencies are required to report actual or suspected fraud or errors. Reporting heightens awareness of the potential breakdown of the control activities which serve to protect state assets. The information reported is collected and analyzed by Finance. The reported information informs Finance in developing guidance for state agencies. Implementing the guidance promotes the enhancement of internal controls. The breakdown of control activities can occur regardless of the dollar amount involved, therefore all incidents must be reported.

WHAT TO REPORT

An entity will notify Finance's OSAE and the State Auditor of all actual or suspected incidents related to the following:

- Misuse/Theft - Intentional use of state assets for an improper purpose or taking state assets without consent.
- Damage - Intentional acts impairing the value, usefulness, or function of state assets.
- Contract/Procurement - Inappropriate activities involving:
 1. The purchase of or contracting for goods and services
 2. Grant activity
 3. Subvention program activity
- Employee Misconduct - Willful, improper employee behavior affecting state interests.
- Error - Unusual event causing impairment or inaccuracy.

This requirement applies to all incidents whether:

- Alleged against state employees or other individuals
- Discovered internally or by referral

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20080 (Cont. 1)

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WHEN TO REPORT

State entities must report to OSAE and the State Auditor no later than 30 calendar days following the discovery of the incident. Update reports are required every 180 days from the date of initial notification until the incident is resolved. An incident is considered resolved when either of the following circumstances occurs:

- Internal investigation is completed and corrective action is taken.
- Referral is made to the proper authority (such as the Attorney General, California Highway Patrol, outside law enforcement, etc.), action has been taken, and collection efforts are ended.

HOW TO REPORT

The Fraud or Error Notification form (DOF 20080) is required for:

- Initial notifications
- Updates
- Incident resolution

The DOF 20080 is available on the SLAA webpage at <http://www.dof.ca.gov/Programs/OSAE/SLAA/>. The Form and any attachments may be submitted by e-mail to SLAAhotline@dof.ca.gov or by sending a hard copy to the following addresses:

Office of State Audits and Evaluations
California Department of Finance
915 L Street, 6th Floor
Sacramento, CA 95814
Attn: SLAA

Investigations
California State Auditor
P.O. Box 1019
Sacramento, CA 95812

SINGLE AUDIT NOTIFICATION

Entities will report material matters in their annual management representation letters submitted to OSAE in accordance with SAM 20020, Single Audit Coordination.

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20080 (Cont. 2)

(Revised 12/2017)

DEFINITIONS

1. *Fraud or Errors Definitions and Examples* are available on the SLAA webpage at <http://www.dof.ca.gov/Programs/OSAE/SLAA/>. This document has definitions and examples which are useful when reporting an incident to OSAE and the State Auditor.
2. State assets are cash, check, time, or property. State assets do not include information assets for purposes of SAM 20080.
3. Property, see SAM 8601.
4. Information Technology – Office of Information Security, see SAM 5300.

REFERENCE TO OTHER SAM SECTIONS

The following sections have a reporting requirement to OSAE on form DOF20080.

- SAM 2482, Insurance and Surety Bonds, Reporting Requirements.
- SAM 8041.1, Cash, Examination of Paid Checks for Alteration or Forgery.
- SAM 8048, Cash, Loss of Blank Check Stock.
- SAM 8072, Cash, Shortages.
- SAM 8643, Property Accounting, Lost, Stolen, or Destroyed Property.