FACT SHEET

Audits and Investigations

Malcolm Dougherty, Director
William E. Lewis, Assistant Director

DEPARTMENT OF GENERAL SERVICES
CONTRACT DELEGATION AUDIT

BACKGROUND

All state contracts are require to be approved by Department of General Services (DGS) with certain exceptions, and the director of DGS may exempt any transaction from this legally-required approval. Effective July 1, 2013, the exemption level was set at $150,000. Under the Exemption Letter 12.0, dated June 18, 2012, DGS requires two audits for the period of July 1, 2012, to June 30, 2016, to be conducted in accordance with the DGS' Office of Audit Services audit guide. This is the second audit conducted under this exemption letter.

KEY FINDINGS

Our audit disclosed that Caltrans has policies and procedures to process, execute, and manage contracts; however, we identified the following findings:

- Split Purchases of Small Dollar Value Contracts
- Deficiencies in Contract Management
- CAL-Card Control Weaknesses
- Inaccurate Data Reporting in Contract Administration Tracking System (CATS)

KEY RECOMMENDATIONS

The audit resulted in several recommendations to the Division of Procurement and Contracts. A few of which are listed below:

- Implement appropriate oversight and monitoring to prevent the splitting of small dollar value service contracts.
- Send out formal reminders to contract managers regarding their responsibilities for ensuring proper management of contracts, and consider conducting refresher training if appropriate.
- Require contract managers to retain completed forms ADM-3059, Report of Utilization of Small/Micro Business and Disabled Veteran Business Enterprise State Funded Contracts Only, and STD 4, Contract/Contractor Evaluation, on file.
- Establish written procedures to reduce the risk of exposing confidential and personal information.
- Complete its action plan to previous audit findings to improve the CAL-Card program.
- Correct the incorrect data identified in CATS and implement procedures to ensure data accuracy.
- Ensure staff review data input to CATS, including revisions, for accuracy and correctness.

The audit report also identified recommendations for Caltrans contract managers to ensure:

- Invoices submitted by contractors have all the required details.
- Contract work begins after the contract execution date.
- The completion and submission of required forms ADM-3059 and STD 4.
- The safeguarding of confidential and personal information.

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