



FACT SHEET

Independent Office of Audits and Investigations

Laurie Berman, Director

Eraina Ortega, Inspector General

Department of General Services Contract Delegation Audit

BACKGROUND

The Independent Office of Audits and Investigations completed an audit of the Department of Transportation (Caltrans) policies and procedures over contracts to ensure compliance with the Department of General Services (DGS) requirements and applicable state laws and regulations. Public Contract Code section 10335 requires all state contracts to be approved by DGS with certain exceptions. DGS may exempt contracts under \$150,000 from its approval if the awarding agency meets all of the requirements set forth in PCC section 10351. DGS issued Caltrans an exemption for contract approval, however Caltrans is required to perform two audits during the exemption period.

KEY FINDINGS

Our audit disclosed that Caltrans policies and procedures to process, execute, and manage contracts are adequate and in compliance with DGS requirements and state laws and regulations; however, we identified the following key findings:

- Contract Managers are Not Submitting Report of Utilization of Small/Micro Business and Disabled Veteran Business Enterprises
- Lack of Procedures to Protect Contractors' Personally Identifiable Information
- Contract Managers and CAL-Card Holders are Not Adequately Reviewing Invoices
- Emergency Hazardous Services Paid for with Hazmat CAL-Card are Not Compliant with Contracting Requirements

KEY RECOMMENDATIONS

We made the following key recommendations to DPAC:

- Work with Office of Business and Economic Opportunity (OBEO) to determine how best to ensure contract managers are obtaining the completed form ADM 3059 and submitting a copy to OBEO.
- Redact contractors' Social Security Numbers (SSN) from Payee Data Record STD 204 in contract file after contract approval, and establish policy/procedures for protecting contractors' SSNs during contract processing.
- Send formal reminders to contract managers regarding their responsibilities for ensuring proper contract management.
- Send memo to Hazmat CAL-Card holders reminding them that regardless of amount, CAL-Card is a payment mechanism, not a procurement approach and all acquisitions of services paid by CAL-Card must comply with applicable contracting requirements.

Report Date: June 27, 2018

Report: P3000-0429