

Memorandum

*Flex your power!
Be energy efficient!*

To: WILLIAM E LEWIS
Assistant Director
Division of Audits and Investigation

Date: January 15, 2015

File: P3000-0412

From: CLARK PAULSEN
Chief
Division of Accounting



Subject: CAL-CARD TRANSACTIONS REVIEW AUDIT - P3000-0412

The Division of Accounting (Accounting) received the Audit Report, CAL-Card Program Review Audit – P3000-0412, dated June 27, 2013. This is our 540-day response to the audit.

Finding 5 – Inaccurate Vendor Transaction History Records within Advantage

Accounting has requested a change in Advantage to correct the Vendor Transaction History reporting. Programming changes were completed and the data was tested. The test data results identified errors with the programming change. Accounting is working with IT and CGI to have the programming changes fixed and re-entered into the system for testing. It is expected this will be completed by June 30, 2015.

Should you have any questions regarding this response, please contact Gilbert Petrissans at (916) 227-9279.

c: NOrtega, Chief Financial Officer
TScribner, Chief – IT Solutions Division
GPetrissans, Chief – Office of Commodities and Contract Payable's, Division of Accounting
CBuhagiar, Commodity & CAL-Card Payments Branch, Division of Accounting
NFelcher, Audit Coordinator - Division of Accounting
RTakao, Audit Coordinator - Division of Audits & Investigation

Memorandum

*Serious drought.
Help Save Water!*

To: WILLIAM E. LEWIS
ASSISTANT DIRECTOR
AUDITS AND INVESTIGATIONS

Date: January 27, 2015

File: P3000-0412

From: FRANCESCA NEGRI
Chief

Division of Procurement and Contracts



Subject: **POST 360 DAY RESPONSE STATUS REPORT FOR CAL-CARD PROGRAM AUDIT**

The Division of Procurement and Contracts (DPAC) has implemented all audit finding dispositions for the CAL-Card Program Audit as of May 1, 2014. DPAC's CAL-Card Compliance Review process has sampled over 200 CAL-Card Purchase Orders since implementation. As requested, DPAC is providing the findings reports generated to date and will make the files available upon your request.

If you have any questions on the status report, please contact Megan Rettke at (916) 227-6082.

Attachment(s)

- (1) CAL-Card Compliance Review Process Finding Report and Recommendations (3)
- (2) 2015 Compliance Review Schedule

CAL-Card Compliance Review Process Finding Report & Recommendations

REVIEW DATE: 09/11/2014

DISTRICT: 22

PROGRAM: DPAC

PROCUREMENT FILE NAME: Abby Story

OVERVIEW

Department of Transportation Division of Procurements and Contract's CAL-Card Administration and Compliance Branch has completed the Compliance Review Process. The purpose of this review was to determine if CAL-Card transactions are in compliance with State requirements and Department of Transportation policies and procedures. Our review disclosed that Department of Transportation's established policies and procedures along with State requirements are adequate, except for the issues noted below.

OBJECTIVE

The objectives of the Compliance Review were to determine whether:

- ❖ CAL-Card transactions comply with the Department of Transportation's Acquisitions Manual, State requirements and Department of Transportation policies and procedures.
- ❖ Cardholder Statement of Accounts (SOA) and supporting documents are reviewed, approved and submitted to the CAL-Card Payments Section in a timely manner.
- ❖ SOA packages contain all required supporting documentation.
- ❖ Equipment purchases are tagged and recorded as required.

SPECIFIC FINDINGS

The CAL-Card Administration and Compliance Branch (CCACB) reviewed 15 CAL-Card Purchase Orders (CPO) and 6 SOAs along with the required documentation. Issues and recommendations are discussed below. Please contact the CCACB if you have any questions or would like to discuss.

CPO Issues and Recommendations

Issue:	Missing Justification on CPO; CPO's 2213*448, 2213*484, 2213*497, 2213*499, 2213*540, 2213*541, 2213*591, 2213*653, 2214*379, 2214*380, 2214*423, 2214*447, 2214*459, 2214*481 and 2214*522 were missing justifications.
Recommendations:	<p>Please make a note of the Justification requirement for all future procurements. We suggest reviewing E-Blast 13-6 for clarity in reference to Justification requirements. All E-Blasts may be located by using the following link http://admin.dot.ca.gov/pc/CAL-Card-E-blasts.shtml.</p> <p>Acquisition Manual, Section 12.3.2 CAL-CARD PURCHASE ORDER (CPO) / STD. 65 All purchases must be for official state business and in accordance with this Acquisition Manual. Approval is necessary before making any purchase and the approval must be documented in the CAL-Card procurement file. Despite the dollar amount, the CPO/STD 65 must be completed with the justified purchase. Justification should specify the benefit to the State, including fair and reasonable pricing documentation, in the PCARD CPO Commodity screen, Extended Description field.</p>

CAL-Card Compliance Review Process Finding Report & Recommendations

SOA Issues and Recommendations

Issue:	Missing the printed CAL-Card Manager's name on the US Bank SOA cover sheet; April, May and June 2014 SOA packages were missing the printed CAL-Card Managers name on the US Bank SOA cover sheet.
Recommendations:	Please make a note of the printed CAL-Card Manager name requirement on the US Bank SOA cover sheet for all future SOA packages. Both the CAL-Card Manager's signature and printed name are required when using the SOA from US Bank. Acquisition Manual, Section 12.5.25 LATE OR INCOMPLETE SUBMITTALS If using the SOA from US Bank, the CAL-Card Manager must print their name below the signature line.

CONCLUSION

We thank you for your assistance during this review and hope our recommendations are helpful in future purchases. If you have any questions or need additional information please e-mail the CAL-Card Administration and Compliance Branch at calcard.submittal@dot.ca.gov, contact me at (916) 227-5780, or call the Branch Chief, CAL-Card Administration and Compliance Branch at (916) 227-6119.

CCACB Analyst: Jonathan Phillips

CCACB Analyst: Luther Langston

CCACB Analyst: Lynette Yearwood

Date: 9/15/2014

CAL-Card Compliance Review Process Finding Report & Recommendations

REVIEW DATE: 10/14/2014

DISTRICT: 22

PROGRAM: Human Resources

PROCUREMENT FILE NAME: Ron Hirang

OVERVIEW

Department of Transportation Division of Procurements and Contract's CAL-Card Administration and Compliance Branch has completed the Compliance Review Process. The purpose of this review was to determine if CAL-Card transactions are in compliance with State requirements and Department of Transportation policies and procedures. Our review disclosed that Department of Transportation's established policies and procedures along with State requirements are adequate, except for the issues noted below.

OBJECTIVE

The objectives of the Compliance Review were to determine whether:

- ❖ CAL-Card transactions comply with the Department of Transportation's Acquisitions Manual, State requirements and Department of Transportation' policies and procedures.
- ❖ Cardholder Statement of Accounts (SOA) and supporting documents are reviewed, approved and submitted to the CAL-Card Payments Section in a timely manner.
- ❖ SOA packages contain all required supporting documentation.
- ❖ Equipment purchases are tagged and recorded as required.

SPECIFIC FINDINGS

The CAL-Card Administration and Compliance Branch (CCACB) reviewed 144 CAL-Card Purchase Orders (CPO) and 6 SOAs along with the required documentation. Issues and recommendations are discussed below. Please contact the CCACB if you have any questions or would like to discuss.

CPO Issues and Recommendations

Issue:	Prepayment; CPO 2214*367 was created to purchase 65 boxes of envelopes. Only 50 boxes of envelopes were received. The other 15 boxes of envelopes were on back order. All 65 boxes of envelopes were paid for.
Recommendations:	<p>More than one CPO should have been created for this transaction to prevent the prepayment for the 15 boxes of envelopes.</p> <ol style="list-style-type: none"> 1. The initial CPO was created to reference the 65 boxes of envelopes. 2. The initial CPO should have been modified to reference only 50 boxes of envelopes received. In the body of the CPO, write a detailed description explaining why the CPO is modified. 3. A second separate CPO should have been created to pay for the outstanding 15 boxes of envelopes referencing the original/modified CPO along with a detailed description including why the additional CPO was required. <p>Acquisition Manual Chapter 12.5.15 PREPAYMENT For all future procurements - Do not pay for items on back order; even though the supplier may have included these items on the invoice (see Chapter 12.5, Dispute/Fraud/Return Procedures). Please adhere to this recommendation for all future procurements.</p>

CAL-Card Compliance Review Process Finding Report & Recommendations

CPO Issues and Recommendations

Issue:	Detailed Justification; CPO 2214*333 was created to purchase a "Travel Clock, Digital Voice Recorder" and other items without a detailed justification.
Recommendations:	<p>Please make a note of the Justification requirement for all future procurements. We suggest reviewing E-Blast 13-6 for clarity in reference to Justification requirements. All E-Blasts may be located by using the following link http://admin.dot.ca.gov/pc/CAL-Card-E-blasts.shtml.</p> <p>Acquisition Manual, Section 12.3.2 CAL-CARD PURCHASE ORDER (CPO) / STD. 65 All purchases must be for official state business and in accordance with this Acquisition Manual. Approval is necessary before making any purchase and the approval must be documented in the CAL-Card procurement file. Despite the dollar amount, the CPO/STD 65 must be completed with the justified purchase. Justification should specify the benefit to the State, including fair and reasonable pricing documentation, in the PCARD CPO Commodity screen, Extended Description field.</p> <p>Note: Accounts Receivable set up; reimbursement received 4/24/2014.</p>
Issue:	Prison Industry Authority Purchases (PIA); CPO 2214*404 was created to purchase nameplates. Because PIA offers nameplates, a PIA waiver should have been obtained to purchase from another supplier.
Recommendations:	<p>For all future procurements, consider PIA first. If PIA supplies the commodity; and you do not wish to purchase from them, obtain a PIA waiver before completing the acquisition. For more information, you may visit their website at - www.calpia.ca.gov. Acquisitions Manual Chapter 3.1, Prison Industry Authority (PIA), states " The California State Penal Code Section 2807 mandates State agencies to first consider if needs could be met by purchasing Prison Industry Authority (PIA) commodities and services."</p> <p>Acquisition Manual Chapter 12.4.4 Prison Industry Authority (PIA) Purchases State agencies are required by law to purchase items manufactured by Prison Industry Authority. Refer to Section 3.1, Prison Industry Authority for details or the Non-IT Acquisitions Buyer's Desk Procedures. Agencies may request a waiver by completing PIA's General State Agency Exemption Request Form (SAL-F001) if they wish to purchase the item from another vendor. The waiver form must be fully approved by DPAC's Procurement & Contracting Officer (PCO) or designee, Caltrans Facilities if it is for furniture, and PIA prior to making the purchase (refer to Chapter 3).</p>
Issue:	Modification of CPO; CPO 2214*625-1 was created to purchase a onetime maintenance item. CPO 2214*625-2 was a modification for the increase of the purchase amount to allow for sales tax.
Recommendations:	For all future procurements, when creating a modification of the CPO provide a detailed description explaining why the modification is needed. The detailed description should be placed in the body of the CPO along with the detailed justification.

CAL-Card Compliance Review Process Finding Report & Recommendations

CONCLUSION

We thank you for your assistance during this review and hope our recommendations are helpful in future purchases. If you have any questions or need additional information please e-mail the CAL-Card Administration and Compliance Branch at calcard.submittal@dot.ca.gov, contact me at (916) 227-6054, or call the Branch Chief, CAL-Card Administration and Compliance Branch at (916) 227-6119.

CCACB Analyst: Jonathan Phillips

CCACB Analyst: Luther Langston

CCACB Analyst: Lynette Yearwood

Date: 10/14/2014

CAL-Card Compliance Review Process Finding Report & Recommendations

REVIEW DATE: 10/24/2014

DISTRICT: 22

PROGRAM: DPAC

PROCUREMENT FILE NAME: Roddy Son

OVERVIEW

Department of Transportation Division of Procurements and Contract's CAL-Card Administration and Compliance Branch has completed the Compliance Review Process. The purpose of this review was to determine if CAL-Card transactions are in compliance with State requirements and Department of Transportation policies and procedures. Our review disclosed that Department of Transportation's established policies and procedures along with State requirements are adequate, except for the issues noted below.

OBJECTIVE

The objectives of the Compliance Review were to determine whether:

- ❖ CAL-Card transactions comply with the Department of Transportation's Acquisitions Manual, State requirements and Department of Transportation' policies and procedures.
- ❖ Cardholder Statement of Accounts (SOA) and supporting documents are reviewed, approved and submitted to the CAL-Card Payments Section in a timely manner.
- ❖ SOA packages contain all required supporting documentation.
- ❖ Equipment purchases are tagged and recorded as required.

SPECIFIC FINDINGS

The CAL-Card Administration and Compliance Branch (CCACB) reviewed 71 CAL-Card Purchase Orders (CPO) and 5 SOAs along with the required documentation. Issues and recommendations are discussed below. Please contact the CCACB if you have any questions or would like to discuss.

CPO Issues and Recommendations

Issue:

CPO Missing Justification; The following were missing a detailed justification in the body of the CPO:

CPO 2214*330, 2214*389, 2214*390 (February 2014 SOA)
CPO 2214*420 (March 2014 SOA)
CPO 2214*544 (April 2014 SOA)
CPO 2214*563, 2214*568, 2214*576, 2214*726 (May 2014 SOA)
CPO 2214*042, 2214*049, 2214*054 (August 2014 SOA)

CAL-Card Compliance Review Process Finding Report & Recommendations

CPO Issues and Recommendations

Recommendations:

Please make a note of the Justification requirement for all future procurements. We suggest reviewing E-Blast 13-6 for clarity in reference to Justification requirements. All E-Blasts may be located by using the following link <http://admin.dot.ca.gov/pc/CAL-Card-E-blasts.shtml>.

Acquisition Manual Chapter 12.3.2 CAL-CARD PURCHASE ORDER (CPO) / STD. 65
All purchases must be for official state business and in accordance with this Acquisition Manual. Approval is necessary before making any purchase and the approval must be documented in the CAL-Card procurement file. Despite the dollar amount, the CPO/STD 65 must be completed with the justified purchase. Justification should specify the benefit to the State, including fair and reasonable pricing documentation, in the PCARD CPO Commodity screen, Extended Description field.

CONCLUSION

We thank you for your assistance during this review and hope our recommendations are helpful in future purchases. If you have any questions or need additional information, please email the CAL-Card Administration and Compliance Branch at calcard.submittal@dot.ca.gov; contact me at (916) 227-5780, or call the Branch Chief, CAL-Card Administration and Compliance Branch at (916) 227-6119.

CCAC Analyst: Jonathan Phillips

CCAC Analyst: Luther Langston

CCAC Analyst: Lynette Yearwood

Date: 10/24/2014

FY 2015

Public Relations Campaign

	August	September	October	November	December	January	February	March	April	May	June
District											
1			P & L (F)								
2			L & Y (D)								
3					L & Y (D)						
4	L & Y (D)										
5			P & Y (F)								
6				L & Y (T)							
7		L & Y (F)									
8					L & Y (F)						
9		L & P (VTC?)									
10		P & Y (D)									
11	L & P (F)										
12				L & P (F)							
HQ	All	All		All	All						

Compliance Review

District									
1									
2						P & L (F)			
3								L & Y (D)	
4									
5								P & Y (F)	
6									
7						L & Y (F)			
8									
9						Mail			
10									
11						L & P (F)			
12									
HQ								All	All

L = Langston
 P = Phillips (D) = Drive (F) = Flight (T) = Train
 Y = Yearwood

* Will try and make Thursdays our District visit days

Mileage reimbursement - \$118.00
 Airfare Cost - \$7556.00
 Train Cost - \$300.00
 Meal reimbursement - \$450.00
 Hotel Costs - \$1700.00

Memorandum

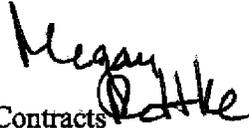
*Flex your power!
Be energy efficient!*

To: WILLIAM E. LEWIS
Acting Assistant Director
Audits and Investigations

Date: January 7, 2014

File: P3000-0412

From:  FRANCESCA NEGRI, Chief
Division of Procurement and Contracts



Subject: **Status Report for CAL-Card Program Audit**

The Division of Procurement and Contracts has attached the 180 Day Response on the implementation of audit finding dispositions for the CAL-Card Program Audit dated June 6, 2013.

If you have any questions on the status report, please contact Megan Rettke at (916) 227-6082.

Attachment: 180 Day Audit Response

Audit Name: CAL-Card Program Audit
Audit Number: P3000-0412
Audit Series: 180 Day Response

FINDINGS AND RECOMMENDATIONS 1		Status	Response Date(s)	Audit Series
PROHIBITED AND RESTRICTED PURCHASES				
1:1	Recommend that the Division of Procurement and Contracts (DPAC): <ul style="list-style-type: none"> Develop and implement comprehensive training to address prohibited and restricted purchases, specifically for recurring findings as outlined in the report. 	In Progress	06/24/2013 09/03/2013 01/07/2014	Draft Response 60 Day 180 Day
	Draft on schedule in developing its comprehensive CAL-Card training program which is to be completed by February 28, 2014			
1:2	Recommend that DPAC: <ul style="list-style-type: none"> Require CAL-card liaisons to complete CAL-card training. 	In Progress	06/24/2013 09/03/2013 01/07/2014	Draft Response 60 Day 180 Day
	Response: DPAC is on schedule in developing its comprehensive CAL-Card Liaison training which is to be completed by February 28, 2014. A complementary Policy Memo will be issued prior to that date.			
1:3	Recommend that DPAC: <ul style="list-style-type: none"> Develop a "Frequently Asked Questions" page to be included on the CAL-Card website. 	Completed	06/24/2013 09/03/2013 01/07/2014	Draft Response 60 Day 180 Day
	Response: DPAC developed the Frequently Asked Questions (attached) and posted it to the DPAC intranet site: http://admin.dot.ca.gov/pc/calcard_res_cntr.shtml (also attached).			
1:4	Recommend that DPAC: <ul style="list-style-type: none"> Modify the CAL-Card Handbook (CCH) section 3.9, File Documentation, to require the list of price quotes recorded on the Bid Quote Worksheet and the supporting bids to be submitted to the Division of Accounting (DOA) with the Cardholder Statement of Account (SOA) packages. 	Completed	06/24/2013 09/03/2013 01/07/2014	Draft Response 60 Day 180 Day
	Response: DPAC updated the Acquisition Manual. The revisions are noted in blue text. The updated version is posted on the DPAC intranet site: http://admin.dot.ca.gov/pc/manuals.shtml .			
1:5	Recommend that DPAC: <ul style="list-style-type: none"> Work with the Information Technology (IT) Certification Unit to develop a list of items requiring approval and post this list on the CAL-Card website 	Completed	06/24/2013 09/03/2013 01/07/2014	Draft Response 60 Day 180 Day
	Response: DPAC developed an Information Technology certification requirement list (attached) and posted it on the DPAC Intranet site: http://admin.dot.ca.gov/pc/doc/it-acquisitions-with-cal-card.pdf . Each time the list is updated, DPAC will put the previous version in an "Archived IT PURCHASES WITH CAL-CARD list" on the same webpage so previous versions can be easily be accessed for auditing and compliance. The archived lists will be filed by revision date.			

Audit Name: CAL-Card Program Audit
Audit Number: P3000-0412
Audit Series: 180 Day Response

FINDINGS AND RECOMMENDATIONS 1 (CONTINUED)		Status	Response Date(s)	Audit Series
PROHIBITED RESTRICTED PURCHASES				
1:6	Recommend that DPAC: <ul style="list-style-type: none"> Remind Cardholders and Approving Officials of the requirement to obtain PIA approval prior to purchase. 	Completed	06/24/2013 09/03/2013 01/07/2014	Draft Response 60 Day 180 Day
	Response: DPAC reminded cardholders and approving officials of the appropriate process via the CAL-Card monthly teleconference meeting on August 28, 2013 (e-blast 13-4): http://admin.dot.ca.gov/pc/doc/EB-13-4.pdf			
1:7	Recommend that DPAC: <ul style="list-style-type: none"> Provide timely feedback to Cardholders and Approving Officials regarding prohibited and restricted purchases, within 60 days from the statement date. 	Completed	06/24/2013 09/03/2013 01/07/2014	Draft Response 60 Day 180 Day
	Response: DPAC no longer waits to send out all notifications at once. As of August 8, 2013, DPAC started, and will continue, sending out notifications to individual cardholders as soon as the determination's made. Log attached. DPAC is continually improving its review timelines and notices.			
1:8	Recommend that DPAC: <ul style="list-style-type: none"> Review districts', divisions', and programs' CAL-Card procurement files on a sample basis to determine compliance with the State Controller's Office (SCO) MOU and compliance with CCH requirements; communicate deficiencies to Cardholders and Approving Officials; and update policies and procedures as needed. 	In Progress	06/24/2013 09/03/2013 01/07/2014	Draft Response 60 Day 180 Day
	Response: DPAC is on schedule in developing its process to incorporate this process by May 16, 2014.			
1:9	DPAC will: <ul style="list-style-type: none"> Enforce the Three Strikes Policy. 	Completed	06/24/2013 09/03/2013 01/07/2014	Draft Response 60 Day 180 Day
	Response: DPAC no longer waits to send out all notifications at once. As of August 8, 2013, DPAC started, and will continue, sending out notifications to individual cardholders as soon as the determination is made. Sample Memorandums to Cardholders attached.			
FINDINGS AND RECOMMENDATIONS 2		Status	Response Date(s)	Audit Series
CAL-CARD CONTROL WEAKNESSES				
2.2:1	Recommendation that DPAC: <ul style="list-style-type: none"> Review districts', divisions', and programs', CAL-Card procurement files on a sample basis to determine compliance with the SCOs' MOU and also review files for the aforementioned findings. 	In Progress	06/24/2013 09/03/2013 01/07/2014	Draft Response 60 Day 180 Day
	Response: DPAC is on schedule in developing its procedures to incorporate this process by May 16, 2014.			

Audit Name: CAL-Card Program Audit
Audit Number: P3000-0412
Audit Series: 180 Day Response

FINDINGS AND RECOMMENDATIONS 2 (CONTINUED)		Status	Response Date(s)	Audit Series
CAL-CARD CONTROL WEAKNESSES				
2.2:2	Recommendation that DPAC: <ul style="list-style-type: none"> Issue statewide reminders and instructions for items of noncompliance. 	Completed	06/24/2013 09/03/2013 01/07/2014	Draft Response 60 Day 180 Day
	Response: DPAC reminded cardholders and approving officials with specific compliance topics via the CAL-Card monthly teleconference meeting on August 28, 2013 (Meeting Minutes attached) http://admin.dot.ca.gov/pc/doc/minutes08282013.pdf			
2.2:3	Recommendation that DPAC: <ul style="list-style-type: none"> Clearly define what is meant by "as soon as possible thereafter" in the CCH section 3.1 regarding preparation of the CAL-Card Purchase Orders (CPO). 	Completed	06/24/2013 09/03/2013 01/07/2014	Draft Response 60 Day 180 Day
	Response: DPAC updated the Acquisition Manual. The revisions are noted in Chapter 12 section 12.3.2 (D) (also attached). The updated version is posted on the DPAC intranet site: http://admin.dot.ca.gov/pc/manuals.shtml .			
FINDINGS AND RECOMMENDATIONS 3				
REVIEW AND REPORTING WEAKNESSES				
3.2:1	DPAC will: <ul style="list-style-type: none"> Remind Cardholders and Approving Officials statewide of the requirement for tagging and recording equipment 	Completed	06/24/2013 09/03/2013 01/07/2014	Draft Response 60 Day 180 Day
	Response: DPAC reminded cardholders and approving officials with specific compliance topics via the CAL-Card monthly teleconference meeting on August 28, 2013 (Meeting Minutes attached) http://admin.dot.ca.gov/pc/doc/minutes08282013.pdf and the IT Purchases with CAL-Card list (attached) : http://admin.dot.ca.gov/pc/doc/it-acquisitions-with-cal-card.pdf			
3.2:2	DPAC will: <ul style="list-style-type: none"> Include a property control component in the training recommendations as outlined in Finding 1. 	In Progress	06/24/2013 09/03/2013 01/07/2014	Draft Response 60 Day 180 Day
	Response: DPAC is on schedule in developing its comprehensive CAL-Card training program which is to be completed by February 28, 2014.			
3.2:3	DPAC will: The CAL-Card Unit report equipment purchases to the Property Controllers as required.	Completed	06/24/2013 09/03/2013 01/07/2014	Draft Response 60 Day 180 Day
	Response: After further review of the data received and the capabilities of InfoAdvantage, DPAC cannot get access to all of the data needed to report these types of purchases. DPAC incorporated this requirement into its process and manuals. Section 7.4.1 was added to the manual (attached). The IT Purchases with CAL-Card document also has instructions (attached).			

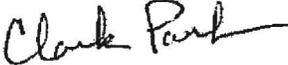
Memorandum

*Flex your power!
Be energy efficient!*

To: WILLIAM E LEWIS
Assistant Director
Division of Audits and Investigation

Date: January 21, 2014

File: P3000-0412

From: CLARK PAULSEN 
Chief
Division of Accounting

Subject: CAL-Card Transactions Review Audit - P3000-0412

The Division of Accounting (Accounting) received the Audit Report, CAL-Card Program Review Audit – P3000-0412, dated June 27, 2013. The following is our 180 day response to the audit:

Finding 5 – Inaccurate Vendor Transaction History Records within Advantage

Accounting has requested a change in Advantage to correct the Vendor Transaction History reporting. Programming changes were complete, data was tested, and the programming change had errors. Accounting is working with IT and CGI to have programming changes fixed and re-entered into the system for testing. It is expected this will be completed by March 31, 2014.

Should you have any questions regarding this response, please contact Katrina Kimber at (916)227-9055.

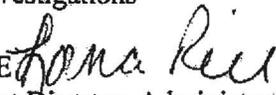
c: SKeck, Acting Chief Financial Officer
PAllen, Chief – IT Solutions Division
GPetrissans, Chief – Office of Commodities and Contract Payable's, Division of Accounting
KKimber, Chief – Commodity & CAL-Card Payments Branch, Division of Accounting
NFelcher, Audit Coordinator - Division of Accounting
RTakao, Audit Coordinator - Division of Audits & Investigation

Memorandum

*Flex your power!
Be energy efficient!*

To: WILLIAM E LEWIS
Assistant Director
Audits and Investigations

Date: February 4, 2014

From: LORNA RICE 
Deputy District Director, Administration
District 11

Subject: Response to Audit Report

District 11 has taken the following corrective actions to address the findings of the report.

The District issued a memo on July 3rd to Cal-Card Holders and Approving Officials to address the findings and concerns in the Audit Report.

As an on-going effort to improve our Cal-Card Program in the District, the following has been done.

- Started Cal-Card Quarterly Meetings/Trainings with all Cal-Card users and Managers (last meeting was held in June 2013, next one is set for March 6 2014)
- Attended Cal-Card monthly conference calls and ensured our District users and Managers were provided the minutes from those meetings
- Established and Maintained Cal-Card related training and records
- Established connections thru increased communication to ensure card users have a resource to go to when they have any purchasing issues **before** they violate a policy. Preventive Practice rather than Punitive.
- Hosting a separate Cal-Card Managers only training. (Aug 22 2013)
- Provided ongoing training as needed, both individually and sessions.
- Investigate policy violations when card users have been given warnings/strikes (3 strike policy). There have been several cases that were overturned due to HQ having incorrect or insufficient information.

The agenda for the March 6th meeting includes, but is not limited to the following:

At the March 6th meeting the following items are on the agenda for discussion:

- Justification
- Mandatory Contracts
- PIA Waivers
- Equipment Purchases
- IT Certifications

(Begin subsequent page headers on fourth line)

WILLIAM LEWIS

February 4, 2014

Page 2

- Statement of Account
- Advance Payments
- Prepayments
- Past Due Invoices
- Splits

If you have any questions, please contact me at (619) 688-6672.

c: Laurie Berman, District Director, District 11

Cory Binns, Chief Deputy District Director, District 11

Everett Townsend, Deputy District Director, Maintenance, District 11

Memorandum

*Flex your power!
Be energy efficient!*

To: WILLIAM E. LEWIS
Acting Assistant Director
Audits and Investigations

Date: August 27, 2013

File: P3000-0412

From: FRANCESCA NEGRI, Chief
Division of Procurement and Contracts

Subject: **Status Report for CAL-Card Program Audit**

The Division of Procurement and Contracts has attached the 60 Day Response on the implementation of audit finding dispositions for the CAL-Card Program Audit dated June 6, 2013.

If you have any questions on the status report, please contact Megan Rettke at (916) 227-6082.

Attachment:
60 Day Audit Response

Audit Name: CAL-Card Program Audit
Audit Number: P3000-0412
Audit Series: 60-day response

FINDINGS AND RECOMMENDATIONS 1 PROHIBITED AND RESTRICTED PURCHASES		Status	Response Date(s)	Audit Series
1:1	Recommend that the Division of Procurement and Contracts (DPAC): <ul style="list-style-type: none"> Develop and implement comprehensive training to address prohibited and restricted purchases, specifically for recurring findings as outlined in the report. 	In Process	06/24/2013 08/27/2013	Draft Response 60-day
	Response: DPAC is on schedule in developing its comprehensive CAL-Card training program which is to be completed by February 28, 2014.			
1:2	Recommend that DPAC: <ul style="list-style-type: none"> Require CAL-Card Liaisons to complete CAL-Card training. 	In Process	06/24/2013 08/27/2013	Draft Response 60-day
	Response: DPAC is on schedule in developing its comprehensive CAL-Card Liaison training which is to be completed by February 28, 2014.			
1:3	Recommend that DPAC: <ul style="list-style-type: none"> Develop a "Frequently Asked Questions" page to be included on the CAL-Card website. 	In Process	06/24/2013 08/27/2013	Draft Response 60-day
	Response: DPAC is on schedule in developing a Frequently Asked Questions link on the DPAC intranet site which is to be completed by December 20, 2013.			
1:4	Recommend that DPAC: <ul style="list-style-type: none"> Modify the CAL-Card Handbook (CCH) section 3.9, File Documentation, to require the list of price quotes recorded on the Bid Quote Worksheet and the supporting bids to be submitted to the Division of Accounting (DOA) with the Cardholder Statement of Account (SOA) packages. 	In Process	06/24/2013 08/27/2013	Draft Response 60-day
	Response: DPAC is on schedule in updating the Acquisition Manual which is to be completed by September 30, 2013.			
1:5	Recommend that DPAC: <ul style="list-style-type: none"> Work with the Information Technology (IT) Certification Unit to develop a list of items requiring approval and post this list on the CAL-Card website 	In Process	6/24/2013 8/27/2013	Draft Response 60-day
	Response : DPAC is on schedule in developing an Information Technology certification requirement list and the process to maintain it by January 31, 2014.			

Audit Name: CAL-Card Program Audit
Audit Number: P3000-0412
Audit Series: 60-day response

FINDINGS AND RECOMMENDATIONS 1 (CONTINUED) PROHIBITED AND RESTRICTED PURCHASES		Status	Response Date(s)	Audit Series
1:6	<p>Recommend that DPAC</p> <ul style="list-style-type: none"> Remind Cardholders and Approving Officials of the requirement to obtain PIA approval prior to purchase 	In Process	6/24/2013 08/27/13	Draft Response 60-day
<p>Response: DPAC will remind cardholders and approving officials of the appropriate process via the CAL-Card monthly teleconference meeting on August 28, 2013 and will also reiterate this message via CAL-Card E-Blast.</p>				
1:7	<p>Recommend that DPAC:</p> <ul style="list-style-type: none"> Provide timely feedback to Cardholders and Approving Officials regarding prohibited and restricted purchases, within 60 days from the statement date. 	In Process	06/24/2013 08/27/13	Draft Response 60-day
<p>Response: During July 2013, DPAC conducted two internal "CAL-Card Statement of Account Review" training sessions for all Non-IT Procurement Staff. Shortly thereafter DPAC started contacting cardholders to gather the necessary documentation and/or information to determine if the questionable purchases were prohibited or justified. Additionally, DPAC is providing individualized cardholder procurement coaching specifically regarding the questionable purchases. DPAC no longer waits to send out all notifications at once. As of August 8, 2013, DPAC started sending out notifications to individual cardholders as soon as the determination's made. The notification was revised and is now written on a Memorandum with concise findings. DPAC anticipates catching up with the back log by April 14, 2014 and will disseminate findings within 60 days from the statement date.</p>				
1:8	<p>Recommend that DPAC:</p> <ul style="list-style-type: none"> Review districts', divisions', and programs' CAL-Card procurement files on a sample basis to determine compliance with the State Controller's Office (SCO) MOU and compliance with CCH requirements; communicate deficiencies to Cardholders and Approving Officials; and update policies and procedures as needed. 	In Process	6/24/2013 08/27/13	Draft Reponse 60-day
<p>Response: DPAC is on schedule in developing its process to incorporate this process by May 16, 2014.</p>				
1:9	<p>DPAC will:</p> <ul style="list-style-type: none"> Enforce the Three Strikes Policy. 	In Process	06/24/2013 8/27/13	Draft Response 60-day
<p>As of August 8, 2013, DPAC started sending out notifications to individual cardholders as soon as the determination's made. Also refer to the Audit response 1.7 above.</p>				

Audit Name: CAL-Card Program Audit
Audit Number: P3000-0412
Audit Series: 60-day response

FINDINGS AND RECOMMENDATIONS 2 CAL-CARD CONTROL WEAKNESSES		Status	Response Date(s)	Audit Series
2.2:1	Recommendation that DPAC: <ul style="list-style-type: none"> Review districts', divisions', and programs', CAL-Card procurement files on a sample basis to determine compliance with the SCOs' MOU and also review files for the aforementioned findings. 	In Process	06/24/13 08/27/13	Draft Response 60-day
	Response : DPAC is on schedule in developing its process to incorporate this process by May 16, 2014.			
2.2:2	Recommendation that DPAC: <ul style="list-style-type: none"> Issue statewide reminders and instructions for items of noncompliance. 	In Process	06/24/13 08/27/13	Draft Response 60-day
	DPAC will remind cardholders and approving officials with specific compliance topics via the CAL-Card monthly teleconference meeting on August 28, 2013 and will also reiterate this message via CAL-Card E-Blast.			
2.2:3	Recommendation that DPAC: <ul style="list-style-type: none"> Clearly define what is meant by "as soon as possible thereafter" in the CCH section 3.1 regarding preparation of the CAL-Card Purchase Orders (CPO). 	In Process	06/24/13 08/27/13	Draft Response 60-day
	Response : DPAC is on schedule in updating the Acquisition Manual which is to be completed by September 30, 2013.			

Audit Name: CAL-Card Program Audit
Audit Number: P3000-0412
Audit Series: 60-day response

FINDINGS AND RECOMMENDATIONS 3		Status	Response Date(s)	Audit Series
REVIEW AND REPORTING WEAKNESSES				
3.2:1	DPAC will: <ul style="list-style-type: none"> Remind Cardholders and Approving Officials statewide of the requirement for tagging and recording equipment 	In Process	06/24/13 08/27/13	Draft Response 60-day
	Response : DPAC will remind cardholders and approving officials of the appropriate process via the CAL-Card monthly teleconference meeting on August 28, 2013 and will also reiterate this message via CAL-Card E-Blast.			
3.2:2	DPAC will: <ul style="list-style-type: none"> Include a property control component in the training recommendations as outlined in Finding 1. 	In Process	06/24/13 08/27/13	Draft Response 60-day
	Response : DPAC is on schedule in developing its comprehensive CAL-Card training program which is to be completed by February 28, 2014.			
3.2:3	DPAC will: The CAL-Card Unit report equipment purchases to the Property Controllers as required.	In Process	06/24/13 08/27/201	Draft Response 60-day
	Response : After further review of the data received and the capabilities of InfoAdvantage, DPAC cannot get access to all of the data needed to report these types of purchases. DPAC can however incorporate this requirement into its process and manuals. These changes will be incorporated by May 16, 2014.			

Audit Name: CAL-Card Program Audit
Audit Number: P3000-0412
Audit Series: 60-day response

Approving Managers	Date Received Audit	Approval Date	Comments
Mari Jo Snider, SSM I <i>Mari Jo Snider</i>	7/30/2013	8/26/2013	
Louise Lozoya, SSM II <i>Louise Lozoya</i>	7/30/13	8/26/13	
Jennifer Burnett, SSM II <i>Kelly McLean for</i>		8/26/13	
Alison Garcia, SSM II, acting for Kelly Takigawa, Assistant Division Chief <i>Alison Garcia</i>		8/26/13	
Megan Rettke, Assistant Division Chief <i>Megan Rettke</i>		8/24/13	

Memorandum

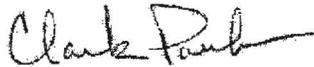
*Flex your power!
Be energy efficient!*

To: WILLIAM E LEWIS
Assistant Director
Audits and Investigation

Date: August 19, 2013

File: P3000-0412

From: CLARK PAULSEN
Chief
Division of Accounting



Subject: CAL-Card Transactions Review Audit - P3000-0412

The Division of Accounting (Accounting) received the Draft Audit Report, CAL-Card Program Review Audit – P3000-0412, dated June 6, 2013. The following is our 60 day response to the report:

Finding 5 – Inaccurate Vendor Transaction History Records within Advantage

Accounting has requested a change in Advantage to correct the Vendor Transaction History reporting. Programming changes are complete. Accounting has been working with IT to validate and implement the changes. IT has requested assistance from the Advantage vendor to implement the changes. It is expected this will be completed by September 30, 2013.

Should you have any questions regarding this response, please contact Katrina Kimber at (916)227-9055.

c: SKeck, Acting Chief Financial Officer
DKempster, Chief – IT Solutions Division
GPetrissans, Chief – Office of Commodities and Contract Payable's, Division of Accounting
KKimber, Chief – Commodity & CAL-Card Payments Branch, Division of Accounting
NFelcher, Audit Coordinator - Division of Accounting
RTakao, Audit Coordinator - Division of Audits & Investigation

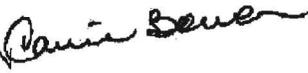
Memorandum

*Flex your power!
Be energy efficient!*

To: WILLIAM E. LEWIS
Assistant Director,
Audits and Investigations

Date: August 26, 2013

File:

From: CARRIE L. BOWEN 
Acting District Director
District 7

Subject: **CAL-Card Program Audit (P3000-0412) Findings 60 day disposition report**

Included in this memorandum and the attachments is the District Seven 60 day disposition report, in compliance with the June 2013 CAL-Card Program Audit.

District 7 has distributed the attached email to address the audit findings as outlined in the District 7 CAL-Card Program Audit Response Work Plan dated June 19, 2013. We also posted this email to the District 7 Intranet :

<http://h7www2/cmsms/index.php?page=cal-card-information>

In addition to the email, District 7 has forwarded the DPAC's monthly Power-Point presentations to all CAL-Card Holders and Approvers to reiterate and strengthen the knowledge of on-going issues covered in the monthly CAL-Card Liaison meeting.

District 7 Work Plan

Item	Steps	Completion Date	Person Responsible
Prohibited and Restricted Purchases	<p>Distribute memo to all Cal-Card holders and Approving Officials with emphasis on prohibited purchases, failure to use mandatory State Contracts and failure to obtain Information Technology (IT) Certification Unit approval.</p> <p>The Cal-Card Payments Section conducted 3 sessions of Cal-Card training to Cal-Card Holders in District 7 in May 2013.</p> <p>A link to HQ Accounting website on Cal-Card Processing in AMS Advantage (training video) was sent to all District 7 Cal-Card Holders on record for review/ training on processing Cal-Card transactions.</p>	<p>August 1, 2013</p> <p>Completed : May 2013</p> <p>Completed: June 11, 2013</p>	Duncan McIntosh DDD Administration
Cal-Card Control Weaknesses	Distribute memo to all Cal-Card holders and Approving Officials to strengthen the control of Cal-Card purchase process to avoid purchases without prior approval, late preparation of Cal-Card Purchase Order, and obtain sufficient purchases justification.	August 1, 2013	Duncan McIntosh DDD Administration
Property Control Weakness	Distribute memo to Property Controller, all Cal-Card Holders and Approving Officials stating that all equipment costing \$500 or more be controlled, identified, and tagged.	August 1, 2013	Duncan McIntosh DDD Administration

Attachments

- (1) Review of CAL-Card Handbook – email to all Cal-Card Holders and Approvers dated 7/24/13.
- (2) District 7 intranet page - - Cal-Card Information.
- (3) Monthly CAL-Card Presentations – email to all Cal-Card Holders and Approvers dated 7/31/13.

- c: Laurine Bohamera, Chief, Internal Audits, Audits and Investigations
Lindy Lee, Chief Deputy, District 7
Duncan McIntosh, Deputy District Director - Administration, District 7
Kevin Yee, Audit Manager, Internal Audits, Audits and Investigations