



May 27, 2010

Mr. Andrew J. Kraus III, Director  
California Department of Justice  
Office of Program Review and Audits  
P.O. Box 944255  
Sacramento, CA 94244-2550

Dear Mr. Kraus:

**Final Audit Report—California Department of Justice, CALGANG Grant Audit**

The Department of Finance, Office of State Audits and Evaluations (Finance), has completed its audit of the California Department of Justice's (DOJ) CALGANG grant agreement CG08129504 for the period July 1, 2008 through June 30, 2009.

The enclosed report is for your information and use. Because there were no audit findings or issues requiring a response, we are issuing the report as final.

In accordance with Finance's policy of increased transparency, this report will be placed on our website. Additionally, pursuant to Executive Order S-20-09, please post this report in its entirety to the Reporting Government Transparency website at <http://www.reportingtransparency.ca.gov/> within five working days of this transmittal.

We appreciate the assistance and cooperation of DOJ. If you have any questions regarding this report, please contact Cheryl Lyon McCormick, Manager, or James Kong, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

David Botelho, CPA  
Chief, Office of State Audits and Evaluations

Enclosure

cc: On following page

cc: Mr. Dane Gillette, Chief Assistant Attorney General, Criminal Law Division, California Department of Justice  
Mr. Richard Lopes, Deputy Director, Division of Law Enforcement, California Department of Justice  
Mr. Craig Buehler, Chief, Bureau of Investigation and Intelligence, Division of Law Enforcement, California Department of Justice  
Ms. Christina Rogers, Assistant Bureau Chief, Bureau of Investigation and Intelligence, Division of Law Enforcement, California Department of Justice  
Mr. Dave Harper, Assistant Director, Division of Administrative Support, California Department of Justice  
Ms. Stacey Luna Baxter, Staff Services Manager II, Division of Law Enforcement, California Department of Justice  
Ms. Teresa Hassey, Program Manager, Criminal Law Division, California Department of Justice  
Mr. Tim Gonsalves, Accounting Administrator II, Accounting Office, California Department of Justice  
Ms. Kristin Larsen, Accounting Administrator I, Accounting Office, California Department of Justice  
Mr. Kirby Everhart, Chief, Criminal Justice Program Division, California Emergency Management Agency

A GRANT AUDIT

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California Department of Justice  
CALGANG  
Grant Agreement CG08129504

Prepared By:  
Office of State Audits and Evaluations  
Department of Finance

**MEMBERS OF THE TEAM**

Cheryl L. McCormick, CPA  
Manager

James Kong, CPA  
Supervisor

Staff  
Kelly Wyatt

Final reports are available on our website at <http://www.dof.ca.gov>

You can contact our office at:

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# BACKGROUND, SCOPE, METHODOLOGY, AND RESULTS

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## BACKGROUND

The CALGANG automated gang tracking system was placed into operation in December 1997, in response to the Attorney General's public announcements to make it a priority to assist local agencies in combating gangs. The California Department of Justice, Bureau of Investigation and Intelligence (DOJ), embarked upon a multi-year effort to design, develop, and deploy a centralized linkage of existing local agency gang databases. This database system provides intelligence information to assist local agencies, and state and federal law enforcement agencies, in solving gang-related crimes, and provides tactical and strategic information to gang unit operations and police administrators throughout California. Presently, there are 13 regional local law enforcement agency gang information centers established in California. These centers serve as central hub sites for over 500 local, federal, and state agencies.

The California Emergency Management Authority (CalEMA) awarded DOJ a \$219,000 grant to maintain the CALGANG automated gang tracking system during fiscal year 2008-09. This is a multi-year grant with an additional \$260,000 awarded for fiscal year 2009-10.

## SCOPE

In accordance with an interagency agreement, the Department of Finance, Office of State Audits and Evaluations (Finance), conducted an audit of DOJ's CalEMA grant listed below.

<u>Grant Agreement</u>	<u>Audit Period</u>	<u>Awarded</u>
CG08129504	July 1, 2008 through June 30, 2009 <sup>1</sup>	\$ 219,000 <sup>2</sup>

The audit objective was to determine whether DOJ's grant expenditures were in compliance with applicable laws, regulations, and grant requirements. In order to design adequate procedures to evaluate fiscal compliance, we obtained an understanding of the internal controls. We did not assess the efficiency or effectiveness of program operations.

DOJ management is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and grant requirements as well as evaluating the efficiency and effectiveness of the program. CalEMA is responsible for the state-level administration of the grant funds.

## METHODOLOGY

To determine whether grant expenditures were in compliance with applicable laws, regulations, and the grant requirements, we performed the following procedures:

- Interviewed key personnel.

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<sup>1</sup> Although the grant period ends June 30, 2010, Finance will not review expenditures subsequent to June 30, 2009.

<sup>2</sup> Awarded amount includes only those funds available for expenditure during fiscal year 2008-09.

- Obtained an understanding of the grant-related internal controls.
- Examined the grant files.
- Reviewed DOJ's accounting records.
- Determined whether a sample of expenditures were:
  - Allowable
  - Grant related
  - Incurred within the grant period
  - Supported by accounting records
  - Properly recorded
  - Not double billed to other revenue sources
- Evaluated whether the goals and objectives required by the grant agreement were met.

The results of our audit are based on our review of documentation, other information made available to us, and interviews with the staff directly responsible for administering grant funds. The audit was conducted from January 2010 through March 2010.

Except as noted below, this audit was conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our observations and recommendations based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our observations and recommendations.

In connection with the audit, there are certain disclosures required by *Government Auditing Standards*. Finance is not independent of DOJ as both are part of the State of California's Executive Branch. As required by various statutes within the California Government Code, Finance performs certain management and accounting functions. These activities impair independence. However, sufficient safeguards exist for readers of this report to rely on the information contained herein.

## RESULTS

Based on the audit procedures performed, DOJ met the fiscal requirements for the grant agreement. No reportable observations or questions costs were identified. The Schedule of Claimed, Audited, and Questioned Amounts are presented in Table 1.

**Table 1: Schedule of Claimed, Audited, and Questioned Amounts**

<b>Grant Agreement CG08129504</b>			
<b>For the Period July 1, 2008 through June 30, 2009</b>			
<b>Category</b>	<b>Claimed</b>	<b>Audited</b>	<b>Questioned</b>
<b>Operating Expenditures:</b>			
Consultants	\$ 133,552	\$ 133,552	\$ 0
Maintenance, Applications, Licenses	1,844	1,844	
Indirect Costs	2,500	2,500	
<b>Total Operating Expenditures</b>	<b>137,896</b>	<b>137,896</b>	<b>0</b>
Equipment	30,712	30,712	
<b>Total Grant Expenditures</b>	<b>\$ 168,608</b>	<b>\$ 168,608</b>	<b>\$ 0</b>