



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, High Technology Crime Database 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) High Technology Crime Database grant agreement HT08089504 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  
High Technology Crime Database  
Grant Agreement HT08089504

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

Chapter 555, Statutes of 1998 earmarks up to 10.5 percent of the High Technology Apprehension and Prosecution Trust Fund (HTAPT) appropriation for the development and maintenance of a statewide high technology crime database. This database is used to capture and disseminate criminal intelligence to law enforcement agencies. The California Emergency Management Agency (CalEMA) is authorized to direct and control the HTAPT appropriated funds.

CalEMA awarded the California Department of Justice (DOJ) a \$54,716 grant (including a 25 percent match fund requirement) for the continued development and maintenance of the high technology crime database during fiscal year 2008-09.

## SCOPE

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

<u>Grant Agreement</u>	<u>Audit Period</u>	<u>Awarded</u>
HT08089504	July 1, 2008 through June 30, 2009	\$ 54,716 <sup>1</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.
- Obtained an understanding of grant related internal controls.
- Examined the grant files.
- Reviewed DOJ's accounting records.

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<sup>1</sup> Amount awarded includes a 25 percent match requirement.

- 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 this audit, there are certain disclosures required by *Government Auditing Standards*. The Department of Finance (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 questioned costs were identified. In addition, DOJ, which was required to provide matching funds equal to 25 percent of eligible project expenditures, met the match requirement. 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 HT08089504</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>Grant Funds:</b>			
Operating Expenditures:			
Consultants	\$ 38,143	\$ 38,143	\$ 0
Audit Costs	657	657	0
<b>Total Grant Fund Expenditures</b>	<b>\$ 38,800</b>	<b>\$ 38,800</b>	<b>\$ 0</b>
<b>Matching Funds:</b>			
Personal Services	9,700	9,700	0
<b>Total Expenditures</b>	<b>\$ 48,500</b>	<b>\$ 48,500</b>	<b>\$ 0</b>