



May 26, 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, State Terrorism Threat Assessment Center**

The Department of Finance, Office of State Audits and Evaluations (Finance), has completed its audit of the California Department of Justice's (DOJ) State Terrorism Threat Assessment Center Interagency Agreement 6062-8, 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 report.

We appreciate the assistance and cooperation of the 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  
State Terrorism Threat Assessment Center  
Interagency Agreement 6062-8

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

**MEMBERS OF THE TEAM**

Cheryl L. McCormick, CPA  
Manager

James Kong, CPA  
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Staff  
Amy Dieng

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 State Terrorism Threat Assessment Center (S-TTAC) is a partnership of the California Highway Patrol (CHP), the California Emergency Management Authority (CalEMA), and other state and federal agencies. The S-TTAC serves as the state's central collection point for all anti-terrorist information; provides analysis, threats, trends, and strategic planning on all criminal intelligence gathered/shared; rapidly disseminates intelligence information on criminal acts to appropriate law enforcement agencies; and acts as the law enforcement liaison between local and federal law enforcement authorities.

The California Emergency Management Agency (CalEMA) entered into a \$6,369,000 interagency agreement with the California Department of Justice (DOJ) for continuing support of the S-TTAC for 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 and CalEMA's interagency agreement listed below.

<u>Interagency Agreement</u>	<u>Audit Period</u>	<u>Amount</u>
6062-8	July 1, 2008 through June 30, 2009	\$6,369,000

The audit objective was to determine whether the DOJ's S-TTAC expenditures were in compliance with applicable laws, regulations, and interagency agreement 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.

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

## METHODOLOGY

To determine whether DOJ's S-TTAC expenditures were in compliance with applicable laws, regulations, and the interagency agreement requirements, we performed the following procedures:

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

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

Except as discussed 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 is not independent of the DOJ, as both are part of the State of California's Executive Branch. As required by various statutes within the California Government Code, the Department of 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, the DOJ met the fiscal requirements of the interagency agreement. However, due to the sensitive nature of the program, we were unable to observe or obtain supporting documents to verify the S-TTAC program objectives specified in the interagency agreement were met.

No reportable observations or questioned costs were identified. The Schedule of Claimed, Audited, and Questioned amounts are presented in Table 1.

<b>Interagency Agreement 6062-8</b>			
<b>For the Period July 1, 2008 through June 30, 2009</b>			
	<b>Claimed</b>	<b>Audited</b>	<b>Questioned</b>
Personnel Services	\$ 3,391,435	\$ 3,391,435	\$ 0
Operating Expenditures:			
Travel	54,327	54,327	0
Consultants	6,801	6,801	0
General	45,000	45,000	0
Printing	500	500	0
Insurance	1,000	1,000	0
Training	18,958	18,958	0
Facilities	575,167	575,167	0
Data Processing	1,317,032	1,317,032	0
Communication	36,196	36,196	0
Other	975	975	0
Indirect Costs	268,314	268,314	0
<b>Total Operating Expenditures</b>	<b>2,324,270</b>	<b>2,324,270</b>	
<b>Total Expenditures</b>	<b>\$ 5,715,705</b>	<b>\$ 5,715,705</b>	<b>\$ 0</b>