



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 Report—California Department of Justice, High Technology Theft Apprehension Program 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 Theft Apprehension Program, Identity Theft Support grant HD08089504 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 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

California Department of Justice
High Technology Theft Apprehension Program
Identify Theft Support
Grant Agreement HD08089504

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

MEMBERS OF THE TEAM

Cheryl L. McCormick, CPA
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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

BACKGROUND

Chapter 555, Statutes of 1998, established the High Technology Theft Apprehension and Prosecution Trust Fund. Moneys in this fund are expended to fund programs to enhance the capacity of local law enforcement, state police, and local prosecutors to deter, investigate, and prosecute high technology crimes. The California Emergency Management Agency (CalEMA) is responsible for administration of the fund.

The CalEMA awarded the California Department of Justice (DOJ) a \$401,864 grant (including a 25 percent match fund requirement) to facilitate identity theft training for law enforcement officers and prosecutors and to coordinate investigations and information sharing across federal, state, and local government jurisdictions. This is a multi-year grant with an additional \$465,435 awarded for fiscal year 2009-10.

SCOPE

In accordance with an interagency agreement, the Department of Finance, Office of State Audits and Evaluations, conducted an audit of DOJ's High Technology Theft Apprehension and Prosecution Program—Deputy Attorney General Identity (HTTAPP-DAG ID) Theft Support grant listed below.

<u>Grant Agreement</u>	<u>Audit Period</u>	<u>Awarded</u>
HD08089504	July 1, 2008 through June 30, 2009 ¹	\$ 401,864 ²

The audit objective was to determine whether the 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.

The 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. The CalEMA is responsible for the state-level administration of the grant funds.

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

² Awarded amount includes only those funds available for expenditure during the 2008-09 fiscal year and includes a 25 percent match requirement.

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 the grant-related internal controls.
- Examined the grant files.
- Reviewed the 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 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 for the grant agreement. No reportable findings or questioned costs were identified.

In addition, the 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

Grant Agreement HD08089504			
For the Period July 1, 2008 through June 30, 2009			
Category	Claimed	Audited	Questioned
<i>Grant Funds:</i>			
Personal Services	\$ 264,663	\$ 264,663	\$ 0
Operating Expenditures	34,163	34,163	0
Total Grant Fund Expenditures	\$ 298,826	\$ 298,826	\$ 0
<i>Matching Funds:</i>			
Personal Services	\$ 66,166	\$ 66,166	\$ 0
Operating Expenditures	8,540	8,540	0
Total Match Fund Expenditures	\$ 74,706	\$ 74,706	\$ 0
Total Expenditures	\$ 373,532	\$ 373,532	\$ 0