



September 16, 2009

Mr. Andrew J. Kraus III, Director  
California Department of Justice  
Office of Program Review and Audits  
1300 I Street, Room 1360  
Sacramento, CA 95814

Dear Mr. Kraus:

**Final Audit Report—California Department of Justice, High Technology Crime Database Grant Award HT07079504**

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 award HT07079504 for the period July 1, 2007 through June 30, 2008.

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 Frances Parmelee, Manager, or Osman Sanneh, 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. 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. Stacey Luna Baxter, Staff Services Manager II, Division of Law Enforcement, California Department of Justice  
Mr. Dave Harper, Assistant Director, Division of Administrative Support, California Department of Justice  
Mr. Tim Gonsalves, Accounting Administrator II, Accounting Office, California Department of Justice  
Ms. Glenda Ivie, 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 Award HT07079504  
For the Period July 1, 2007  
through June 30, 2008

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

## **MEMBERS OF THE TEAM**

Frances Parmelee, CPA  
Manager

Osman Sanneh, CPA  
Supervisor

Staff  
Alex Balandra

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

You can contact our office at:

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300 Capitol Mall, Suite 801  
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(916) 322-2985

## **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 a \$60,000 grant for fiscal year 2007-08 (with a \$15,000 or 25 percent match fund requirement) to the Department of Justice (DOJ) for the continued development and maintenance of the high technology crime database.

## **SCOPE**

In accordance with an interagency agreement with DOJ, the Department of Finance, Office of State Audits and Evaluations, performed a grant audit of the High Technology Crime Database grant award HT07079504 for the period July 1, 2007 through June 30, 2008.

The audit's objective was to determine whether the grant revenues and 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 relevant internal controls. We did not assess the efficiency or effectiveness of program operations.

## **METHODOLOGY**

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

- Interviewed key personnel to obtain an understanding of the grant-related internal controls.
- Examined applicable laws, policies, procedures, and grant files maintained by DOJ.
- Reviewed the DOJ's accounting records, vendor invoices, pay warrants, and bank statements.
- Reviewed payroll documents.
- Tested a sample of expenditures, including contractor's costs, personnel costs, and operating expenses to determine if claimed costs were allowable, grant-related, incurred within the grant period, supported by accounting records, and properly recorded.
- Performed procedures to determine if other revenue sources were used to reimburse expenditures already reimbursed with grant funds.
- Conducted a site visit to verify project existence.

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 grant funds. The audit was conducted from March 2009 through June 2009.

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 complied with applicable laws, regulations, and the grant requirements. No findings or questioned costs were identified. In addition, the DOJ, which was required to provide matching funds equal to 25 percent of eligible expenditures, met the match requirements. The claimed, audited, and questioned amounts are presented below.

**California Department of Justice  
High Technology Crime Database  
Grant Award HT07079504  
For the Period July 1, 2007 through June 30, 2008**

	<u>Claimed</u>	<u>Audited</u>	<u>Questioned</u>
<b>Grant Funds</b>			
Operating Expenses:			
Consultant Expenses	\$ 57,393	\$ 57,393	\$ 0
Equipment, Maintenance, Applications, Licenses	976	976	0
Audit Costs	<u>1,125</u>	<u>1,125</u>	<u>0</u>
Total Grant Funds	<u>\$ 59,494</u>	<u>\$ 59,494</u>	<u>\$ 0</u>
Matching Funds			
Personal Services	<u>\$ 14,873</u>	<u>\$ 14,873</u>	<u>\$ 0</u>