



October 26, 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 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 HD07079504 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 transmittal.

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 Richard R. Sierra for:

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

California Department of Justice
High Technology Theft Apprehension Program
Identify Theft Support Grant
HD07079504

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

MEMBERS OF THE TEAM

Frances Parmelee, 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. As such, CalEMA awarded the California Department of Justice (DOJ) a \$554,779 High Technology Theft Apprehension and Prosecution Program—Deputy Attorney General Identity (HTTAPP-DAG ID) Theft Support grant for fiscal year 2007-08, 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. There was a 25 percent matching fund requirement for this grant.

SCOPE

In accordance with an interagency agreement with DOJ, the Department of Finance, Office of State Audits and Evaluations, audited the HTTAPP-DAG ID Theft Support grant award HD07079504 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 the DOJ.
- Reviewed the DOJ's accounting records, vendor invoices, pay warrants, and bank statements.
- Reviewed payroll documents.
- Tested a sample of expenditures, including personnel costs and operating expenses to determine if claimed costs were allowable, grant-related, incurred within the grant period, supported by the 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 April 2009 through October 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 Audit 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 project expenditures, met the match requirement. The claimed, audited, and questioned amounts are presented below.

**California Department of Justice
HTTAPP-DAG ID Theft Support
Grant Award HD07079504
For the Period July 1, 2007 through June 30, 2008**

	<u>Claimed</u>	<u>Audited</u>	<u>Questioned</u>
Grant Funds			
Expenses:			
Personal Services	\$309,922	\$309,922	\$ 0
Operating Expenses	<u>50,420</u>	<u>50,420</u>	<u>0</u>
Total Grant Funds	<u>\$360,342</u>	<u>\$360,342</u>	<u>\$ 0</u>
Matching Funds			
Personal Services	<u>\$ 90,087</u>	<u>\$ 90,087</u>	<u>\$ 0</u>