



DEPARTMENT OF
FINANCE

ARNOLD SCHWARZENEGGER, GOVERNOR
915 L STREET ■ SACRAMENTO CA ■ 95814-3706 ■ WWW.DOF.CA.GOV

November 3, 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, CALGANG 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) CALGANG grant CG07119504 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:

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
CALGANG
Grant CG07119504

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
Jason Craft
Dennis Williams

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

You can contact our office at:

Department of Finance
Office of State Audits and Evaluations
300 Capitol Mall, Suite 801
Sacramento, CA 95814
(916) 322-2985

BACKGROUND, SCOPE, METHODOLOGY, AND RESULTS

BACKGROUND

The CALGANG automated gang tracking system was placed into operation in December 1997 in response to the Attorney General's public announcements to make it a priority to assist local agencies in combating gangs. The Department of Justice, California Bureau of Investigation (DOJ), embarked on a multi-year effort to design, develop, and deploy a centralized linkage of existing local agency gang databases. This database system provides intelligence information to assist local, state, and federal law enforcement agencies in solving gang-related crimes, and provides tactical and strategic information to gang unit operations and police administrators throughout California. Presently, there are 13 regional law enforcement agency gang information centers established in California. These centers serve as central hub sites for over 500 local, federal, and state agencies.

The California Emergency Management Authority (CalEMA) awarded the DOJ a \$300,000 grant for fiscal year 2007-08, to maintain the CALGANG automated gang tracking system.

SCOPE

In accordance with an interagency agreement with the DOJ, the Department of Finance, Office of State Audits and Evaluations, audited the CALGANG grant CG07119504 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 revenues 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.

- Tested a sample of expenditures, including operating expenditures and equipment costs, 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 the DOJ and CalEMA staff directly responsible for administering grant funds. The audit was conducted from April 2009 through October 2009.

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 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 was in compliance with applicable laws, regulations, and the grant requirements. No findings or questioned costs were identified. The claimed, audited, and questioned amounts are presented below.

**California Department of Justice
CALGANG
Grant CG07119504
For the Period July 1, 2007 through June 30, 2008**

Grant Funds	<u>Claimed</u>	<u>Audited</u>	<u>Questioned</u>
Operating Expenses:			
Consultant Expenses	\$ 180,278	\$ 180,278	\$ 0
Maintenance, Applications, and Licenses	71,942	71,942	0
Audit Costs	<u>4,500</u>	<u>4,500</u>	<u>0</u>
Total Operating Expenses	256,720	256,720	\$ 0
Equipment	<u>37,620</u>	<u>37,620</u>	<u>\$ 0</u>
Total Grant Expenditures	<u>\$ 294,340</u>	<u>\$ 294,340</u>	<u>\$ 0</u>