



MEMORANDUM

Date: October 15, 2021 File No.: 1123

To: **Mary Watanabe**, Director
California Department of Managed Health Care
980 9th Street, Suite 500
Sacramento, CA 95814

From: **Department of General Services**
Office of Audit Services

Subject: **AUDIT REPORT: COMPLIANCE WITH STATE BUSINESS MANAGEMENT POLICIES**

Attached is the final report on our compliance audit of the business management functions and services of the California Department of Managed Health Care (DMHC). The objective of our audit was to determine compliance with policies set forth in the State Administrative Manual, and the terms and conditions of any specific delegations of authority or exemptions from approval granted by the Department of General Services (DGS).

As noted in the report, we concluded that DMHC is conducting its business management functions and services in compliance with state requirements.

We sincerely appreciated all the cooperation and assistance provided by DMHC's personnel.

If you need further information on or assistance with this report, please call/e-mail me at (916) 376-5064/Dennis.Miras@dgs.ca.gov, or Maricela Bautista, Management Auditor, at (916) 376-5066/Maricela.Bautista@dgs.ca.gov.

Dennis M Miras

DENNIS M. MIRAS, CIA
Manager, Office of Audit Services

Attachment

cc: Dan Southard, Chief Deputy Director
Nichole Eshelman, Deputy Director, Office of Administrative Services
Natalie Herrera, Staff Services Manager III, Office of Administrative Services

**GOVERNMENT OPERATIONS AGENCY
DEPARTMENT OF GENERAL SERVICES**

**AUDIT OF THE CALIFORNIA
DEPARTMENT OF MANAGED
HEALTH CARE**

**FOR COMPLIANCE WITH STATE
BUSINESS MANAGEMENT POLICIES
REPORT NO. 1123**

OFFICE OF AUDIT SERVICES

SEPTEMBER 2021

**CALIFORNIA DEPARTMENT OF
MANAGED HEALTH CARE
(DMHC)**

**COMPLIANCE AUDIT
REPORT NO. 1123**

TABLE OF CONTENTS

	<u>PAGE</u>
AUDITOR'S REPORT	1

STATE OF CALIFORNIA
DEPARTMENT OF GENERAL SERVICES
AUDITOR'S REPORT

DATE: October 15, 2021

TO: **MARY WATANABE**, Director
California Department of Managed Health Care

This report presents the results of our compliance audit of the business management functions and services of the California Department of Managed Health Care (DMHC). These audits are routinely performed under the authority granted to the Department of General Services (DGS) by Government Code Sections 14615 and 14619. The objective of our audit was to determine compliance with policies set forth in the State Administrative Manual, and the terms and conditions of any specific delegations of authority or exemptions from approval granted by DGS.

As applicable, the scope of this audit included, but was not limited to, compliance with policies and procedures governing DMHC's contracting, fleet and travel services administration, small business and disabled veteran business enterprise usage, driver safety and insurance, surplus property, and real estate programs. Our audit was conducted in accordance with U.S. generally accepted auditing standards.

To determine compliance, we reviewed policies and procedures, interviewed parties involved, tested records and transactions, and performed other tests as deemed necessary. The period covered by our testing varied depending upon the area of review and the type of transactions involved; however, the emphasis of our review and testing was with current procedures and transactions completed during the 2019-20 and 2020-21 fiscal years.

Based on the audit results of our fieldwork conducted over the period April 7, 2021 through September 10, 2021, we concluded that DMHC is conducting its business management functions and services in compliance with state requirements.

We are pleased with how receptive and responsive DMHC staff and management were to our suggestions for improvement and with the prompt actions taken and commitments made to address issues identified and discussed during our audit fieldwork. However, we did not perform subsequent effectiveness tests to determine whether the corrective actions were functioning as intended. DMHC's management has the ongoing responsibility for ensuring that its business management policies and procedures are functioning as prescribed and are modified, as appropriate, for changes in conditions.

Mary Watanabe, Director

October 15, 2021

We sincerely appreciated the cooperation and assistance provided by DMHC's personnel.

If you need further information on or assistance with this report, please call/e-mail me at (916) 376-5064/Dennis.Miras@dgs.ca.gov, or Maricela Bautista, Management Auditor, at (916) 376-5066/Maricela.Bautista@dgs.ca.gov.

Dennis M Miras

DENNIS M. MIRAS, CIA
Manager, Office of Audit Services

Staff: Maricela Bautista, Management Auditor

cc: Dan Southard, Chief Deputy Director
Nichole Eshelman, Deputy Director, Office of Administrative Services
Natalie Herrera, Staff Services Manager III, Office of Administrative Services