

PURCHASING PROGRAM COMPLIANCE REVIEW

2608

(May 2005)

A purchasing program compliance review is an assessment of a department's purchasing activities. The DGS/PD must review a department's purchasing program at least once every three (3) years. DGS/PD may also conduct a random review of a department's purchasing program or a particular aspect of a department's purchasing program more frequently than every three years.

PURPOSE

2608.1

(May 2005)

Purchasing authority compliance reviews assess a department's ability to:

- Adhere to statutory and regulatory requirements and executive orders.
- Adhere to State purchasing policies and procedures and PAM requirements.
- Employ sound procurement practices.
- Compliance reviews also provide DGS/PD with a means to:
- Assess the strength and weaknesses of a department's purchasing program.
- Provide assistance to a department in maintaining compliance with the purchasing authority requirements and develop a high level of quality purchasing expertise.
- Determine the appropriate level of purchasing authority the department should be granted.

SCOPE OF REVIEWS

2608.2

(No. 3 February 2006)

All activities conducted under a department's purchasing authority are eligible for review.

Activities within the following areas are reviewed as applicable to a department's purchasing program:

- Non-IT goods competitive contracts
- Non-IT NCB contracts
- Prison Industry Authority (PIA)
- Community Rehabilitation Program (CRP)
- IT goods and services competitive contracts
- IT goods and services NCB contracts
- LPA orders
- CMAS

- Master Agreements, including WSCA
- Software License Agreements (SLP)
- Statewide Contracts (SC)
- State Price Schedules (SPS)
- Transactions using CAL-Card as the payment mechanism
- Receiving stock practices
- Payment practices, including prompt payment

TYPES OF REVIEW

2608.3

(No. 3 February 2006)

DGS/PD has established two types of compliance review processes:

- Scheduled Compliance Review:
 - Formal compliance review in accordance with PCC section 10320, 10333(b) and 12101.
 - Provides a department with formal written notice of review and date when the review will be conducted.
 - Formal entrance and exit conferences with the department.
 - Assessment of all transactions, activities, practices and procedures.
 - May conduct a follow-up review as necessary.
- Random Compliance Review:
 - Provides department with at least 72 hours notice.
 - Departments are generally selected randomly but may also be selected based on DGS management decision.
 - May utilize formal or informal entrance conference, which may be conducted by phone.
 - May include a shortened version of a scheduled compliance review and limit the reviewed areas to a specific segment of the department's purchasing program.

AVAILABILITY OF PROCUREMENT FILES AND EVIDENCE OF DOCUMENTATION

2608.4

(May 2005)

Procurement files must include adequate documentation that clearly demonstrates sound business judgment was used in the purchasing process, and that all of the applicable rules designed to protect the interests of the state and taxpayers are strictly applied. Procurement files must be consistent in content and organization in order to track the procurement process and to determine how the award was made. The department is responsible for maintaining evidence in the procurement file that supports all activities related to the procurement and for making procurement files available during a compliance review or at any other time upon request by DGS/PD.

[Click](#) here to access the file documentation list for transactions under \$5,000.00.

[Click](#) here to access the recommended file documentation list for non-IT goods competitive solicitations.

Note: If the department's purchasing program is decentralized (i.e. divisions, field offices, district offices), DGS/PD may require that procurement files be available in a central location for review.

In CAL FIRE, each purchasing unit (place of purchase; i.e. region office, unit headquarters, station, camp, etc.) will maintain an audit file of all purchases and related support documents, with copies of the invoices included in each file. The file must be available for review and audit upon request. Each purchasing document must indicate the alternate bid information either on the form or on an attached bid quote worksheet. If the station/facility/camp transfers its records to the unit headquarters, the purchasing documents may be transferred along with all related documents. Contact Business Services Sacramento, for further information.

Note: Regions and Units may have additional local policies for file documentation and record keeping. When review documents are required for DGS compliance review, Region and Unit Headquarters will be notified by Business Services Sacramento and are responsible for supplying all necessary documentation.

CONSEQUENCE OF NEGATIVE FINDINGS

2608.5

(May 2005)

If the findings of a compliance review prove to be unsatisfactory, DGS/PD may, at its discretion, impose the following actions (or any combination thereof):

- Require a status report on actions the department has taken to resolve compliance review findings and fulfill the department's commitments.
- Exercise closer supervision over the department's purchasing authority.
- Impose additional quality assurance or quality control measures and procedures.
- Reduce, suspend or rescind purchasing authority previously granted.
- Restrict the department's authority to administer contracts or execute amendments.
- Conduct a follow-up compliance review to verify that findings identified in the scheduled compliance review have been resolved.
- Take other actions determined to be appropriate for the circumstances.

COMPLIANCE REVIEW STATUS REPORT

2608.6

(May 2005)

Departments are required to take timely corrective action to resolve findings identified during a compliance review. Departments will be required to submit a status report to the PAMS within a specified period of time, generally within approximately 3 months, of the final report date explaining how the department has resolved the findings. To verify that the findings have been resolved, departments should audit its procurement activities to verify the accuracy of its status report responses.

DEPARTMENT'S COMPLIANCE REVIEW STATUS REPORT

2608.7

(May 2005)

[Click here](#) to view CAL FIRE's latest compliance review status report.

INTERNAL DEPARTMENTAL REVIEWS

2608.7

(No. 2 September 2005)

PROGRAM ACCOUNTABILITY REVIEW

2608.7.1

(May 2005)

In addition to the DGS audit, the department's Program Accountability Unit (Internal Audits) reviews purchasing activity annually. When a purchaser is selected for audit review, they must provide the following a complete set of purchasing documents and all supporting documentation for the purchase, access to current procurement policies and procedures and proof of completion of procurement training. The purpose of this review is to ensure compliance with all laws, rules and regulations as well as departmental policies.

BUSINESS SERVICE PERIODIC REVIEWS

2608.7.2

(May 2005)

Business Services Sacramento will be conducting quarterly procurement compliance reviews. Each quarter two units will be randomly selected (one from the Northern Region and one from the Southern Region) for review. Business Services has developed a checklist (pending) using the compliance review report and annual purchasing authority application for information. Units are encouraged to refer to this checklist when making purchases.

REGION OFFICE PERIODIC REVIEW

2608.7.3

(No. 2 September 2005)

Region office staff will review purchasing records of administrative units and send a report of findings to Business Services Sacramento. This will include logs and files of Purchasing Authority, CAL-Card and other purchasing methods. This review will also focus on validating that purchasers have had the required departmental procurement training and are certified purchasers.

(see next section)

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(see Forms or Forms Samples)