

County of San Bernardino

Auditor-Controller/Treasurer/Tax Collector
Internal Audits Section

Probation Department: Vehicle Follow Up Audit



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Mission Statement

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September 20, 2017

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SUBJECT: VEHICLE FOLLOW UP AUDIT

In compliance with Article V, Section 6, of the San Bernardino County Charter and County Policy 05-20 entitled Internal Operational Auditing, we have completed a follow-up audit of the Probation Department's Vehicles. The objective of the audit was to determine if the Department implemented the recommendations from the prior report. We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors.

We have provided a status of the audit findings identified in the original audit report issued on May 26, 2016. Of the 3 recommendations from the original audit report, 1 has been implemented and 2 have been partially implemented.

We sent a draft report to the Department on July 27, 2017. The Department's response to the current status of our recommendations is included in this report.

We would like to express our appreciation to the personnel at the Probation Department who assisted and cooperated with us during this engagement.

Respectfully submitted,

Oscar Valdez

Auditor-Controller/Treasurer/Tax Collector
San Bernardino County

By:

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Probation Department: Vehicle Follow Up Audit

Scope, Objective, and Methodology	1
Prior Audit Findings, Recommendations, and Current Status	2 - 5



Scope and Objective

Our audit examined the Department's vehicles for the period of June 2016 through June 2017.

The objective of this follow-up audit was to determine whether the Department implemented the recommendations contained in the prior audit report, *Vehicle Audit*, issued on May 26, 2016.

Methodology

In achieving the audit objective, the following audit procedures were performed, including but not limited to:

- Interview of Probation Department personnel.
- Review of the Department's policies and procedures.
- Examination of original source documents and system generated reports.



Prior Finding 1: The Assigned Vehicle Report was not accurately completed.

In order to properly report the taxable benefits of assigned vehicles, each department needs to complete an "Assigned Vehicle Report" and submit to the Payroll Department of the Auditor-Controller/Treasurer/Tax Collector (ATC). The Assigned Vehicle Report states that the Department certifies that the employees listed on the report were assigned vehicles for the lengths of time stated on the report, that all six conditions for using the commuting valuation method have been met, that personal use of vehicles was limited to commuting between their homes and their offices, and that the Department or District made reasonable efforts to ensure that such vehicles were used only for official business.

The Assigned Vehicle Report submitted to Payroll was for the reporting period of 11/01/14 - 04/30/15 and the total number of commute days for this period was 111 days. Although a Probation Division Director II employee retired on 3/30/15, the Assigned Vehicle Report reported her commute days as 111 exempt vehicle days. Her actual commute days should have been listed as 80 tax-exempt days.

The report was not checked for accuracy. Errors can occur, which can lead to inaccurate reporting for taxable purposes and on the employee's W-2 form.

Recommendation:

We recommend that the Assigned Vehicle Report be checked for accuracy and then reviewed by a secondary employee prior to being submitted to the ATC's Payroll Department.

Current Status: Partially Implemented

During our fieldwork, we reviewed the Assigned Vehicle Report dated 11/23/16. Although this report is being reviewed by a secondary employee prior to being submitted, errors were still found in the 05/01/16 – 10/31/16 reporting period. These errors could lead to inaccurate reporting for taxable purposes on the employee's W-2 form.



Management's Response:

To resolve this issue in the future, the Department will emphasize to staff in all classifications the need to accurately reflect both their hours and days worked in EMACS. The department will then be able to run an EMACS report internally and use the number of days worked to show the number of days the vehicle was used for commuting.

Auditor's Response:

The Department's planned actions will correct the deficiency noted in this finding.

Prior Finding 2: Vehicles were not found to be present at their assigned parking location.

Probation Department Inter-Bureau Procedure #98-05-47 "Use of County Vehicles" under Section I "Use" states that the use of County Vehicles is authorized for: delivering or picking up Juvenile Court wards or minors which the probation department or Juvenile Court has jurisdiction, delivering or picking up adult probationers or adults applying for probation services, travel necessary to fulfill basic probation functions which include but is not limited to: investigations, supervision and rehabilitation of those under probation department supervision, travel necessary to perform department business, participation in training events or attendance at other department authorized functions and use authorized by the Chief Probation Officer. In addition, County of San Bernardino Standard Practice #03-10SP1 "Storage of Vehicles" states that all motor pool vehicles must be parked overnight at approved County storage locations. Permission to garage at any other County storage locations must be obtained from the Motor Pool Supervisor or Department Head or Commuter Services Manager.

Eleven out of 38 non-assigned vehicles tested were not present before business hours at their assigned County parking location.

Employees are taking department vehicles home. The risk of unauthorized usage of County vehicles increases when there is no supervisory or management oversight of the Department vehicles.



Recommendation:

We recommend that Global Positioning System (GPS) tracking devices are installed in all Department vehicles to properly track and monitor vehicles' usage and location. Management should also ensure that staff are made aware of and comply with Inter-Bureau Procedure #98-05-47 and Standard Practice #03-10SP1. Alternatively, if GPS devices are not installed in vehicles, we recommend that supervisors and management frequently monitor their staff's vehicles to ensure they are only being used during business hours. The review of vehicles should also be documented in writing.

Current Status: Partially Implemented

Department staff is aware of Inter-Bureau Procedure #98-05-47 and Standard Practice #0310SP1. Although supervisors and management periodically monitor their staff's vehicles, six out of 55 non-assigned vehicles tested were not present before business hours at their assigned County parking location.

Management's Response:

After further conversation with ATC, it is our understanding that the six vehicles reference above (001181, 002315, 002445, 008445, 015325, and 020379) are assigned to Gateway, Central Valley JDAC and Training. Gateway and Central Valley JDAC are 24/7 facilities, as such, the reference to "before business hours" does not apply. All of these locations include both public parking, county parking which is accessible to the public, and secured parking. The secured parking is generally behind high walls and locked rolling gates. After receiving the findings from ATC, Probation staff conducted an informal audit of these six vehicles on June 16, 2017, and were able to locate each of these vehicles, five behind closed and locked gates and one at Fleet. We believe that the vehicles were likely present at the assigned locations when ATC conducted their audit as well, but were in parking locations not accessible to the public or to other county employees. Since these three locations (Gateway and Central Valley JDAC) are staffed 24 hours a day, we propose providing ATC with the contact information to these facilities which will allow staff to open the gate(s) so that ATC can confirm the presence of these vehicles in the future, keeping in mind that they could be in use anytime. The Training Division location is not staffed 24 hours a day, however, many employees start their workday prior to 8 am. We can discuss options with ATC for access to this location.



Auditor's Response:

The Department's planned actions will correct the deficiency noted in this finding.

Prior Finding 3: There was nothing in procedure regarding documenting the reason for assignment of take-home vehicles.

According to the Internal Controls and Cash Manual (ICCM), Chapter 2, the premise of an effective internal control structure is the Department's control environment, which includes elements such as management's philosophy and operating style and personnel policies and practices. It is imperative that management establish internal controls, such as policies and procedures, and communicate them to the operating personnel.

There was nothing in the written policies and procedures regarding the documentation of why an employee is assigned a take-home vehicle.

The position level of an employee determines whether a take-home vehicle will be assigned to the employee. If employees are not approved on a case-by-case basis, vehicles may be unnecessarily assigned to employees whose job duties do not require a vehicle.

Recommendation:

We recommend that Management immediately create a procedure regarding how assigned vehicles are approved. The procedure should indicate the steps taken and the different levels of approval that should be documented in writing prior to an employee receiving an assigned take-home vehicle.

Current Status: Implemented

The Department has adopted written procedures regarding how assigned vehicles are approved. Written reasons for the authorization of take home vehicle assignments are documented and retained in the Office of the Chief.