



California Public Utilities Commission  
Internal Audit Unit Follow-up Report on  
Motor Pool

June 8, 2016



June 8, 2016  
Finance and Administration Committee  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102

California Public Utilities Commission Internal Audit (IA) Follow-up Audit of the Motor Pool

Dear President Picker:

The Internal Audit Unit of the California Public Utilities Commission (CPUC) has completed its internal audit follow-up review of the CPUC's motor pool as of February, 2015. Our audit was conducted using the Institute of Internal Auditing's International Professional Standards for the Practice of Internal Auditing.

The enclosed report is for your information and use. The findings and recommendations in our report are intended to assist management in improving the effectiveness and efficiency of motor pool operations. Administrative Services and the Safety & Enforcement Division mostly agreed with our findings, and their responses are attached in Appendix C.

We appreciated the assistance and cooperation of agency management in the conduct of this audit. If you have any questions regarding this report, please feel free to contact me at 415-703-1823 or [CRD@cpuc.ca.gov](mailto:CRD@cpuc.ca.gov).

Sincerely,  
Carl Danner  
Chief Internal Auditor, California Public Utilities Commission

Enclosure

cc: Commissioners  
Ryan Dulin, Acting Deputy Executive Director and Acting Director, Administrative Services  
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Elizaveta Malashenko, Director – Safety and Enforcement Division  
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## Executive Summary

The Internal Audit (IA) Unit performed a follow-up audit of the motor pool and supporting functions within the CPUC's Administrative Services (AS) and Safety and Enforcement Division (SED). This audit was in response to the findings and recommendations of the Motor Pool Audit performed by IA and presented to the Commission in January 2015. The objective of this audit was to test the sufficiency of the internal controls within AS and SED for the vehicles in the CPUC's motor pool, following corrective actions taken to address our findings and recommendations from the original audit.

We examined the following activities related to the motor pool:

- Administration, including Inventory Maintenance and Record-Keeping
- Fleet Management System
- Vehicle Maintenance and Safety

IA determined that since our initial audit, neither AS nor SED have implemented effective processes to track the maintenance of the vehicles, or the vehicles themselves. Further, based on the limited records available from both AS and the Department of General Services (DGS), it does not appear that the vehicles are being properly maintained, as dictated by DGS and industry standards. There was limited compliance with a few of the recommendations from the original audit (i.e. installing safety kits), but overall the findings were not addressed.

In other words, the principal safety and maintenance concerns identified by the initial audit still exist over a year later. In our view, this is an unacceptable situation that must be remedied promptly. The essence of the solution is straightforward, that every vehicle in the CPUC's motor pool must be monitored by a responsible person who will:

- Track its usage (mileage) and assure that periodic maintenance and repairs are performed according to the DGS standard, and the maintenance schedule in the owner's manual for the vehicle;
- Maintain documentation to prove that needed maintenance and repairs have been completed;
- Verify periodically that the appropriate documents and supplies are kept in each vehicle, and are current (e.g. emergency contact information, safety kit, etc.); and,
- Have some ongoing assessment of the vehicle's general physical condition.

Failing to address safety concerns related to poor maintenance of our vehicle fleet could result in potentially serious hazards for staff and the public.

Given the fundamental management issues and the resulting safety concerns raised in the original audit, we recommended that a corrective action plan (CAP) be proposed and implemented. We recommended that management provide proposals to address all of the internal control and safety weaknesses findings in this audit, and report progress to the Commission in ninety days and six months. In response to our draft of this report, management provided a draft CAP for our review, and we reached agreement with them on a final CAP based on a series of discussions. The final CAP is included in Appendix C, along with a few further observations from us regarding follow-up testing we are planning to perform.

The issues in this report are based on fieldwork performed during late 2015 and early 2016. We took opportunities to discuss our findings and recommendations with the related divisions, units, and management throughout our fieldwork.

This report is intended for the information and use of the Commission and is not intended for use by anyone other than the specified parties. However, this limitation is not intended to restrict the distribution of this report as a matter of public record.

## Background

In January 2015, IA completed a Motor Pool Audit based on safety concerns with the vehicles driven by California Public Utilities Commission (CPUC) Commissioners and staff. There had been reports of vehicles not functioning well, failing for lack of proper maintenance, and other issues, including a lack of apparent process and procedures for management of the vehicles. This was an area of concern to the CPUC and the Internal Audit (IA) Unit, given the risks of driving poorly maintained vehicles.

The CPUC currently maintains 99 vehicles in three locations (San Francisco, Sacramento, and Los Angeles) at any given time.<sup>1</sup> Of this total, 84 vehicles are owned by the Department of General Services (DGS); however the CPUC is responsible for their maintenance. The agency owns and maintains an additional 15 vehicles for the Gas Safety and Reliability Program.

The vehicles in the motor pool are utilized by Commission staff for a number of different purposes, including permanently assigned vehicles used for travel to conduct field inspections; vehicles checked out for short-term use (day trips for offsite meetings, training) and overnight trips (field work for rate cases, audits, etc.); and transportation for Commissioners. The majority of the CPUC's fleet vehicles are assigned to individuals for their use on State business, specifically for Safety and Enforcement Division's (SED) field inspection work.

### Total Vehicles: 99

DGS Owned Vehicles:	84	San Francisco:	24
CPUC Owned Vehicles:	15	Sacramento:	27
		Los Angeles:	48
Assigned:	65	SED Vehicles:	80
Pool:	34	Other:	19

IA's audit completed in 2015 included numerous findings, with the overall issue being a lack of an implemented process for the effective management of the motor pool. The lack of a process has resulted in the CPUC maintaining an inaccurate inventory of records of the vehicles in its possession, failing to monitor and track for appropriate vehicle maintenance, and failing to meet DGS requirements in the areas of driver training, amongst other non-compliances. At the conclusion of the audit, IA determined that based on an independent inspection of all of the vehicles in CPUC's fleet, the failings in the management of the motor pool has resulted in poorly maintained vehicles in the fleet, with some having serious mechanical issues that presented a risk and hazard for our staff and the general public. Upon receipt of the report, AS and SED management provided action plans to address IA's findings.

<sup>1</sup> As noted in IA's initial Motor Pool Audit, this count can change over time due to cars being removed from service (based on age, need for excessive repairs, etc.) and addition of new vehicles to replace them.

## Objective

The objective of this audit was to report on the sufficiency of the internal controls within the Administrative Services and the Safety and Enforcement Division as they relate to the vehicles in the CPUC's motor pool subsequent to our findings and recommendations from the original motor pool audit dated January 2015. We sought to:

- Report on compliance with the audit findings and recommendations
- Evaluate the process and procedures for vehicle maintenance, including record-keeping, to determine if any improvements have been made since the original audit
- Test compliance with DGS required vehicle maintenance requirements

## Scope

The scope of our audit was the inventory of vehicles maintained by the CPUC as of October 2015; processes and procedures implemented by AS and SED management for the maintenance of these vehicles; and testing the record-keeping for the CPUC's vehicle fleet as of the end of the fieldwork from the original engagement (June 2014).

## Methodology and Testing

In planning and conducting the initial research for this follow-up engagement, IA reviewed the findings and recommendations from the original audit (January 2015) and Department of General Services (DGS) guidelines for state motor pool vehicle maintenance.

To determine the compliance with findings and recommendations from the original audit, IA completed the following:

- Obtained from CPUC management, a current copy of the motor pool inventory,
- Reviewed all available maintenance records for the vehicles from June 2014<sup>2</sup> to October 2015,
- Reviewed information regarding roles and responsibilities as they relate to maintenance of state vehicles and any additional invoices held by CPUC staff.
- Interviewed staff who worked with the fleet management system to determine whether the action plans proposed by management after the conclusion of the original audit had been implemented
- Conducted testing to determine whether DGS recommended checks had been performed according to the requirements of DGS's Office of Fleet and Asset Management (OFAM).
- Conducted compliance inspections of a sample of vehicles to determine if safety kits were included in each vehicle (A4),<sup>3</sup> and,
- Inspected vehicles to determine if all required forms, including current emergency contact information (A7), were included in each vehicle.

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<sup>2</sup> IA requested maintenance records from AS to this period during the original audit.

<sup>3</sup> References to findings from the original audit (listed in Appendix B) are noted by number throughout the report.

## Findings and Recommendations – Inventory

Maintaining an accurate inventory at all times was included in the original audit as findings **A1**, **A2** and **B1**. In reviewing the inventory provided by Administrative Services (AS) for the current audit, we noted multiple instances of inaccuracies in AS' vehicle inventory (some of which were noted as findings in the original audit) as detailed in the following:<sup>4</sup>

- One vehicle is listed twice (2012 Chevy Malibu E1323504)
- Some individuals are assigned multiple vehicles, and some vehicles do not have current names assigned
  - At least two vehicles are listed as being assigned to individuals who no longer work for the agency
- Some data is missing from the inventory, including:
  - Voyager card numbers
  - Billing number
  - Which division the vehicle is assigned to
  - Whether the vehicle has a timing belt or timing chain (**A9**)
- At least five vehicles from the original audit were listed in the wrong location (Sacramento instead of Los Angeles, etc.)
- Some information (car model, year, etc.) is not listed accurately

AS failed to maintain accurate or complete documentation to support the absence or presence of vehicles in its fleet, as detailed in the following:

- Eleven vehicles from the original audit inventory are no longer listed
  - According to AS, they were returned to DGS. However, no documentation exists to support their removal from the CPUC's inventory
- Twenty-three vehicles have been added to the current vehicle inventory (did not appear in the inventory for the original audit)
  - No documentation was maintained by the CPUC to support their addition to the agency's inventory
- Eight vehicles are listed in the current inventory despite the fact that (according to AS) they have been returned to DGS
  - No documentation was maintained by the CPUC to support this assertion

During the current audit DGS staff noted a concern that CPUC staff was not complying with the requirement for filing the appropriate form to identify the assigned driver on a vehicle. Drivers are required to have a current form OFA 50G form filed with DGS, to maintain a record of who is responsible for vehicle maintenance, and to provide contact information for reminders to perform oil changes, smog checks and factory recalls. DGS staff noted a concern that CPUC staff was not keeping forms current. Considering the errors in the inventory listing, this is likely a valid concern.

Another issue uncovered during the current audit is that AS staff indicated that CPUC staff are borrowing vehicles directly from DGS on a temporary basis (normally less than 30 days per DGS policy)<sup>5</sup> and with no formal process for what is required for CPUC employees to obtain these vehicles. As a result, there are no controls or documentation maintained when CPUC

<sup>4</sup> An accurate vehicles inventory from AS is important given that the Budget Control Officer for the Safety and Enforcement Division has indicated that he no longer maintains a separate inventory for the CPUC owned vehicles assigned to his division (**A2**). He now relies on the same inventory system used by AS.

<sup>5</sup> AS indicated this process is called "day-tripping."

employees are checking out these vehicles. AS staff indicated that some staff keep these vehicles longer than 30 days, and on occasion the vehicle then becomes part of our agency inventory (again without supporting documentation).

In conclusion, IA's findings from the original audit for the vehicle inventory system were not remediated since the issuance of our audit report, and AS and SED management failed to implement the corrective action proposed in January 2015. In completing this current audit, IA discovered additional issues with the vehicle inventory system, which we believe should be addressed by management, in addition to the findings from the initial audit report.

## Findings and Recommendations – Fleet Management System

As custodians of state assets, we are required to document the servicing and care of the vehicles (A5), and in this current audit, IA noted that a number of our findings from the prior review remain unremediated.

IA included as a finding in the original audit that the software tracking system for maintenance checks is not sufficient to capture the information necessary to document and assist in the monitoring of vehicle maintenance.<sup>6</sup> We noted in our prior audit report that this system is limited in being able to provide an alert at the appropriate time when routine maintenance should be completed; the list of maintenance items in the system includes only those that are included in the DGS recommended list, but does not include other items for checks and repairs that are recommended by the manufacturer for a specific make and model; and finally, the system does not have a field for the input of dates when a vehicle became part of the CPUC inventory, and this estimate may or may not coincide with the date when the vehicle actually requires its next routine maintenance.

IA had additional findings during the current audit that there are ineffective controls in the process for inputting information in the vehicle maintenance system to ensure accuracy and completeness. The current process has at least five people with access/responsibility for inputting data on the vehicles. There appears to be no documented segregation of duties or responsibilities. In addition, AS informed IA during the audit that staff is years overdue in inputting data on the vehicles.

IA's prior audit report included a finding that the majority of the agency's vehicles had either no documentation at all or limited documentation of maintenance or repair work that had been completed over time. IA's current testing of original invoices for vehicle maintenance revealed that the prior finding remained unremediated, with limited records of maintenance and repairs, specifically for the DGS-leased vehicles. AS management has not developed a process and procedures to ensure that records are maintained, and stated during the audit that it was not their responsibility to maintain these records since their understanding was that DGS keeps such records and informs staff when repairs are needed. However, DGS stated that it is the leasing agency's responsibility to maintain vehicles they borrow from them, including record keeping.

AS management's failure to develop a process for monitoring vehicle maintenance presents multiple issues. The most pressing concern is that vehicles may not be appropriately serviced,

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<sup>6</sup> Staff uses the same software package called "FleetVIP Pro" that was in place during the original audit.

creating a situation in which CPUC staff may be on the road with unaddressed mechanical problems with their vehicles. The physical inspections conducted in the initial audit found several unsafe vehicles in use. And based on the limited records available for review, it is not possible to establish whether a number of major mechanical findings from the original audit have been addressed.

Currently, there is no internal CPUC process for monitoring and tracking to ensure that vehicles have the required routine maintenance and needed repairs are being made. DGS recommends that the leasing agency maintain the records for each vehicle, and that the individual assigned drivers log all maintenance performed using state form STD 271.<sup>7</sup> DGS does send reminders to the driver on record (OFA 50G) for oil changes, smog checks and factory recalls. But they do not have a process in place to track any other form of maintenance for vehicles loaned out over a period of years.

During this audit IA did find one additional source for some vehicle maintenance records. We verified that the standard practice for vehicle maintenance is for the mechanic to submit an invoice to DGS for work performed and DGS would remit payment. This creates an electronic copy of the invoice, which can then be sorted into electronic folders for each vehicle by DGS. We requested copies of vehicle invoices for all of our DGS-leased vehicles to supplement information provided by AS and SED. However, even with the additional data provided by DGS, IA found limited records and an overall lack of compliance with required maintenance of the vehicles.

In an effort to obtain any further existing vehicle maintenance invoices, IA contacted multiple sources including DGS, AS, and individual CPUC staff. IA learned that some staff had copies of invoices from repairs performed in which DGS did not have a record. We determined that employees are using their Voyager cards to perform regular maintenance, rather than following the correct procedure of having a mechanic submit an invoice to DGS, as noted earlier. The Voyager card is essentially a state credit card to be used only for gasoline or emergency repairs.<sup>8</sup> As payment is made at point of sale, an invoice is not generated or sent to DGS. Using the Voyager card also bypasses the DGS internal control payment limits requiring an inspector's approval.<sup>9</sup> According to staff, Voyager cards are used in part because of complaints about slow payments from DGS by mechanics. There have been instances where garages have refused to service state vehicles because the mechanics had not been paid by DGS for prior work going back months. There is even an unofficial process by which staff contacts DGS to determine which mechanics have been paid recently so that they know which garages will be less likely to refuse service. Based on this information, it appears that staff are bypassing the standard procedure to obtain the servicing they need on their vehicles. However, this practice is creating additional risk with the circumvention of controls for cost containment.

### Vehicle Compliance Inspections

The audit team conducted field checks of vehicles in all three locations (San Francisco, Los Angeles, and Sacramento). We sought to determine if required documentation was included in vehicles, and if safety kits have been distributed as recommended in the original audit. We tested the following items for compliance:

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<sup>7</sup> Every state vehicle is required to have a form STD 271 in the glove compartment, and either the driver or the mechanic is required to document maintenance performed.

<sup>8</sup> <http://www.dgs.ca.gov/ofam/Programs/StateFleetCard.aspx>

<sup>9</sup> DGS requires and inspector authorization number for all invoices over \$500 (DGS approved garages) or \$350 (non-DGS approved garages). DGS recently completed a pilot program allowing for invoices up to \$1,000 without an inspector's approval.

- Safety kits (A4)
- Emergency contact information card (present and with current information) (A7)
- Monthly travel log (A6)
- STD 269 – Accident identification form
- STD 270 – Vehicle accident report
- STD 271 – Automobile maintenance log

**In San Francisco, we inspected 11 vehicles (out of 24)<sup>10</sup>**

- 11 vehicles had safety kits
- 2 vehicles had current emergency contact information cards
  - 4 vehicles did not have an emergency contact information card
  - 5 vehicles had outdated emergency contact cards
- 9 vehicles had monthly travel logs
  - The 2 that did not were due to the fact that they were assigned to Commissioners, although the third Commissioner-assigned vehicle did have a travel log in the car.
- 9 vehicles had a copy of STD 269
- 8 vehicles had a copy of STD 270
- 4 vehicles had a copy of STD 271

**In Los Angeles/Riverside, we inspected 36 vehicles (out of 48)**

- 30 vehicles had safety kits
  - Of the 6 that did not, one driver stated that there isn't room in the truck
- 14 vehicles had current emergency contact information cards
  - During the inspection process, the auditor noted that many drivers were not familiar with the document and had never been given the information
- 21 vehicles had monthly travel logs
  - 2 of the 21 were kept in an office file cabinet
  - Of those that did not have a travel log, 8 noted that they use a personal book to record their monthly mileage
  - One driver placed a travel log in his vehicle during the inspection process
- 21 vehicles had a copy of STD 269
- 28 vehicles had a copy of STD 270
- 30 vehicles had a copy of STD 271
  - 2 of the 30 keep the form in an office file cabinet
  - One driver placed a form STD 271 in his vehicle during the inspection process

**In Sacramento, we inspected 17 vehicles (out of 27)**

- 16 vehicles had safety kits
- 5 vehicles had current emergency contact information cards
  - During the inspection process, the auditor noted that many drivers were not familiar with the document and had never been given the information
- 17 vehicles had monthly travel logs
  - 4 of the 17 were kept in an office file cabinet
- 12 vehicles had a copy of STD 269

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<sup>10</sup> AS staff was present during the San Francisco inspection, and replaced or added forms in the majority of vehicles that were noted to be missing them.

- 14 vehicles had a copy of STD 270
  - Staff put copies of the form in two of the remaining vehicles during the inspection
- 15 vehicles had a copy of STD 271

In conducting these inspections, IA found that although safety kits were found in the majority of vehicles and the issue appears close to full remediation, there were mixed results in having the required documents in each vehicle. The testing results for the presence of an emergency contact information with updated, usable information in the vehicles was especially poor and needs to be addressed by AS, as it is crucial information when needed by a CPUC staff member. IA also noted that few of the STD 271 forms had been filled out with any information on maintenance performed (as is required by DGS).

Another concern raised during the original audit was the State-mandated training for employees who drive as a part of their work (**A3**). In investigating the CPUC's compliance with this rule, we determined in the original audit that there is no tracking of employees or any method of determining who is using vehicles for work, which of those who drive are current on their training certification, and who needs to take the training. In response to IA's finding, the Human Resources Training Officer has initiated a quarterly alert system in coordination with his database tracking system. Employees who do not have a current certification on file are notified via email. In addition, AS is beginning to track Defensive Driver Training (DDT) compliance.

In conclusion, little progress has been made to comply with the recommendations from the original audit. In fact, in conducting the follow-up audit, IA gained a greater understanding of the fleet management system and the internal controls weaknesses in the agency's current processes. The agency must implement a process and procedures to ensure the effective management of its fleet, which complies with state rules governing vehicle maintenance, driver training, and includes a method to track maintenance for the vehicles. Forms that are required to be with the vehicles should be included and filled in as required (including the maintenance log). We further recommend that the agency implement measures to achieve compliance with the DDT requirement, including consequences such as denying associated travel authorization involving vehicles for staff who fail to meet the requirement.

We also recommend a basic training course in driver obligations (which was also recommended by DGS staff we interviewed). This would include a reminder about the DDT requirement, how to fill out forms, responsibilities for staff in an accident situation, and instruction on when staff can use the Voyager card.

## Findings and Recommendations – Vehicle Maintenance and Safety

As part of IA's follow-up audit, we also sought to address safety concerns, especially those raised during the original audit. However, due to the lack of maintenance records available (both from within the agency and DGS records), it is difficult to determine what repairs and maintenance have been performed.

Based on the records IA was able to test, we determined that there are at least 23 vehicles that had major documented repairs needed (from the original audit) for which we do not have evidence that they have been addressed. These include:

- Fluid leaks
- Damaged batteries
- Worn tires
- Worn brakes
- Lights not working
- Driver's side mirror is taped on
- Frayed seat belt
- Timing belt needs replacement (**A9**)

As a result of the lack of records, we are unable to determine the mechanical state of the vehicles with any certainty. While we determined that there was no systemic process for the retention of records in a consistent, organized manner, we were also not able to determine whether the actual maintenance had been performed (regardless of whether or not the records had been kept). During discussions with staff, there appeared to be a lack of familiarity of the maintenance requirements for state vehicles. Some drivers stated that they use the vehicle until something goes wrong, then they take it in for repairs. Others wait until the "Check Oil" light activates before bringing their vehicle in for repairs.

During the field compliance inspection, we received complaints about three vehicles. Details on the complaints are found below. In developing a process for vehicle maintenance program, AS and SED should consider inclusion of a procedure for staff to report unsafe conditions on a vehicle and for those concerns to be addressed.

- 2005 Dodge Stratus E1428126 has five dark tinted windows (side and rear) that could make it unsafe to drive at night or in inclement weather
- 2003 Honda Civic Hybrid E1149701 has three dark tinted windows (rear side and rear) that could make it unsafe to drive at night or in inclement weather
- 2007 Chevy Silverado E1244926 has nearly 200,000 miles, and the driver has repeatedly asked that it be replaced

Based on the failure to implement new processes for the monitoring and tracking of vehicle maintenance and the limited availability of records of actual maintenance work, IA can only report a continuing, critical risk that the vehicles remain in a state of poor maintenance. We believe it is management's responsibility to develop a process to ensure that vehicles receive routine maintenance and required repairs in a timely manner. We consider findings **B2-10**, **C1-10** and **D1-10** from the original audit to be unremediated.

## Conclusion

We recommend to the Commission that agency management create a corrective action plan (**A8**) to address all the findings and recommendations in this audit report and report back to the Finance and Administration Committee after 90 days and 6 months.

Furthermore, IA recommends that AS and SED prioritize its corrective action to address those high risk vehicles that were identified in our original audit as requiring major vehicle maintenance and/or have high mileage. Given the potential safety concerns for these vehicles,

AS and SED needs to take immediate action to verify the maintenance needs and take action to address them.

## Appendix A – Summary of Recommendations

- ✓ Create a new vehicle inventory documentation system with verified information including:
  - A process to document vehicles received from DGS (or other sources)
  - A process to document vehicles returned to DGS (or other sources)
  - Accurate information on make, model, year, etc.
  - Location (San Francisco, Los Angeles, Sacramento, San Diego)
  - Vehicle assignment, including a system to track OFA 50G forms
  
- ✓ Review inspection findings from the original audit (as well as those noted in the current audit), and take vehicles in for repair (or return to DGS) for any outstanding safety findings
  
- ✓ Create a tracking system for odometer readings, including documented follow-up for drivers who do not report on a monthly basis
  
- ✓ Create a tracking system for maintenance work performed on each vehicle, including:
  - All required maintenance checks as required by STD 271 in the intervals defined
  - All maintenance checks defined by the owner's manuals for each make and model vehicle operated by the CPUC
  
- ✓ Maintain in a central location, records of work performed on each vehicle that is operated by the CPUC.
  - Implement a new policy by which all drivers submit invoices/receipts whenever work is performed on their assigned vehicle
  - For pool vehicles, designate an employee to coordinate the collection and remittances of invoices/receipts to a central location
  
- ✓ Confirm each vehicle has a safety kit, and contains all required STD forms
  
- ✓ Document staff understanding of their responsibilities, including:
  - Proper use of Voyager cards
  - Requirement to maintain Defensive Driver Training certification
  - Responsibility for filling out STD 271
  - Responsibility for required maintenance of vehicles
  
- ✓ Coordinate with the tracking system for Defensive Driver Training, and require compliance for everyone who either uses a state vehicle or drives their own vehicle on state business

## Appendix B – Recommendations from Original Audit

### General

- A1** – The CPUC vehicle inventory spreadsheet should be kept complete and accurate at all times, including vehicle information and who the cars are assigned to.
- A2** – The GSRB should maintain an accurate inventory of the vehicles designated for their exclusive use, and coordinate record-keeping with Administrative Services for accuracy.
- A3** – Human Resources should initiate a tracking system for the Defensive Driver Training Program. This can simply be a spreadsheet “tickler” file, with employee names, the date of their last training, and a pop-up notice when their certification is set to expire.
- A4** – All CPUC vehicles should have a basic safety and emergency kit, including items such as those noted above.
- A5** – Based on the results of our testing, we believe the current software tracking system for maintenance checks is not sufficient. We recommend the CPUC use a more flexible system that includes an option to include all recommended maintenance by vehicle make and model, and the ability to enter mileage and dates of service. This system will need to be centrally located and diligently updated on a regular basis. As none of the vehicles are inherently defective, every instance of maintenance difficulty described below could have been prevented with regular maintenance and monitoring of essential parts (tires, brakes, etc.). For brakes, the general industry standard is to replace the pads when they reach 30% remaining (or 3/32" thickness).
- A6** – All CPUC staff who use a fleet vehicle should be required to report their mileage on a monthly basis. The consequences of failing to report mileage can include a DGS request to reclaim the vehicle due to “lack of use.” In addition, we recommend that drivers with assigned vehicles submit a picture of their vehicle to Administrative Services at least every six months.
- A7** – CPUC administration management should ensure that emergency contact information is current in all vehicles.
- A8** – CPUC administration management should create an action plan to address all findings and recommendations in this report.
- A9** – When vehicles are received from DGS, it should be verified whether the engine uses a timing belt given that it would be a critical maintenance item.

### San Francisco Vehicles

- B1** – We recommend maintaining inventory document control for all vehicles. There should be at least a copy of correspondence from DGS for when the vehicle arrives (ideally with records in case there are problems with the vehicle) and when the vehicle is transferred out of service. Administrative Services provided documentation showing the transfer out of the three San Francisco vehicles listed above with receipt confirmed by DGS.

- B2** – 6,000 mile checks should be done on schedule, rather than more or less frequently to avoid either excess cost or excess risk to the maintenance of the vehicles.
- B3** – Regular maintenance requirements, including smog checks, air filter replacements, and tire rotations should be done on a regular basis.
- B4** – Major maintenance/repair recommended by the vehicle owner's manuals should be performed and tracked.
- B5** – A sign or note should be placed in the Toyota Prius vehicles to remind drivers to turn off the lights before exiting the vehicle. We did note that signs reminding drivers to turn off lights were placed on support pillars in areas designated for pool vehicle parking.
- B6** – For safety considerations, brake lining and tire wear status should be reported whenever the car is taken in for a checkup, and the percentage remaining should be tracked.
- B7** – Whenever a vehicle is brought in for a regular checkup, all DGS recommended checks should be performed, no matter where the maintenance is done. Garage staff should include a copy of the checklist in all vehicles and remind drivers to use it when bringing in the vehicles.
- B8** – Records of major repairs should be maintained to avoid duplication and unnecessary expense.
- B9** – Any instances of repair recommendations made by the mechanic following a checkup should be addressed immediately.
- B10** – As part of the overall action plan, we recommend that the inspection reports be reviewed, and all findings (especially those related to safety concerns) be resolved.

## Sacramento Vehicles

- C1** – Records need to be kept of all repairs and maintenance performed for all vehicles.
- C2** – We recommend maintaining inventory document control for all vehicles. There should be at least a copy of correspondence from DGS for when the vehicle arrives (ideally with records in case there are problems with the vehicle) and when the vehicle is transferred out of service.
- C3** – 6,000 mile checks should be performed on schedule, rather than more or less frequently to avoid either excess cost or excess risk to the maintenance of the vehicles.
- C4** – Regular maintenance requirements, including smog checks, air filter replacements, and tire rotations should be done on a regular basis.
- C5** – Major maintenance/repair recommended by the vehicle owner's manuals should be performed and tracked.
- C6** – For safety considerations, brake lining and tire wear status should be reported whenever the car is taken in for a checkup, and the percentage remaining should be tracked.

- C7** – Whenever a vehicle is brought in for a regular checkup, all DGS recommended checks should be performed, no matter where the maintenance is done. Garage staff should include a copy of the checklist in all vehicles and remind drivers to use it when bringing in the vehicles.
- C8** – Records of major repairs should be maintained to avoid duplication and unnecessary expense.
- C9** – Any instance of repair recommendations made by the mechanic following a checkup should be addressed immediately.
- C10** – As part of the overall action plan, we recommend that the inspection reports be reviewed, and all findings (especially those related to safety concerns) be resolved.

## Los Angeles Vehicles

- D1** – Records need to be kept of all repairs and maintenance performed for all vehicles.
- D2** – We recommend maintaining inventory document control for all vehicles. There should be at least a copy of correspondence from DGS for when the vehicle arrives (ideally with records in case there are problems with the vehicle) and when the vehicle is transferred out of service.
- D3** – 6,000 mile checks should be done on schedule, rather than more or less frequently to avoid either excess cost or excess risk to the maintenance of the vehicles.
- D4** – Regular maintenance requirements, including smog checks, air filter replacements, and tire rotations should be done on a regular basis.
- D5** – Major maintenance/repair recommended by the vehicle owner manuals should be done.
- D6** – For safety considerations, brake lining and tire wear should be reported whenever the car is taken in for a checkup, and the percentage remaining should be tracked.
- D7** – Whenever a vehicle is brought in for a regular checkup, all DGS recommended checks should be performed, no matter where the maintenance is done. Garage staff should include a copy of the checklist in all vehicles and remind drivers to use it when bringing in the vehicles.
- D8** – Records of major repairs should be maintained to avoid duplication and unnecessary expense.
- D9** – Any instance of recommended repairs made during checkups by the mechanic should be immediately addressed.
- D10** – As part of the overall action plan, we recommend that the inspection reports be reviewed, and all findings (especially those related to safety concerns) be resolved.

## Appendix C – Management Response and Internal Audit Comments

No.	CONTROL WEAKNESS IDENTIFIED	CORRECTIVE ACTIONS TAKEN	CORRECTIVE ACTIONS TO BE TAKEN	PERSON RESPONSIBLE FOR ACTION (POSITION TITLE)	DATE OF ACTION/ PLANNED ACTION
1	<p><b>Fleet Inventory listing contains errors</b></p> <ul style="list-style-type: none"> <li>• Vehicles listed more than once</li> <li>• Individuals assigned multiple vehicles</li> <li>• Data missing from inventory</li> <li>• Vehicles listed in the wrong location.</li> </ul>	<p>5th of each month: Inventory and vehicle records are confirmed using the Monthly Assigned Vehicle report from OFAM.</p> <p><b>Vehicle listed more than once</b></p> <p>This issue was corrected in <u>May 2015</u> See attached "List of PUC leased and owned vehicle".</p>	<p>Fleet management will continue to review spreadsheets to fix any errors and bring all the information up to date. In addition, a reconciliation of documents to the spreadsheet is necessary.</p> <p>Once assigned to supervisor then SED Coordinator and BCO are aware that a new OFA 50G must be submitted to Fleet Management.</p>	Administrative Services	Continued notices will be sent quarterly to employees regarding the OFA 50G.

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	<p><b>Continued - Fleet Inventory listing contains errors</b></p> <ul style="list-style-type: none"> <li>• Vehicles listed more than once</li> <li>• Individuals assigned multiple vehicles</li> <li>• Data missing from inventory</li> <li>• Vehicles listed in the wrong location.</li> </ul>	<p><b>Individuals assigned to multiple vehicles</b></p> <p>DGS/OFAM requires all their vehicles to be assigned to a person. As result, multiple vehicles are assigned to supervisors of vacated staff. Once the vacancy is filled, the vehicle is assigned to new staff. Pool vehicles are placed under the coordinators or a liaison name based on assigned location on vehicle</p> <p><b>Data missing from inventory</b></p> <p>Data missing was due to vehicle just being added to the PUC spreadsheet. Mileage data was added to the OFAM reporting site the following month.</p>	<p>Once <u>position is filled</u> and new employee is assigned, Coordinator and BCO are aware that a new OFA50G must be completed and submitted to Fleet Management</p> <p><u>NOTE</u>: OFAM doesn't always update their records accordingly.</p>		

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	<p><b>Continued - Fleet Inventory listing contains errors</b></p> <ul style="list-style-type: none"> <li>• Vehicles listed more than once</li> <li>• Individuals assigned multiple vehicles</li> <li>• Data missing from inventory</li> <li>• Vehicles listed in the wrong location</li> </ul>	<p><b>Vehicle listed in wrong location</b></p> <p>SED vehicles in SAC, SF and LA offices are often moved to another location to fulfill the need for additional vehicles. Employees weren't aware of the need to notify PUC fleet coordinator and fill out OFA 50 G in order to update info with DGS. Fleet Management worked with SED, and employees were asked to notify fleet coordinator and complete an OFA 50 G for DGS. /OFAM. SED has been in compliance and I have 50Gs on file. About 15 OFA</p>	<p>Continued notices will be sent quarterly to employees regarding the OFA 50G.</p> <p>As an added quality assurance</p> <p>Division Supervisor/Manager will review and approval will be required monthly on all spreadsheets.</p>	<p>Administrative Services</p>	<p>Continued notices will be sent quarterly to employees regarding the OFA 50G.</p>

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		<p>50Gs were generated and sent to me along with 20 others prior to the Nov. 04, 2015 e-mail to E. Morgan and Y. Martinez.</p> <p>An e-mail sent out on 5/06/2014 to SED employees also stated that OFA 50G is required by OFAM anytime a vehicle is reassigned. .</p>			
2	<p><b>No process exists to document deletions and additions to the Fleet Inventory</b></p> <ul style="list-style-type: none"> <li>• Vehicles from the original audit are no longer listed but no supporting documentation exists regarding their removal.</li> <li>• Vehicles have been added since the original audit but no documentation exists supporting the addition.</li> </ul>	<p>Fleet coordinator is working with SED to establish a process that requires all vehicle related documents be sent to fleet management. These documents are to be filed in the individual vehicles file folder.</p>	<p>Fleet management will develop a documentation process supporting any additions and deletions to the fleet. This documentation to be used in the corrective action noted above.</p>	<p>Administrative Services</p>	<p>December 2015</p>

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			As an added quality assurance Division Supervisor/Manager will review and approval will be required monthly on all spreadsheets.		
3.	<p><b>Lack of centralized process for borrowing vehicles from DGS</b></p> <p>CPUC staff is borrowing vehicles directly from DGS on a temporary basis (less than 30 days per DGS policy). There is no formal process in place for what is required by the CPUC employees to obtain vehicles. The result is there are no controls or documentation maintained when checking out these vehicles and after 30 days may become part of our agencies inventory without supporting documentation.</p>	<p>OFA 8G is completed by the State Garage whenever a vehicle is rented for temporary daily use.</p> <p>TTA is filled out and signed off by Supervisor to allow the employee to borrow the vehicle.</p>	<p>A reminder regarding the policy will be sent to employees regarding the proper procedure for obtaining vehicles for travel.</p> <p>Supervisors must monitor the vehicles borrowed from DGS for excessively long periods and hold employees responsible to ensure compliance with the 30-day rule.</p>	<p>Divisions &amp; Administrative Services</p>	<p>June 2016</p>

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4	<p><b>No process or system in place for monitoring and tracking to ensure vehicles have the required routing maintenance and repairs performed.</b></p> <p>During the audit it was found that DGS does send out reminders for their leased vehicles for basic maintenance. Those owned by CPUC do not get these reminders. In addition, if the vehicle is unsafe or needs other types of repairs it is the driver's responsibility to arrange to get these repairs done</p>	<p>Corrections are made Immediately once any errors are identified.</p>	<p>Develop one process to ensure all vehicles are tracked to ensure maintenance and repairs are scheduled and performed timely.</p> <p>Reconcile documentation from people assigned vehicles to the maintenance schedule.</p>	<p>Administrative Services</p>	<p>December 2015</p>

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	<p><b>Continued – No process or system in place for monitoring and tracking to ensure vehicles have the required routing maintenance and repairs performed.</b></p> <p>timely. In addition, the inspection during the audit found unsafe vehicles in use.</p>	<p>All 23 vehicles listed in the follow-up report have been repaired with the exception of two vehicles with minor repairs needed.</p>	<p>Fleet Management will send quarterly reminders to all on file OFA 50G parties to remind them to keep up with the scheduled maintenance of their vehicles and to submit a copy of all invoices to fleet coordinator. Initial reminder will be sent to SED, starting June, 2016.</p> <p>As an added quality assurance Division Supervisor/Manager will review work to ensure adequate actions have been taken.</p>	<p>Administrative Services</p> <p>Divisions</p>	<p>Quarterly calendar date has been created starting June 2016</p>





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	<p><b>Continued - Ensure all vehicle compliance requirements are met.</b></p> <p>4) Some vehicles were missing the accident identification form, vehicle accident form and automobile maintenance log.</p>	<p>notification is received from DGS. PUC hasn't received any emergency information updates from DGS as of yet. .</p> <p>3. Travel logs have been added to all vehicles. An e-mail will be sent to employees to confirm. Vehicle packets have been ordered which will be a part of all CPUC vehicles and required by home based/field employees to keep it in their vehicle whenever they're on the road. The packets are already included in pool cars and issued whenever a car is checked out.</p> <p>4. All vehicles are equipped with both the accident id form STD 269 and the maintenance log book STD. 271 E-mail will be sent to drivers to confirm. A link to print the 269 and 271 forms will accompany the e-mail.</p>	<p>necessary requirements. Fleet Liaisons and Fleet Coordinator will perform quarterly inspections of pool vehicles to ensure each has the necessary requirements.</p> <p>Email will be sent 5/15/16 to employees to confirm travel logs are in vehicles.</p> <p>Email will be sent 5/15/16 to employees to confirm that Std 269's and Std 271's are all Fleet Vehicles.</p>	<p>Administrative Services</p>	<p>Commenced May 2016.</p>

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	<p><b>Continued - Ensure all vehicle compliance requirements are met.</b></p>		<p>Management in affected Divisions need to ensure staff complies with the required compliance requirements.</p> <p>As an added quality assurance Division Supervisor/Manager will monitor vehicles to ensure all compliance requirements are met.</p>	<p>Divisions</p>	
<p><b>7</b></p>	<p><b>Tracking system for Defensive Driver Training, Authorization to Drive Privately Owned Vehicle (STD 261), Vehicle Storage</b></p> <p>CPUC needs to develop a better system to ensure all employees who drive while working have their Defensive Driver training completed and an updated STD 261.</p>	<p>The CPUC is following OFAM policy that employees who drive on state business must maintain current STD261s and Defensive Driving</p>	<p>Fleet Management will establish a centralized place to retain all these forms and require they are updated as needed or annually.</p>	<p>HR Training</p>	<p>June 2016</p>

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	<p><b>Continued -Tracking system for Defensive Driver Training, Authorization to Drive Privately Owned Vehicle (STD 261), Vehicle Storage</b></p>	<p>Training (DDT) on file with the supervisor. Fleet Management relies on supervisor who approves an employee to drive private or state owned vehicle on state business, have current STD261s and DDT on file.</p>	<p>One centralized process to track these forms to ensure they have been completed HR is the keeper of the current tracking for STD 261s.</p> <p>Division Supervisors need to ensure there is compliance with the requirement and include in all employees file that travel.</p> <p>As an added quality assurance Supervisor/Manager of Fleet will review on a sample basis employees compliance with the Defensive Driver training and the STD 261.</p>	<p>Divisions</p> <p>Administrative Services</p>	

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8	<p><b>Lack of Compliance regarding use of the Voyager Cards</b></p> <p>Voyager cards are being used for unauthorized purposes. In addition, the voyager bill has not been paid timely.</p>	<p>Voyager bills are checked monthly by Fleet management to ensure the cards are not abused.</p> <p>Employees issued voyager cards are required to sign the agreement form which outlines the requirements for using the card.</p> <p>Accounting understands the importance of processing the Voyager bill on time but has been backlogged.</p>	<p>Ensure all voyager card holders understand the use of voyager cards.</p> <p>Accounting needs to pay the voyager bill timely so that the card can continue to be utilized by staff in the field.</p> <p>As an added quality assurance Fleet and Division Supervisor/Manager will continue to review Voyager reports and provide an update to all Division Directors if their staff is not following the rules as it applies to the Voyager card.</p>	<p>Divisions</p> <p>Accounting</p> <p>Administrative Services</p> <p>Divisions</p>	<p>Commenced May 2016</p> <p>Commenced May 2016</p>

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9.	<p><b>Lack of Updated Policies and Procedures</b></p> <p>The current policies and procedures posted on the intranet do not address all the processes and procedures required by DGS.</p>	<p>A current policy exists on the intranet and DGS has their policy and compliance rules on the internet.</p>	<p>Updated policies and procedures addressing all areas of fleet management as provided by DGS will be posted on the Intranet.</p>	<p>Administrative Services</p>	<p>December 2016</p>

The Internal Audit (IA) unit appreciates the final corrective action plan (CAP) provided by management above. As indicated earlier in this report, the CAP reflects agreement between IA and management that the steps proposed, if implemented fully, should appropriately address the process deficiencies identified in the CPUC's motor pool function. IA would like to add the following observations (tied to the numbered categories in the CAP) to indicate a few priorities for follow-up testing on our part:

1. The CAP noted that corrections to the vehicle inventory have been made. However, audit evidence gathered during fieldwork indicated that actions taken by management were not entirely complete or effective. Therefore, follow-up testing (per the schedule described below) will include tests to verify that errors no longer appear in the vehicle inventory, and that driver designation forms (50G) are on file.
2. IA concurs with the plan to work with SED on developing a system to document additions and removals from the fleet inventory.
3. IA concurs with the plan to monitor and enforce rules regarding the short-term leases of vehicles from DGS.
4. IA concurs with the plan to ensure tracking of required repairs and maintenance. As part of our follow-up testing, we will be requesting documentation that the 23 vehicles identified in the original audit as in need of substantial repairs were indeed repaired.
5. We note that the statement that DGS maintains copies of all invoices is not entirely correct. The use of Voyager cards for routine maintenance (which violates DGS fleet rules) creates as a record only a single line item on an expense report. No invoice is generated, so DGS does not receive any detail of what work was performed. Regardless, we will conduct follow-up testing of management's plan to use the current procedures and fleet management software to meet the needs of the motor pool.
6. IA has noted that prior corrective actions in regard to the required documentation in the vehicles (especially the Emergency Contact Cards) have not been comprehensive. As described in the audit report, a physical inspection of the vehicles in December 2015 and January 2016 noted numerous instances where the card was either missing or contained outdated contact information. As part of our follow-up testing, IA will inspect vehicles to ensure the problem has been resolved.
7. IA concurs with the plan to enforce the Defensive Driver Training requirement.
8. IA concurs with the plan to review the Voyager card expense reports, with the understanding that the cards should not be used for routine maintenance for reasons noted above.
9. IA concurs with the corrective action to be taken, although we believe that December 2016 is too far in the future. We will review the updated policies and procedures in August.

IA will conduct follow-up testing as described below to confirm the effectiveness of the corrective actions.

August 2016

- A review of the information provided in the CPUC motor pool inventory, including vehicle information and assigned driver documentation.
- A review of controls put in place to assure compliance with short-term vehicle loans from DGS ("day-tripping").
- Vehicle documentation testing, including inspection of vehicles to ensure proper paperwork (such as the Emergency Contact Card) is included in every vehicle.
- A review of updated policies and procedures put into place.

November 2016

- A review of documentation for additions and removals of vehicles from the CPUC motor pool inventory.
- A review of the CPUC's motor pool maintenance tracking system, including documentation management.
- A review of enforcement of the state's training requirement, including Defensive Driver Training and the proper use of the Voyager card.