



Motor Pool Follow-Up Internal Audit



Carl Danner
Chief Internal Auditor

Benjamin Schein, CPA
Auditor in Charge

California Public Utilities Commission

June 8, 2016





Background

- CPUC staff raised concerns about the safety and maintenance of agency motor pool vehicles. As a result, IA conducted an audit that was presented to the Commission in January 2015.
- Due to the serious and safety-related findings from the audit, IA conducted a follow-up audit of the motor pool to assess:
 - Have safety-related findings been addressed;
 - Have process and managerial improvements been made;
 - Has the CPUC achieved compliance with State rules.





Evidence on Original Audit Findings

- Many key findings from the prior audit were not addressed:
 - Inaccuracies in vehicle inventory
 - Lack of maintenance records
 - Fleet tracking software shortcomings
 - Need to repair damaged vehicles
- Some findings were partially addressed:
 - Worst vehicles were repaired
 - Most vehicles now have a safety kit
 - Required information and forms now found in many vehicles
 - Reminders now sent about required Defensive Driver Training certification (to drive on State business), but no enforcement.





Findings – Inventory

- Continuing problems with the vehicle inventory included:
 - No documentation produced for vehicles received from or returned to DGS;
 - Vehicles still listed in inventory that are alleged to have been returned to DGS;
 - Duplicate vehicle listings;
 - Inaccurate or missing vehicle information, including assigned drivers.





Findings – Fleet Management

- AS/SED were still unable to produce much documentation of maintenance on vehicles (going direct to DGS yielded a bit more).
- However, even DGS had limited records, due to CPUC drivers' misuse of Voyager cards:
 - Voyager cards are meant for gasoline purchases or emergencies, not routine service or repairs;
 - Their use bypasses the DGS mandated \$500 limit on repairs (without DGS inspector authorization) and does not generate a DGS system record for the vehicle.
- In-vehicle documents were inconsistent; of vehicles inspected,
 - Less than 1/3 had a current emergency contact card
 - About 3/4 had a maintenance log
 - About 9/10 inspected had a safety kit





Findings – Vehicle Maintenance and Safety

- The lack of records prevented us from assessing the likely current mechanical state of the vehicles.
- We did confirm that the four unsafe vehicles were repaired:
 - However, repair records were lacking for many lesser but still concerning findings (e.g. fluid leaks, worn tires and brakes, rearview mirrors taped on, loose bumpers, and non-functioning parking brakes);
 - In addition, the records we were able to examine **did not** allow us to conclude that vehicles are being maintained according to state standards or the owners' manuals.
- The evident, continuing lack of a process for the safe maintenance and repair of the vehicles led us to cut short the audit and issue a detailed alert to management about these safety concerns.





Management's Corrective Action Plan

- IA requested a corrective action plan, and we discussed its initial draft with management:
 - IA will conduct follow-up testing in August and November 2016.
- This audit process created an informative data point for IA regarding how to encourage attention to problematic findings:
 - We are more likely to request corrective action plans in the future.
- In our view, the new Risk and Compliance Officer is a beneficial innovation for the agency:
 - A clear point of contact for audit-related questions, and monitoring of responsive actions.
- Another item on today's agenda is a proposed formal process that management and IA have developed for monitoring of responses to internal and external audit findings.





Thank you!
For Additional Information:
www.cpuc.ca.gov

