

County of San Bernardino

Auditor-Controller/Treasurer/Tax Collector
Internal Audits Section

Probation Department: Vehicle Audit



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May 26, 2016

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SUBJECT: VEHICLE AUDIT

In compliance with Article V, Section 6, of the San Bernardino County Charter and County Policy 05-20 entitled Internal Operational Auditing and Welfare and Institutions Code 275, we have completed an audit of the Probation Department for the period of July 2012 through June 2014. The objectives of the audit were to determine the effectiveness of the Department's procedures and controls over its light duty vehicles and if the number of light duty vehicles currently owned by the Department and/or assigned by Fleet Management is appropriate to meet the business needs of the Department. 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 identified some procedures and practices that could be improved. We have listed these areas for improvement in the Audit Findings and Recommendations section of this report.

We sent a draft report to the Department on April 4, 2016 and discussed our observations with management on April 29, 2016. The Department's responses to our recommendations are 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 Audit

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Summary of Audit Results

We concluded that the Probation Department had areas where their internal controls over their light duty vehicles could be improved.

Our findings and recommendations are provided to assist management in improving internal controls and procedures relating to the Department's vehicles.

The table below summarizes the audit findings and recommendations for this audit engagement. For further discussion, refer to the *Audit Findings and Recommendations* section of this report.

Finding No.	Findings and Recommendations	Page No.
1	Finding: The Assigned Vehicle Report was not accurately completed.	6
	Recommendation: The Assigned Vehicle Report should be checked for accuracy and then reviewed by a secondary employee prior to being submitted to the Auditor-Controller/Treasurer/Tax Collector (ATC) Payroll Department.	
2	Finding: Vehicles were not found to be present at their assigned parking location.	7
	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. Alternatively, if GPS devices are not installed in vehicles, we recommend that supervisors and management frequently monitor their staff's vehicles and the review of vehicles be documented in writing.	
3	Finding: There was nothing in procedure regarding documenting the reason for assignment of take-home vehicles.	8
	Recommendation: Management should 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.	



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

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.

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

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

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

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



VEHICLE AUDIT

The Department

The San Bernardino County Probation Department (Department) supervises and provides case management services for approximately 20,000 adult offenders, 3500 juvenile offenders, and an additional 500 juveniles detained in three detention and assessment centers and one placement facility. The Department oversees the placement of over 200 juveniles in private facilities throughout the State. The Department's mission is to protect the community through assessment, treatment and control of adult and juvenile offenders by providing a range of effective services based on legal requirements and recognized professional standards.

The Juvenile Detention and Assessment Centers

The Department operates three Juvenile Detention and Assessment Centers (JDAC). Boys and girls are assigned to living units which are designed to house 20 minors each and are housed by age and gender. The living units have sleeping rooms, restrooms, showers, and a day room for a variety of leisure and structured activities. Each living unit is supervised 24 hours a day by Probation Corrections Officers who maintain order and provide individual and group counseling.

- **Central Valley JDAC**
Located in the city of San Bernardino, this is the oldest of the three facilities. The original Correction Standards Authority capacity was 168 beds, but the County Board of Supervisors approved the construction of a new facility, breaking ground in Spring 2009. The new capacity is now 240 beds.
- **High Desert JDAC**
The center is located in Apple Valley and was built in 2004. It has a Corrections Standards Authority capacity of 200 beds.
- **West Valley JDAC**
This center is located in Rancho Cucamonga and was completed in 2002. It has a Corrections Standards Authority capacity of 182 beds.



Specialized Units

In recognition of the unique problems associated with criminal behavior, the Department operates several specialized units to protect citizens. These include the:

- Sex Offender Unit
- Gang Unit/Crime Impact Team
- Domestic Violence Unit
- DUI (Driving Under the Influence) Unit
- Gender Supervision Unit
- Mental Health Unit
- Drug Treatment Programs
- Department of Juvenile Justice Adjudicated Youth Unit – Gateway



Scope and Objectives

Our audit examined the Department's vehicles for the period of July 2014 through October 11, 2015.

The objectives of our audit were to:

- Determine the effectiveness of the Department's procedures and controls over its light duty vehicles.
- Determine if the number of light duty vehicles currently owned by the Department and/or assigned by Fleet Management is appropriate to meet the business needs of the Department.

Methodology

In achieving the audit objectives, 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.



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.

Management's Response:

The Department concurs with this finding, that the Assigned Vehicle Report was submitted with an error in the number of commute days for one assigned vehicle, and have implemented a two-step verification internal audit system for future reports, in which the Purchasing Unit of the Fiscal Division of the Administrative Services Bureau will produce the initial draft of the Assigned Vehicle Report, then provide the report to the Research Unit of the Administrative Services Bureau, which will then independently review and verify the information, before subsequent submission of the report to Probation Administration for an additional review before final submission to ATC, ensuring multi-stage independent internal controls are in place throughout the process.

Auditor's Response:

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



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.

Management's Response:

This finding was based on a visual inspection of several probation department locations, which found that 11 vehicles out of 38 (29%) were not present at the assigned location listed in the department's database before business hours. It is mutually understood that any database used to track inventory is routinely in the process of being updated, and in this case we subsequently determined that many of the vehicles not found at their assigned location in the audit had a different or new address. The vehicle database record simply had not yet been



updated. Additionally, the assigned address of several of the vehicles was in fact correct, but on the day or days of the audit, they were being serviced by Fleet, were parked at the airport while the officer was traveling for work, or otherwise at another appropriate location overnight. For example, vehicle 002973 is parked at 15480 Ramona Ave in Victorville, but at the time of the audit was at the Fleet Management Service Center in Hesperia.

The ATC recommendation that the department utilize Global Positioning System (GPS) tracking in appropriate vehicles is current and those vehicles are determined by the Chief Probation Officer (CPO). Currently, all caged vehicles and some support vehicles are equipped with GPS technology. The Department will review vehicles to determine if the CPO will equip additional vehicles with GPS (such as those used by food service and facility maintenance staff). For those vehicles not equipped with GPS, the Department agrees with the ATC Recommendation that supervisors monitor the vehicles assigned to their staff to ensure they are being stored at an appropriate location overnight and when not in use, and document this observation in writing on a monthly basis.

Auditor's Response:

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

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.

Management's Response:

The internal Department procedure states that the Chief Probation Officer shall have sole discretion to authorize use of a county vehicle as related to job specific duties and/or twenty-four hour response. Both departments recognize that the authority of the Chief is clear on this issue. The Department will revise the procedure to include a written reason be provided for authorization of each take-home vehicle, which will be retained in the Office of the Chief.

Auditor's Response:

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