

County of San Bernardino

Auditor-Controller/Treasurer/Tax Collector
Internal Audits Section

Department of Agriculture/ Weights and Measures: Vehicle Follow Up Audit



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Auditor-Controller/Treasurer/Tax Collector

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February 2, 2018

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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 Department of Agriculture/Weights & Measures' Vehicles. The objective of the audit was to determine if the recommendation for the finding in the Department of Agriculture/Weights & Measures Vehicle Audit report dated February 23, 2017 has been implemented. 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 finding identified in the original audit report issued on February 23, 2017. The recommendation from the original audit report has not been implemented.

We sent a draft report to the Department on December 29, 2017. The Department's response to the current status of our recommendation is included in this report.

We would like to express our appreciation to the personnel at the Department of Agriculture/Weights & Measures 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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Department of Agriculture/Weights & Measures

Vehicle Follow Up Audit

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Scope and Objective

Our audit examined the Department's vehicles for the period of March through October 2017.

The objective of this follow-up audit was to determine whether the Department implemented the recommendation contained in the prior audit report, *Vehicle Audit*, issued on February 23, 2017.

Methodology

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

- Interview of Department of Agriculture/Weights & Measures personnel.
- Review of the Department's policies and procedures.



Prior Finding: The monitoring controls over the Department's use of County fuel need to be improved.

The County's Internal Control and Cash Manual on page 2-2 states that by establishing internal controls management is provided reasonable assurance that their objectives are being met in a supportive control environment. Additionally, continuous monitoring of the existing control-related procedures serves to prevent the occurrence of errors.

Our audit disclosed evidence that the Department does not have effective monitoring procedures in place over the fuel activity. The following control deficiencies were identified:

- Fuel purchases were erroneously made by employees of another department using the Department's vehicle number.
- An incorrect department code was associated with fuel purchases for some of the Department's vehicles. If the Department were to request their fuel purchases for any given period, these vehicles would not be included in the fuel transaction report because the wrong department code would be tied to the fuel transactions.

Management did not detect the discrepancies associated with the fuel purchases, as they were not reviewing the Department's fuel usage activity. According to management, they were unaware that fuel usage reports could be obtained from the Fleet Management Department.

Without adequate monitoring mechanisms in place, such as performing routine reviews of fuel usage reports, the likelihood that employees will misuse fuel and the misuse will go undetected by management is increased.

Recommendation:

We recommend that management establish and implement monitoring control procedures for the Department's fuel usage. These procedures should include requesting fuel usage reports from Fleet Management so that management can conduct monthly reviews of the Department's fuel purchase activities. Furthermore, these procedures will enable management to immediately investigate any anomalies identified in the fuel reporting.



Current Status: Not Implemented

At the time of our audit, fuel usage reports were being requested from Fleet Management so that management could conduct monthly reviews of the Department's fuel purchase activities and address anomalies. However, the Department is not documenting their management reviews, or investigation of discrepancies in writing. Also, the Department had not formally developed written procedures when the audit commenced, but has subsequently drafted fuel usage procedures.

Management's Response:

As per the recommendation, Agriculture/Weights & Measures (AWM) has drafted policies and procedures to monitor fuel usage and the department has met with the auditors to ensure that the policies and procedures are sufficient to meet the goals of the county.

Starting in October of 2017, AWM implemented the new policies and procedures to monitor the department's fuel usage. The policies and procedures include a review by the staff analyst as well as having each supervisor review the fuel usage by their employees. Any discrepancies are investigated and reported to the Agriculture Commissioner / Sealer. Upon completion, all reports are then compiled and stored electronically on AWM's shared drive.

If any additional changes are needed moving forward, AWM will notify ATC in order to develop policies and procedures that are consistent with the County's goals.

Auditor's Response:

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