

County of San Bernardino

Auditor-Controller/Treasurer/Tax Collector
Internal Audits Section

Fleet Management Department: Vehicle Follow-Up Audit



Ensen Mason CPA, CFA

Auditor-Controller/Treasurer/Tax Collector

268 West Hospitality Lane
San Bernardino, CA 92415-0018
(909) 382-3183

Website: www.sbcounty.gov/atc

Fraud, Waste & Abuse Hotline: (800) 547-9540

Auditor-Controller/Treasurer/Tax Collector

Mission Statement

The San Bernardino County Auditor-Controller's Office is committed to serving our customers by processing, safeguarding, and providing information regarding the finances and public records of the County. We perform these functions with integrity, independent judgment, and outstanding service. We are accurate, timely, courteous, innovative, and efficient because of our well-trained and accountable staff.

Audit Team

Denise Mejico
Chief Deputy Auditor

Menaka Burkitt
Internal Audits Manager

Rachel Ayala
Supervising Internal Auditor III

Steven Ems
Internal Auditor III

Melanie Cortez, CPA
Internal Auditor III



Fleet Management Department Vehicle Follow-Up Audit

Audit Report Letter	1
Scope, Objective and Methodology	3
Prior Audit Finding, Recommendations and Current Status	4



March 25, 2019

Ron Lindsey, Director

Fleet Management
210 North Lena Road
San Bernardino, CA 92415-0842

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 Fleet Management Department (Department)'s vehicles for the period of July 1, 2018 through November 30, 2018. The objective of the audit was to determine whether the recommendations for the finding in the Fleet Management Vehicle Audit, issued on May 11, 2018, have 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 May 11, 2018. The recommendations from the original report have been partially implemented.

We sent a draft report to the Department on February 25, 2019. 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 Fleet Management Department who assisted and cooperated with us during this engagement.

Respectfully submitted,

Ensen Mason CPA, CFA

Auditor-Controller/Treasurer/Tax Collector
San Bernardino County

By:

Denise Mejico

Chief Deputy Auditor

Distribution of Audit Report:

Robert Lovingood, 1st District Supervisor
Janice Rutherford, 2nd District Supervisor
Dawn Rowe, 3rd District Supervisor
Curt Hagman, Chairman, 4th District Supervisor
Josie Gonzales, Vice Chair, 5th District Supervisor
Gary McBride, Chief Executive Officer
Grand Jury
Auditor-Controller Audit Committee

Date Report Distributed: March 25, 2019

EM:DLM:MC:oac



Scope and Objective

Our audit examined the Department's vehicles for the period of July 1, 2018 through November 30, 2018.

The objective of this follow-up audit was to determine whether the Department implemented the recommendations contained in the prior audit report, *Fleet Management Vehicle Audit*, issued on May 11, 2018.

Methodology

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

- Interview of Fleet Management Department staff
- Walk-through of activity
- Review of policies and procedures
- Review of original source documents and system generated reports



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

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

The following control deficiencies were noted:

- The Department tracks vehicle usage through the Monthly Internal Billing report. However, this report does not include the monthly mileage for any vehicles not returned that month.
- Although the Department Accounting Technician sends the Monthly Internal Billing Report and Fuel Transactions Report to Fleet supervisors monthly, there is no documented review of these reports.
- Individual driver information for shared vehicles is not tracked by the Department.

Without effective reviews of vehicle activity, the likelihood that misuse of County-owned vehicles will go undetected by management is increased.

Recommendation:

Fleet Management should include monthly mileage for all vehicles in the Monthly Internal Billing Report as this is used to track vehicle activity. Supervisors should document their review of both the Monthly Internal Billing Report and Fuel Transaction Report. Also, the Department should track individual driver information for shared vehicles and have a documented, monthly review of this information as well.

Current Status: Partially Implemented

The Department has not implemented any additional procedures over vehicles not returned. Activity for vehicles is not included in the Monthly Internal Billing report until that vehicle is returned.

The Department developed procedures to document review over their Monthly Internal Billing Report and Fuel Transaction Report. Using the "task" feature within Microsoft Outlook (Outlook), supervisors were required to mark completion



of the task indicating their review of the Monthly Internal Billing Report and Fuel Transaction Report. Auditor selected the month of July 2018 for review and noted the task was not marked 'Completed' by all recipients. Management noted that Outlook is unable to track completion of tasks for multiple recipients, and the Executive Secretary will manually track the supervisors receipt and acknowledgement of the Monthly Internal Billing Report moving forward.

The Department has begun using logs to track individual driver information for shared vehicles. Review procedures over tracking logs were not in place at the time of our fieldwork, but will be included in the Outlook task moving forward.

Management's Response:

Fleet Management agrees with the findings of the audit and have taken the following measures to achieve compliance with audit.

The reconciliation of charges to unreturned vehicles is conducted during the next monthly billing cycle following the vehicles' return.

Fleet Management has manually tracked the monthly Internal Billing Report through Outlook calendar invites since November 2018.

The shared vehicle logs have been reconciled (in concert with the monthly billing) since January 2019.

Auditor's Response:

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