

# Memorandum

*Serious drought.  
Help save water!*

**To:** LAWRENCE H. ORCUTT, Chief  
Division of Equipment

**Date:** May 14, 2015

BIJAN SARTIPI  
District Director  
District 4

**File:** P3000-0424

SHARRI BENDER-EHLERT  
District Director  
District 6

CARRIE BOWEN  
District Director  
District 7

**From:** WILLIAM E. LEWIS  
Assistant Director  
Audits and Investigations



**Subject:** FINAL AUDIT REPORT OF THE HOME STORAGE PERMIT PROGRAM

Attached is Audits and Investigations' (A&I's) final audit report of the Home Storage Permit Program. Your response has been included as part of our final report. This report is intended for your information and for Department Management.

Please provide our office with status reports on the implementation of your audit finding dispositions 60-, 180-, and 360-day subsequent to the date of this transmittal memorandum. If all findings have not been corrected within 360 days, please continue to provide status reports every 180 days until the audit findings are fully resolved. As a matter of public record, this report and the status reports will be posted on Caltrans' website.

We thank you and your staff for their assistance provided during this audit. If you have any questions or need additional information, please contact Laurine Bohamera, Chief, External Audits - Contracts, at (916) 323-7107, or Zilan Chen, Chief, Internal Audits at (916) 323-7877.

Attachment

- c: Rick Gilliam, Chief, Office of Audit Services, Department of General Services,  
Malcolm Dougherty, Director  
Kome Ajise, Chief Deputy Director  
Steve Takigawa, Deputy Director, Maintenance and Operations  
Premjit Rai, Deputy District Director, Administration, District 4  
Lori Guinan, Deputy District Director, Administration, District 6  
Duncan McIntosh, Deputy District Director, Administration, District 7  
Samuel Pence, Acting Office Chief, Office of Budgets and Administration, Division of  
Equipment  
Zilan Chen, Chief, Internal Audits , Audits and Investigations  
Laurine Bohamera, Chief, External Audits - Contracts, Audits and Investigations  
Kevin Yee, Audit Manager, Internal Audits, Audits and Investigations

<b>P3000-0424</b>
<b>Home Storage Permit Program</b>
<b>May 2015</b>

**William E. Lewis**  
**Assistant Director**  
**Audits and Investigations**  
**California Department of Transportation**

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## **Summary**

The California Department of Transportation's (Caltrans) Audit and Investigations (A&I) completed an audit of the Home Storage Permit (HSP) Program. The purpose of the audit was to evaluate the adequacy of internal controls over the HSP Program to determine whether Caltrans is in compliance with the established HSP policies, procedures, and guidelines.

Our audit disclosed that Caltrans' established policies, procedures, and internal controls for the HSP Program are generally adequate, except for the issues noted below:

- Monitoring and Oversight Weaknesses Over the HSP Program.
- Personal Use of State Vehicle One-Way Commuting and/or Round Trip Form (PM-0041) Procedures Not Consistently Followed.
- Not All Home Storage Permits were Justified.
- Inadequate Record Keeping and Monitoring in Districts 6 and 7.

## **Background**

California Code of Regulations (CCR) section 599.808 requires that a HSP be issued in advance to employees who store state-owned vehicles at or in the vicinity of their home more than 72 nights over a 12-month period or more than 36 nights over any three-month period. Additionally, these regulations also require that each department maintain a vehicle travel log for state-owned vehicles recording the daily mileage traveled, date and time of travel, itinerary, and information regarding overnight storage and identity of the driver. Caltrans uses the Cartags system to track the required vehicle usage information.

The Division of Equipment (DOE) is responsible for the administration of state vehicle use for Caltrans. To meet this responsibility, the DOE develops, publishes, and maintains the HSP Guidelines and monitors statewide adherence to these policies and procedures.

In January 2011, Executive Order B-2-11 was issued by the Governor. This order required each state agency and department to conduct an analysis to determine the purpose of, the necessity for, and the cost-effectiveness of, the vehicles and equipment in their fleet. This order also required each agency secretary and department director to review their vehicle home storage permits and withdraw those that were non-essential or cost ineffective.

To assist with the implementation of this Executive Order, the Department of General Services issued Management Memorandum 13-03. This memorandum increased the number of emergency call outs to qualify for a home storage permit from a minimum of 12 emergency responses to a minimum of 24.

**Background  
(continued)**

The Executive Order also prompted the Division of Maintenance to implement a Vehicle Reporting, Utilization and Reassignment Policy. This policy allows documented continual low use vehicles/equipment to be redistributed to other areas within the state. This policy has resulted in a substantial improvement in Cartags compliance since the last audit by introducing consequences for not reporting vehicle usage in Cartags.

The prior audit of the HSP Program in October 2012 determined, in part, that there was inadequate tracking of vehicles stored at home, specifically for individuals without permits. In response to this finding, DOE issued Deputy Directive - 111, Use of State Vehicles, and Use of State Vehicle Guidelines to outline employee and supervisor responsibilities in using state-owned vehicles. DOE also piloted a program to evaluate if installation of Global Positioning Systems (GPS) in state owned vehicles could be used to track required vehicle usage information. The pilot program was successful and DOE proceeded to install 7,700 GPS units in its light-duty fleet vehicles, off-road equipment, and additional types of equipment. DOE anticipates that the GPS program will eliminate the need for manual usage reporting in Cartags by automatically capturing required vehicle usage data. The DOE believes that this program will result in accurate data collection; improve operator safety through automatic alerts of vehicle diagnostics, vehicle locations, and travel speed; and improve fleet allocation and distribution throughout the state.

Additionally, subsequent to the prior audit, DOE made improvements to the permit application and PM-0041 forms in the HSP system. The improvements include capturing vehicle identification information, the number of emergency call outs, and number of nights vehicles are stored at home. The improvements should aid DOE in their oversight and monitoring effort by identifying permit holders that do not meet the criteria to hold a permit.

**Objectives,  
Scope, and  
Methodology**

The audit was performed in accordance with the International Standards for the Professional Practice of Internal Auditing. The objectives of the audit were to determine whether:

- The HSP Program has adequate policies, procedures and guidelines in place.
- Policies, procedures, and guidelines are clearly communicated to those who have responsibility in the process.
- Permit issuance is in compliance with the criteria specified in the Vehicle Home Storage Permit Guidelines.
- Permits are warranted, current and justified on an on-going basis.
- Permits are updated or revoked when circumstances change.

**Objectives,  
Scope, and  
Methodology  
(continued)**

- Fleet users are in compliance with the Personal Use of State Vehicle One-Way Commuting and/or Round Trip Form requirement.
- Fleet users are in compliance with vehicle travel log requirements.
- Permits are properly monitored and administered within Caltrans.

The audit covered the period January 1, 2013 through December 31, 2013. We conducted our review from May 27, 2014 through September 10, 2014. Changes after these dates were not tested, and accordingly, our conclusions do not pertain to changes arising after September 10, 2014. The audit focused on internal controls and procedural compliance as they related to the HSP functions. The audit included tests as we considered necessary to achieve the above audit objectives.

**Conclusion**

Our audit disclosed that Caltrans' established policies and internal controls with respect to the HSP Program are generally adequate, except for the issues noted below:

- Monitoring and Oversight Weaknesses Over the HSP Program.
- Personal Use of State Vehicle One-Way Commuting and/or Round Trip Form (PM-0041) Procedures Not Consistently Followed.
- Not All Home Storage Permits were Justified.
- Inadequate Record Keeping and Monitoring in Districts 6 and 7.

**Views of  
Responsible  
Officials**

We requested and received a response from the Chief of Division of Equipment and the Deputy District Director of Administration of Districts 4, 6, and 7. These officials have concurred with the findings and the majority of the recommendations. Please see the Attachments for their complete response.



**WILLIAM E. LEWIS**  
**Assistant Director**  
**Audits and Investigations**

**March 10, 2015**

## FINDINGS AND RECOMMENDATIONS

### **Finding 1 - Monitoring and Oversight Weaknesses Over the Home Storage Permit Program**

Our review found that overall administration and management of the Home Storage Permit (HSP) Program needs improvement in enforcing established policies and procedures.

- Our testing of Cartags data for the 2013 calendar year revealed the following:
  - Out of 327 fleet users who stored vehicles at home more than 72 nights, 58 did not have an HSP.
  - Information contained in Cartags is inconsistent and incomplete. Out of 979,873 entries, 238,672 fields containing operator name were incomplete. The entries varied from operators' initials, first name only, last name only, to general descriptions such as the examples provided below.

Operator Name	Number of Entries
"Unknown"	6,368
"tmc"	5,162
"None"	3,461
"Various"	2,966

- Our review of Personal Use of State Vehicle One-Way Commuting and/or Round Trip Forms (PM-0041) identified that 30 out of 40 permit holders erroneously claimed exclusions from fringe benefit tax reporting.

The California Code of Regulations (CCR) Section 599.808 (d) states "When a state-owned vehicle is to be stored frequently at or in the vicinity of an employee's home, regardless of the reason, a permit must be obtained in advance from his/her department... For the purpose of enforcing this rule, "frequently" is defined as storing a state-owned vehicle at an employee's home, or in the vicinity thereof, for more than 72 nights over a 12-month period or more than 36 nights over any three-month period."

CCR Section 599.807 (a) states "Each state agency shall maintain the following records for state-owned automobiles under its control... (a) An automobile travel log for each automobile in a form approved by the Department of General Services. Such form shall include, among other information, a record of daily mileage traveled, date and time of travel, itinerary, and information regarding overnight storage and shall identify the driver. The record shall be completed on a daily basis."

**Finding 1 -  
(continued)**

The Division of Equipment (DOE) does not review Cartags data to determine if individuals without permits are storing vehicles at home more than the allotted number of nights. Additionally, they do not review the data to ensure that it is complete and consistent. Some fleet users claimed that they did not store vehicles at home, but failed to change the storage location in Cartags which auto-populates this field based on previous entries.

Although DOE anticipates that the Global Positioning Systems (GPS) program will eventually eliminate the need for Cartags, continued improvement and monitoring of Cartags is advised until DOE is confident of the reliability and reporting of the new GPS system. Cartags will not be a reliable monitoring tool for the HSP program without complete and consistent operator information.

Currently, DOE does not verify if exclusions to fringe benefit reporting claimed by permit holders are valid. Our interview of supervisors and HSP Coordinators in the districts revealed that there is confusion regarding the exclusion rules. IRS regulations generally consider the value of personal use of employer provided vehicles as taxable income, however; they do provide exclusions based on specific circumstances such as use of a qualified nonpersonal use vehicle, for example, a bucket truck or cement mixer. The majority of permit holders who erroneously claimed exclusions cited response to emergency call outs as the reason; however, the IRS does not identify emergency call outs as an exclusion.

Further, noncompliance with IRS fringe benefit reporting exposes California Department of Transportation (Caltrans) to potential findings as Caltrans has oversight responsibilities for reporting taxable fringe benefits.

**Recommendations**

We recommend that DOE:

1. Require fleet users to use "S" numbers in Cartags for the operator name field and ensure that the system validates the numbers. Additionally, we recommend DOE remove auto-population capabilities for the operator name and storage location fields in Cartags.
2. Review Cartags data to determine if fleet users without permits are storing vehicles at home more than the allotted number of nights. Additionally, review the data to ensure that it is consistent and complete.
3. Provide districts with a category or list of vehicles that are considered qualified nonpersonal use vehicles.

**Recommendations  
(continued)**

4. Request a change in the HSP system to ensure exclusions to fringe benefit reporting claimed on the PM-0041 forms are validated. Until system controls are in place, review exclusions claimed to ensure they are valid.
5. Determine how data will be obtained from the new GPS system to monitor vehicle use by individuals without permits and provide guidance to districts to support the districts' monitoring efforts.

We recommend district HSP coordinators:

1. Review Cartags data to determine if fleet users without permits are storing vehicles at home more than the allotted number of nights. Additionally, review the data to ensure that it is complete and consistent and if not, notify the responsible fleet users and supervisors.
2. Review exclusions claimed to ensure they are valid and notify permit holders and supervisors of errors.
3. Obtain GPS system training from DOE in order to monitor home storage of vehicles by individuals without permits.

**Division of  
Equipment's  
Response**

DOE agrees with recommendations 3 and 4 above and is exploring options for addressing the issue. However, DOE does not agree with recommendations 1 and 2. DOE believes that reprogramming Cartags according to recommendation 1 is no longer necessary as the GPS system has replaced Cartags. Additionally, DOE believes that supervisors are responsible for reviewing Cartags data as outlined in recommendation 2.

**A&I Analysis of  
Response**

While A&I agrees that supervisors have a responsibility in monitoring for compliance, the ultimate responsibility for oversight and monitoring lies with DOE as the program administering the use of state vehicles. As such, DOE is responsible for determining how data will be obtained from the new GPS system to monitor vehicle use by individuals without permits and provide guidance to supervisors to support their monitoring efforts, therefore, recommendation 5 is added.

**District 4, 6, and 7  
Responses**

The districts were in agreement with the recommendations and have agreed to implement processes to address the findings. District 4 will continue to review Cartags for compliance and provide training to permit holders and supervisors on the exclusion guidelines. District 6 will carefully monitor employees without permits and review PM-0041 forms for completeness, accuracy, and exclusions claimed. District 7 will provide training to HSP coordinators regarding the exclusion rules and staff will review Cartags data on a quarterly basis.

**Finding 2 -  
Personal Use of  
State Vehicle  
One -Way  
Commuting and/or  
Round Trip Form  
Procedures Not  
Consistently  
Followed**

The value of the personal use of state-owned vehicles must be reported on the PM-0041 form monthly. HSP holders must submit the PM-0041 electronically through the HSP system.

The Vehicle Home Storage Permit (VHSP) Guidelines state that all HSP permit holders are required to complete and submit the PM-0041 by the last working day of each month to their supervisors and the supervisors are responsible for ensuring that the form is completed accurately and is approved by the third business day of the subsequent month.

Our testing of the PM-0041 forms for 19 permit holders in Districts 4, 6, and 7 identified 112 of 195 (57 percent) PM-0041 forms were submitted late. The District specific finding is as follows:

- 44 from District 4 were an average of 37 days late
- 12 from District 6 were an average of 8 days late
- 56 from District 7 were an average of 20 days late

The lack of timely submission appears to be due to inadequate monitoring of HSP holders' compliance with guidelines by supervisors and management. Noncompliance with the Personal Use of State Vehicle reporting requirements exposes Caltrans to potential findings by the IRS as Caltrans has oversight responsibilities for reporting.

In addition, a HSP allows the permit holder to commute in a departmental vehicle that is maintained and fueled at Caltrans' expense. The cost of providing the vehicle for personal commute far exceeds the permit holder's obligation to pay tax on \$1.50 per one-way commute or on \$3.00 per round trip. The permit holder's personal financial benefit and the lack of review and follow-up of PM-0041 submittal increases the opportunity for improper use of an HSP.

**Recommendation**

District 4, 6, and 7 HSP supervisors and managers should ensure that PM-0041 forms are completed, reviewed, and approved by the third calendar day of the subsequent month.

**District 4, 6, and 7  
Responses**

The districts were in agreement with the recommendations and have agreed to implement processes to address the findings. District 4 will review the guidelines with supervisors and managers and require weekly review of the PM-0041. District 6 supervisors will review the monthly PM-0041 submittals for completeness and accuracy. District 7 will review this requirement with permit holders and delinquent reports will be shared during monthly manager's meetings to facilitate corrective action.

**Finding 3 -  
Not All Permits  
Were Justified**

We reviewed a total of 19 permit holders to determine if the permits were issued in accordance with the Department of General Services (DGS) Management Memorandum (MM) 13-03. Our audit results determined that seven out of the 19 permit holders did not meet the criteria for permit issuance. One of five permit holders in District 4, two of five permit holders in District 6, and four of nine permit holders in District 7 either did not meet the minimum number of 24 emergency call outs per year and/or did not store the vehicle at home over 72 nights in a 12-month period or 36 nights over a 3-month period.

CCR Section 599.808 (d) states “When a state-owned vehicle is to be stored frequently at or in the vicinity of an employee's home, regardless of the reason, a permit must be obtained in advance from his/her department... For the purpose of enforcing this rule, “frequently” is defined as storing a state-owned vehicle at an employee's home, or in the vicinity thereof, for more than 72 nights over a 12-month period or more than 36 nights over any three-month period.”

DGS issued MM 13-03 to provide criteria for issuance of essential and cost-effective permits. One of the criteria for essential or emergency permits is responding to a minimum of 24 emergency responses.

Staff holding permits that do not meet the established criteria is caused by poor screening and monitoring of HSP applicants' compliance with guidelines by supervisors and management. Staff interviewed at the districts stated that competing workload priorities prevent them from closely monitoring the number of emergency call outs.

The issuance of permits to individuals that do not qualify limits the number available to applicants who legitimately need a permit in the course of their daily work.

**Recommendations**

District 4, 6, and 7 VHSP supervisors and managers should:

1. Monitor the emergency call outs by permit holders on a monthly basis to ensure they have a minimum of two call outs per month to meet the annual minimum of 24 emergency call outs. Request DOE cancel any permits not meeting the minimum monthly call out requirement.
2. Review Cartags data for permit holders on a monthly basis to determine if the permit holders still meet the HSP requirements. Request cancellation if the permit issuance is not supportable.
3. Review the Log of Emergency Trips – Before/After Hours Call Out (DM-0090) in conjunction with the PM-0041 form to ensure that the emergency call outs are properly recorded in the HSP system to support DOE's monitoring and oversight responsibilities.

**Recommendations  
(continued)**

4. Obtain GPS system training from DOE in order to monitor the number of nights vehicles are stored at home by permit holders in order to support permit issuance. Request cancellation if the permit issuance is not supportable.

**District 4, 6, and 7  
Responses**

The districts were in agreement with the recommendations and have agreed to implement processes to address the findings.

**A&I Analysis of  
Response**

Based on DOE's response to recommendations 1 and 2 under Finding 1, A&I has included an additional recommendation above regarding the GPS system.

**Finding 4 -  
Inadequate  
Record Keeping  
and Monitoring in  
District 6 and 7**

A review of 179 Log of Emergency Trips – Before/After Hours Call Out forms revealed inadequate record keeping as follows:

- 14 were not completed or retained consisting of 3 from District 6 and 11 from District 7.
- 7 were missing permit holder signature consisting of 6 from District 6 and 1 from District 7.
- 20 were missing supervisor signature consisting of 9 from District 6 and 11 from District 7.

The VHSP guidelines state that employees must record call-outs on the DM-0090 within 24 hours of the emergency incident and supervisors must review and approve the call-out logs monthly.

Inadequate record keeping by staff is caused by poor screening and monitoring of HSP applicants' compliance with guidelines by supervisors and management. Staff interviewed at the districts stated that competing workload priorities prevent them from closely monitoring the number of emergency call outs.

Without ongoing monitoring of the DM-0090, the supervisor cannot determine if the HSP holder has responded to the 24 minimum number of call outs required to substantiate the need for a permit.

**Recommendation**

The supervisors should require the HSP holder to complete a DM-0090 on a monthly basis and submit it for approval.

**District 6, and 7  
Responses**

The districts were in agreement with the recommendations and have agreed to implement processes to address the findings.

**Audit Team**

Laurine Bohamera, Chief, External Audits - Contracts  
Kevin Yee, Audit Manager  
Veronica Kaldani, Auditor  
Jose Camacho, Auditor

**ATTACHMENT**

**DIVISION OF EQUIPMENT  
RESPONSE TO THE DRAFT REPORT**

## Memorandum

*Serious drought.  
Help save water!*

To: WILLIAM E. LEWIS  
Assistant Director  
Audits and Investigations

Date: March 24, 2015

From:   
LAWRENCE H. ORCUTT  
Chief  
Division of Equipment

Subject: **RESPONSE TO DRAFT AUDIT REPORT VEHICLE HOME STORAGE PERMIT**

I am pleased to provide Division of Equipment's response to Audits and Investigations' draft report entitled *P3000-0424 Home Storage Permit Program March 2015*.

As mandated by Section 20000 of the State Administrative Manual, this internal audit was performed for the 2012-2013 cycle. The resulting draft report yielded the following four findings in regards to the Vehicle Home Storage Permit Program:

*Finding 1 – Monitoring and Oversight Weakness Over the Home Storage Permit Program.*

*Finding 2 – Personal Use of State Vehicle One-Way Commuting and/or Round Trip Form (PM-0041) Procedures Not Consistently Followed.*

*Finding 3 – Not All Home Storage Permits were Justified.*

*Finding 4 – Inadequate Record Keeping and Monitoring in Districts 6 and 7.*

We have addressed the findings in the attached.

Attachment

c: Laureine Bohamera, Chief, Internal Audits, Audits and Investigations  
Permjit Rai, Deputy District Director, Administration, District 4  
Lori Guinan, Deputy District Director, Administration, District 6  
Duncan McIntosh, Deputy District Director, Administration, District 7  
Keith Duncan, Chief, Office of Budgets and Administration, Division of Equipment  
Kevin Yee, Audit Manager, Internal Audits, Audits and Investigations

**Division of Equipment  
Response to Audit Report  
P3000-0424 – Home Storage Permit Audit – March 2015**

**Finding 1 - *Monitoring and Oversight Weakness Over the Home Storage Permit Program***

**Recommendation:**

We recommend that Division of Equipment (DOE):

- Require fleet users to use “S” numbers in Cartags for the operator name field and ensure that the system validates the numbers. Additionally, we recommend DOE remove auto-population capabilities for the operator name and storage location fields in Cartags
- Review Cartags data to determine if fleet users without permits are storing vehicles at home more than the allotted number of nights. Additionally, review the data to ensure that it is consistent and complete.
- Provide districts with a category or list of vehicles that are considered qualified non-personal use vehicles.
- Request a change in the HSP system to ensure exclusions to fringe benefit reporting claimed on the PM-0041s are validated. Until system controls are in place, review exclusions claimed to ensure they are valid.

We recommend that HSP Coordinators:

- Review Cartags data to determine if fleet users without permits are storing vehicles at home more than the allotted number of nights. Additionally, review the data to ensure that it is complete and consistent and if not, notify the responsible fleet users and supervisors.
- Review exclusions claims to ensure they are valid and notify permit holder and supervisors of errors.

**DOE Response:**

- The reprogramming of Cartags to include “S” numbers is no longer necessary. The Cartags system will be replaced by the Global Positioning System (GPS) in the near future, and will require employees to use key fobs when driving the vehicle. The key fobs will identify the employee by unique driver identification number.
- In regards to DOE coordinators’ review of equipment usage to ensure compliance with California Code Regulations (CCR) 599.808, the Department policy is for the program supervisor to review equipment usage. Per the VHSP Guidelines, page 7, it is the supervisor’s responsibility to:

- Request cancellation of the VHSPs that no longer meet the required criteria.
  - Approve the completed PM-0041 form by the third business day of each month, and promptly cancel VHSPs with delinquent PM-0041 filing.
  - Review and approve the VHSP holders' Log of Emergency Trips – Before/After Hour Call-Out (DM-0090) form on a monthly basis.
- 
- DOE is in the process of exploring different methodology to validate the fringe benefit reporting on the PM-0041 form. There are over 500 maintenance classes that need to be reviewed and to determine the fringe benefit applicability of equipment used by VHSP holders.

***Finding 2 – Personal Use of State Vehicle One-Way Commuting and/or Round Trip Form Procedures Not Consistently Followed***

**Recommendation:**

Districts 4, 6, and 7 VHSP supervisors and managers should ensure that PM-0041s are completed, reviewed, and approved by the third calendar day of the subsequent month.

**DOE Response:**

Addressed to the appropriate Districts for response.

***Finding 3 – Not All Permits were Justified***

**Recommendation:**

Districts 4, 6, and 7 VHSP supervisors and managers should:

- Monitor the emergency call outs by permit holders on a monthly basis to ensure they have a minimum of two call outs per month to meet the annual minimum of 24 emergency call outs. Request DOE cancel any permits not meeting the minimum monthly call out requirement.
- Review Cartags data for permit holders on a monthly basis to determine if the state-owned vehicle is stored at home frequently enough to support the need for permit issuance. Request cancellation if the permit issuance is not supportable
- Review the Log of Emergency Trips – Before/After Hours Call Out (DM-0090) in conjunction with the PM-0041 form to ensure that the emergency call outs are properly recorded in the VHSP system to support DOE's monitoring and oversight responsibilities.

WILLAIM E. LEWIS  
March 24, 2015  
Page 4 of 4

**DOE Response:**

Addressed to the appropriate Districts for response.

**Finding 4 – *Inadequate Record Keeping and Monitoring in Districts 6 and 7.***

**Recommendation:**

Supervisors should require the VHSP holder to complete a DM-0090 on a monthly basis and submit for approval.

**DOE Response:**

Addressed to the appropriate Districts for response.

**ATTACHMENT**

**DISTRICT 4  
RESPONSE TO THE DRAFT REPORT**

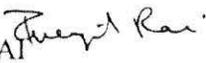
## Memorandum

*Serious drought.  
Help Save Water!*

To: WILLIAM E. LEWIS  
Assistant Director  
Audits and Investigations

Date: April 14, 2015

File: P3000-0424

From: PREMJIT RAI   
Deputy District Director of Administration  
District 4

Subject: **D4 Response to Draft Audit Report # P3000-0424 Regarding Home Storage Permit Program**

As a result of reviewing the draft audit report and participating in the exit conference, attached is District 4's plan to address the findings of the audit.

If you have any questions or need additional information, please contact Adam Steiger at (510) 614-5965.

### Attachment

Auditee (D4) response to draft audit report March 2015

- c: Nader Eshghipour, Deputy District Director, District 4, Maintenance
- Laura Horan, Maintenance Manager II, District 4, Maintenance
- Adam Steiger, Caltrans Maintenance Area Superintendent, District 4, Maintenance
- Zilan Chen, Supervising Management Auditor, Audits & Investigations
- Kevin Yee, Senior Management Auditor, Audits & Investigations
- Veronica Kaldani, Staff Management Auditor, Audits & Investigations

**Audits and Investigations (A&I) - Response to Draft Report**

**Audit Name: Home Storage Permit Program**

**Audit No.** \_\_\_\_\_

**Auditee:** \_\_\_\_\_

**Audit Report Finding # 1**

**List Finding Here      Monitoring and oversight weakness over the Home Storage Permit Program**

A&I Audit Recommendation	Auditee Response to Draft Report	Estimated Completion Date	Staff Responsible	A&I Analysis
We recommend district HSP coordinators: Review Cartags data to determine if fleet users without permits are storing vehicles at home more than the allotted number of nights. Additionally, review the data to ensure that it is complete and consistent and if not, notify the responsible fleet users and supervisors.	The District will continue to review Cartags to ensure compliance with existing guidelines. In the future, the reports generated by the GPS database should eliminate the need for this process.	6/1/2015	District 4 Maintenance	For A&I Use
2. Review exclusions claimed to ensure they are valid and notify permit holders and Supervisors of errors	The District will provide additional training for all permit holders and approving Supervisors to ensure the exclusion is only being claimed for the guideline approved vehicles.	6/1/2015	District 4 Maintenance	For A&I Use

**Audit Report Finding #2**

**List Finding Here      Personal use of State Vehicle one-way and/or round trip form procedures not consistently followed**

District 4, 6, and 7 HSP supervisors and managers should ensure that PM-0041s are completed, reviewed, and approved by the third calendar day of the subsequent month.	The District will review with all Managers and Supervisors the guidelines for PM-0041 submittal. A new District Maintenance guideline will be implemented to have PM-0041 submitted and reviewed for compliance on a weekly basis.	6/1/2015	District 4 Maintenance	For A&I Use
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**Audit Report Finding #3**

**List Finding Here      Not all permits justified**

District 4, 6, and 7 VHSP supervisors and managers should: Monitor the emergency call outs by permit holders on a monthly basis to ensure they have a minimum of two call outs per month to meet the annual minimum of 24 emergency call outs. Request DOE cancel any permits not meeting the minimum monthly call out requirement.	The District will review with all VHSP Supervisors the guidelines for minimum callouts per year and the procedures for reviewing and approving the VHSP and PM-0041. We have no control over the amount of emergency callouts per month. The Supervisor will monitor on a monthly basis to ensure the permit holder meets the 24 callouts per year criteria.	6/1/2015	District 4 Maintenance	For A&I Use
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**Audits and Investigations (A&I) - Response to Draft Report**

**Audit Name: Home Storage Permit Program**

**Audit No.** \_\_\_\_\_

Auditee: \_\_\_\_\_

**Audit Report Finding # 1**

**List Finding Here      Monitoring and oversight weakness over the Home Storage Permit Program**

A&I Audit Recommendation	Auditee Response to Draft Report	Estimated Completion Date	Staff Responsible	A&I Analysis
Review Cartags data for permit holders on a monthly basis to determine if the state-owned vehicle is stored at home frequently enough to support the need for permit issuance. Request cancellation if the permit issuance is not supportable.	The District will review with all VHSP Supervisors the guidelines for minimum callouts per year, the procedures for reviewing and approving the VHSP and PM-0041 including the procedures for canceling a permit.	6/1/2015	District 4 Maintenance	<b>For A&amp;I Use</b>
Review the Log of Emergency Trips, Before/After Hours Call Out (DM-0090) in conjunction with the PM-0041 form to ensure that the emergency call outs are properly recorded in the HSP system to support DOE's monitoring and oversight responsibilities.	The District will review with all VHSP Supervisors the guidelines of DM-0090 and PM-0041 to ensure all forms are filled out appropriately and are in compliance.	6/1/2015	District 4 Maintenance	<b>For A&amp;I Use</b>

**ATTACHMENT**

**DISTRICT 6  
RESPONSE TO THE DRAFT REPORT**

## Memorandum

*Serious drought.  
Help save water!*

To: VERONICA KALDANI  
Staff Management Auditor  
Audits and Investigation

Date: April 14, 2015

  
From: LORI GUINAN  
Deputy District Director  
Administration

Subject: **VEHICLE HOME STORAGE PERMIT AUDIT--RESPONSE TO DRAFT REPORT**

District 6 Maintenance Branch – Vehicle Home Storage Permit Policies and Procedures

The following actions have been taken in response to recommendations made by Caltrans Audits and Investigations following an internal audit of District 6 Maintenance Branch's Vehicle Home Storage Permit (VHSP) approval and reporting procedures. The District has followed the basic VHSP procedures, but we will make the changes listed below to ensure complete compliance with the program.

Maintenance staff have reviewed our ongoing procedures and identified the following areas that need to be upgraded:

### Finding 1—Monitoring and Oversight Weaknesses

- Approving supervisors will carefully monitor PM-0041 and DM-0090 'Log of Emergency Trips' forms for accuracy and verify any apparent data errors or discrepancies. Managers will confirm that all PM-0041 forms are approved by the 3<sup>rd</sup> working day of the month.
- Employees without a VHSP taking a vehicle home for an extended period will be monitored monthly by the Region Office to ensure that the number of trips does not exceed the maximum of 36 per quarter or 72 per year.
- Each month Region Office staff will login completed DM-0090 forms for each permit holder. Region office staff will check the form for completeness (signatures, etc.) and notify the appropriate supervisor if the forms have not been turned in or are not completed properly.

### Finding 2—PM-0041 Procedures

- Approving supervisors will carefully review the monthly PM-0041 and DM-0090 submittals, verifying that the information on the forms is complete and is consistent with the employee's permit conditions.

- Quarterly, management will review PM-0041 records to determine if each permit holder is on track to meet a minimum of 24 call-outs per year. The attached spreadsheet is an example of District 6 permit holder's call-back records for the first quarter of 2015 (sorted for total call-backs). This information will give management a method to monitor call-backs on a regular basis.

#### Finding 3—Permit Justification

- Each VHSP in District 6 includes a complete justification, including written descriptions and maps of the area of responsibility. Each permit is reviewed at several levels of management. District management will commit to ensure that the permits are evaluated throughout the year. All levels of management will be informed of changes to personnel or circumstances that may alter or negate the need for the VHSP.

#### Finding 4—Record Keeping

- Managers will monitor the VHSP record packages quarterly for accuracy and completeness to ensure that DM-0090 forms have been completed and approved by the supervisors on a monthly basis.

**ATTACHMENT**

**DISTRICT 7  
RESPONSE TO THE DRAFT REPORT**

## Memorandum

*Flex your power!  
Be energy efficient!*

To: WILLIAM E. LEWIS  
Assistant Director  
Audits and Investigations

Date: April 21, 2015

From: CARRIE L. BOWEN  
District Director *IRM*  
District 7

Subject: **Response to 2015 Draft Audit Report on Home Storage Permit Program (P3000-0424)**

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Attached is the District 7 response to audit P3000-0424, 2015 Draft Audit Report on the Home Storage Permit Program. Findings and recommendations in the draft report to be addressed by District 7 include:

Audit Report Finding #1  
Monitoring and Oversight Weaknesses over the Home Storage Permit Program

Audit Report Finding #2  
Personal Use of State Vehicle One-way Commuting and/or Round Trip Form  
Procedures Not Consistently Followed

Audit Report Finding #3  
Not All Permits were justified

Audit Report Finding #4  
Inadequate Record Keeping and Monitoring in District 6 and 7

Progress reports providing feedback on the status of the work plan items will be provided at 60-day, 180-day and 360-day milestones.

If you have any questions or need additional information, please contact Duncan McIntosh, Deputy District Director of Administration at (213) 897-0362.

c: Shirley Choate, Chief Deputy District Director  
Duncan McIntosh, Deputy District Director, Administration  
Debbie Wong, Deputy District Director, Maintenance  
Ali Zaghari, Deputy District Director, Operations

**Audits and Investigations (A&I) - Response to Draft Report**

**Audit Name: AUDIT REPORT OF THE HOME STORAGE PERMIT PROGRAM**

**Audit No. P3000-0424**

**Auditee: District 7**

**Audit Report Finding #1**

**Monitoring and Oversight Weaknesses Over the Home Storage Permit Program**

A&I Audit Recommendation	Auditee Response to Draft Report	Estimated Completion Date	Staff Responsible	A&I Analysis
Review exclusions claimed to ensure they are valid and notify permit holders and supervisors of errors	District HSP coordinators will receive training on the fringe benefit claim rules from Division of Equipment to evaluate exclusion determinations.	7/1/2015	Division of Equipment Operations: Joe Venegas Maintenance: Anna Parker	For A&I Use
Review exclusions claimed to ensure they are valid and notify permit holders and supervisors of errors	District Home Storage Permit coordinators, in areas that have Home Storage Permits assigned, will review exclusions claimed monthly to ensure they are valid and notify permit holders and supervisors of errors.	September 1, 2015 the procedure will be fully implemented	Operations: Joe Venegas Maintenance: Anna Parker	For A&I Use
Review Cartags data to determine if fleet users without permits are storing vehicles at home more than the allotted number of nights. Additionally, review the data to ensure that it is complete and consistent and if not, notify the responsible fleet users and supervisors.	District 7 will identify staff responsibility to review cartag system data dump provided by DOE.	7/1/2015	DDDA	For A&I Use
Review Cartags data to determine if fleet users without permits are storing vehicles at home more than the allotted number of nights. Additionally, review the data to ensure that it is complete and consistent and if not, notify the responsible fleet users and supervisors.	District 7 staff assigned to the California Code of Regulations (CCR) Section 599.808 (72 night rule) assessment & reporting will review cartag data provided by DOE on quarterly basis. Review data by employee to determine "home storage" and report to District Management. Please note this review requires assessment of approximately 2300 District Employees. District 7 will continue to work with DOE to facilitate reporting and review as GPS program is implemented.	12/1/2016	TBD	For A&I Use

**Audits and Investigations (A&I) - Response to Draft Report**

**Audit Name: AUDIT REPORT OF THE HOME STORAGE PERMIT PROGRAM**

**Audit No. P3000-0424**

Auditee: District 7

**Audit Report Finding #2**

**Personal Use of State Vehicle One-way Commuting and/or Round Trip Form Procedures Not Consistently Followed**

A&I Audit Recommendation	Auditee Response to Draft Report	Estimated Completion Date	Staff Responsible	A&I Analysis
District 4, 6, and 7 HSP supervisors and managers should ensure that PM -0041's are completed, reviewed, and approved by the third calendar day of the subsequent month.	All TMT personnel log into their HSP Login Account and electronically submit their PM-0041 to Joe Venegas for electronic approval monthly. Joe Venegas (an HSP holder) submits his (PM-0041) to me electronically every month for my approval. All approval are required to take place no later than the 3rd business day of the month.	Division of Ops is in full compliance	Operations: Joe Venegas	For A&I Use
District 4, 6, and 7 HSP supervisors and managers should ensure that PM -0041's are completed, reviewed, and approved by the third calendar day of the subsequent month.	All Maintenance supervisory staff with HSP holders reporting directly to them are to enforce the HSP policies and electronically submit form (PM-0041) prior to the 3rd business day of the month. The policy with be reviewed and initialed by all HSP holders. At the monthly manager's meeting, held by the DDDM, a printout of the delinquent reporters will be shared and the corrective actions will be taken, which may lead to the confiscation of the permit.	July 1, 2015 the procedure will be fully implemented	Maintenance Manager 2s with HSP staff: James Fowler, Alphonso Sanchez, Jerry Gonzalez, Marvin Pruitt, and East Region manager 2	For A&I Use

**Audits and Investigations (A&I) - Response to Draft Report**

**Audit Name: AUDIT REPORT OF THE HOME STORAGE PERMIT PROGRAM**

**Audit No. P3000-0424**

Auditee: District 7

**Audit Report Finding #3**

**Not All Permits were Justified**

<p>District 4, 6, and 7 VHSP supervisors and managers should:</p> <ol style="list-style-type: none"> <li>1. Monitor the emergency call outs by permit holders on a monthly basis to ensure they have a minimum of two call outs per month to meet the annual minimum of 24 emergency call outs. Request DOE cancel any permits not meeting the minimum monthly call out requirement.</li> <li>2. Review Cartags data for permit holders on a monthly basis to determine if the state-owned vehicle is stored at home frequently enough to support the need for permit issuance. Request cancellation if the permit issuance is not supportable.</li> <li>3. Review the Log of Emergency Trips - Before/ After Hours Call Out (DM-0090) in conjunction with the PM-0041 form to ensure that the emergency call outs are properly recorded in the HSP system to support DOE's monitoring and oversight responsibilities.</li> </ol>	<p>All Division of Ops TMT Home Storage Permits are justified per the HSP Guidelines</p> <p>All TMT HSP holders are meeting the requirements of a minimum of 24 Emergency Call Outs per year.</p>	<p>Division of Ops is in full compliance</p>	<p>Operations: Joe Venegas</p>	<p align="center">For A&amp;I Use</p>
<p>District 4, 6, and 7 VHSP supervisors and managers should:</p> <ol style="list-style-type: none"> <li>1. Monitor the emergency call outs by permit holders on a monthly basis to ensure they have a minimum of two call outs per month to meet the annual minimum of 24 emergency call outs. Request DOE cancel any permits not meeting the minimum monthly call out requirement.</li> <li>2. Review Cartags data for permit holders on a monthly basis to determine if the state-owned vehicle is stored at home frequently enough to support the need for permit issuance. Request cancellation if the permit issuance is not supportable.</li> <li>3. Review the Log of Emergency Trips - Before/ After Hours Call Out (DM-0090) in conjunction with the PM-0041 form to ensure that the emergency call outs are properly recorded in the HSP system to support DOE's monitoring and oversight responsibilities.</li> </ol>	<p>Maintenance Division will collect the completed form DM-0090 in the District office. The MM2 over the Equipment manager will review Cartag data with the Equipment manager and provide the DDDM a list of at-risk HSP holders that may not meet the annual minimum of callouts. The list will be shared and the monthly region manager meeting held by the DDDM.</p>	<p>July 1, 2015 the procedure will be fully implemented</p>	<p>MM2 Anna Parker and the Equipment Manager, Marcoz Hernandez</p>	<p align="center">For A&amp;I Use</p>

**Audits and Investigations (A&I) - Response to Draft Report**

**Audit Name: AUDIT REPORT OF THE HOME STORAGE PERMIT PROGRAM**

**Audit No. P3000-0424**

Auditee: District 7

**Audit Report Finding #4**

**Inadequate Record Keeping and Monitoring in District 6 and 7**

<p>The supervisors should require the HSP holder to complete a DM-0090 on a monthly basis and submit it for approval.</p>	<p>A form DM-0090 "Log of Emergency Trips" is submitted monthly as per the HSP Guidelines, to Joe Venegas (Senior Engineer TMT), by all Div of Ops HSP holders documenting all emergency Call Outs.</p>	<p>Division of Ops is in full compliance</p>	<p>Operations: Joe Venegas</p>	<p align="center">For A&amp;I Use</p>
<p>The supervisors should require the HSP holder to complete a DM-0090 on a monthly basis and submit it for approval.</p>	<p>Maintenance Division will collect the completed form DM-0090 in the District office and keep track on a spreadsheet for monthly updating. The MM2 in charge of the Equipment manager will review Cartag data with the Equipment manager and provide the DDDM a list of at-risk HSP holders that may not meet the annual minimum of callouts. The list will be shared and the monthly region manager meeting held by the DDDM.</p>	<p>July 1, 2015 the procedure will be fully implemented</p>	<p>MM2 Anna Parker and the Equipment Manager, Marcoz Hernandez</p>	<p align="center">For A&amp;I Use</p>
				<p align="center">For A&amp;I Use</p>