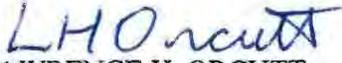


Memorandum

*Flex your Power!
Be energy efficient!*

To: WILLIAM E. LEWIS
Assistant Director
Audits and Investigations

Date: November 20, 2013

From: 
LAWRENCE H. ORCUTT
Chief
Division of Equipment

Subject: **RESPONSE TO VEHICLE HOME STORAGE PERMIT AUDIT (P3000-405)**

The Division of Equipment (DOE) is submitting the attached 360-day Audit Response in response to Audits and Investigations' report entitled *P3000-0405 Home Storage Permit Audit, August 2012*. Submission of this response constitutes our report requirement subsequent to the audit.

As mandated by Section 20000 of the State Administrative Manual, this internal audit was performed for fiscal year 2010-11. The resulting audit report yielded the following two findings in regards to the Home Storage Permit Program:

Finding 1 – Control Weaknesses in the Vehicle Home Storage Permit Program

Finding 2 – Inadequate Tracking of Vehicle Stored at Home Issuance and Renewal

The DOE has addressed both findings in the attached response. If you have any questions, please contact Keith Duncan, Office Chief, Budgets and Administration, at (916) 227-9506.

Attachment

c: Kevin Yee, Audit Supervisor, Audits and Investigations
Keith Duncan, Office Chief, Division of Equipment

**Division of Equipment
Response to Audit Report
P3000-0405 – Home Storage Permit Audit – August 2012
360-Day Response**

Finding 1 – Control Weaknesses in the Vehicle Home Storage Permit (VHSP) Program

Recommendation:

We recommend that DOE:

- *Update the Vehicle Home Storage Permit (VHSP) Guidelines to include procedures for leased/rented vehicle.*
- *Revise the VHSP Guidelines to reflect that VHSP holders may renew their VHSP two months prior to its expiration date.*
- *Update the CarTags website with better instruction or procedures on completing the storage location to identify home storage permit.*

DOE Initial Audit Response:

- The VHSP Guidelines define a state-owned vehicle as “any motor vehicle, as defined by California Vehicle Code Section 415, owned, leased, or rented by the State.” The recommended procedures for the proper use of leased/rented vehicle is included in “Use of State Provided Vehicles and Recording of Vehicle Mileage” Memorandum from the Director’s Office, dated October 29, 2012.
- DOE revised the VHSP Guidelines in May 2013. The revised VHSP Guidelines included the change of reporting requirement from a fiscal year to a calendar year. In addition, it also includes instructions for VHSP holders that they can renew their VHSP 60 days in advance of the new calendar year.”
- DOE revised the CarTags website and instructions in March 2012. In addition to employee and vehicle information, the detailed instructions require the employee to indicate the “Overnight Storage Location” of the vehicle. VHSP holders are required to submit CarTags weekly for VHSP compliance.

60-Day Audit Response:

- The VHSP Guidelines were developed to describe the procedures and responsibilities for VHSP applicants and their supervisors in obtaining and retaining a home storage permit when it is in the best interest of the state to allow an employee to park a State-owned vehicle in secure location at or near the employee’s home. The definition of a State-owned vehicle, as provided on page 4 of the VHSP Guidelines, is: “any motor vehicle, as defined by the California Vehicle Code (CVC), Section 415 ...owned, leased, or rented by the State.” Based on this definition, DOE feels the VHSP Guidelines do cover VHSP procedures for all State-owned vehicles. In addition to addressing this topic in the VHSP Guidelines, the recommended procedures for the proper use of leased/rented vehicles in

included in the "Use of State Provided Vehicles and Recording of Vehicle Mileage" Memorandum from the Director's Office, dated October 29, 2012.

- DOE revised the VHSP Guidelines in May 2013. The revised VHSP Guidelines included the change of reporting requirement from a fiscal year to a calendar year. In addition, it also includes instructions for VHSP holders that they can renew their VHSP 60 days in advance of the new calendar year."
- DOE revised the CarTags website and instructions in March 2012. In addition to employee and vehicle information, the detailed instructions require the employee to indicate the "Overnight Storage Location" of the vehicle. VHSP holders are required to submit CarTags weekly for VHSP compliance.

180-Day Audit Response:

DOE is revising the Vehicle Home Storage Permits Deputy Directive (DD-28-R3) and writing a new Use of State Vehicles Deputy Directive to include VHSP statutes and emphasize the departmental policy to report and record the use of State-owned vehicles by all employees. A copy of both Deputy Directives will be forwarded to Audits and Investigations once they are signed.

Based on the combined actions described in the previous responses and the future issuance of the two Deputy Directives, DOE will consider Finding 1 to be fully addressed, and no other responses will be required.

360-Day Audit Response:

The Use of State Vehicles and Vehicle Home Storage Permits Deputy Directives are pending approval. The Use of State Vehicles Deputy Directive has recently returned to the Division of Equipment for revision and we anticipate it will be issued December 2013/January 2014. Copies of each Deputy Directive will be provided when issued.

Finding 2 – Inadequate Tracking of Vehicle Stored at Home

Recommendation:

We recommend DOE revise the VHSP Guidelines and DD-28-R3 to include specific procedures on how and what supervisors should document when employees without a HSP take vehicles home, to ensure that they do not exceed 36 nights over any 3 month period or 72 nights over a 12 month period.

DOE Initial Audit Response:

DOE does not agree in revising the VHSP Guidelines and DD-28-R3 to include specific procedures on how and what supervisor should document when employees without VHSP take vehicles home, to ensure that they do not exceed 36 night over any 3 month period or 72 nights over a 12 month period. However, DOE will include the recommended procedures in the proper use of state owned vehicles including leased or rented on the “Use of State Provided Vehicles and Recording of Vehicle Mileage” Memo or Policy.

60-Day Audit Response:

As mentioned in the previous response for Finding 1, the VHSP Guidelines were developed to describe the procedures and responsibilities for VHSP applicants and their supervisors in obtaining and retaining a home storage permit when it is in the best interest of the state to allow an employee to park a State-owned vehicle in secure location at or near the employee’s home. To address Finding 2, employees were reminded of the guidelines, laws, and procedures pertaining to the proper use of Stet-provided vehicles in the *Use of State Provided Vehicles and Recording of Vehicle Mileage* Memorandum issued by the Director, dated October 29, 2012. In addition, DOE is revising Deputy Directive 28-R3 to also remind employees of the guidelines, laws, and procedures pertaining to the proper use of State-provided vehicles. A copy of revised Deputy Directive will be provided once it is issued.

180-Day Audit Response:

DOE has revised DD-28-R3 Vehicle Home Storage Permits to reflect a greater emphasis on the legal requirement to report and record the use of the State-owned vehicles on a daily basis through Cartags. The reporting and recording requirements developed in both documents mirror the provisions of the California Code Regulation Section 599.807 and include: record of daily mileage traveled, date and time of travel, itinerary, and information regarding overnight storage and identifies the driver. In addition, DOE has developed a new Use of State Vehicles Deputy Directive (a number has not yet been assigned to this Directive), which extensively covers the proper use of State-owned vehicle and the usage reporting requirements. A copy of both Deputy Directives will be forwarded to Audits and Investigations once they are signed.

360-Day Audit Response:

As mentioned in our response to Finding 1, we anticipate the Use of State Vehicles and Vehicle Home Storage Permits Deputy Directives are pending approval. A copy of both Deputy Directives will be provided when signed/issued.

Memorandum

*Flex your power!
Be energy efficient!*

To: WILLIAM E. LEWIS
Assistant Director
Audits and Investigations

Date: August 20, 2013

From: 
LAWRENCE H. ORCUTT
Chief
Division of Equipment

Subject: **RESPONSE TO VEHICLE HOME STORAGE PERMIT AUDIT (P3000-405)**

The Division of Equipment (DOE) is submitting the attached 180-Day Audit Response in response to Audits and Investigations' report entitled *P3000-0405 Home Storage Permit Audit, August 2012*. Submission of this response constitutes our report requirement subsequent to the audit.

As mandated by Section 20000 of the State Administrative Manual, this internal audit was performed for fiscal year 2010-11. The resulting audit report yielded two findings in regards to the Home Storage Permit Program:

Finding 1 – Control Weaknesses in the Vehicle Home Storage Permit Program

Finding 2 – Inadequate Tracking of Vehicle Stored at Home Issuance and Renewal

The DOE has addressed both findings in the attached response. If you have any questions, please contact Keith Duncan, Office Chief, Budgets and Administration, at (916) 227-9506.

Attachment

c: Kevin Yee, Audit Supervisor, Audits and Investigations
Keith Duncan, Office Chief, Division of Equipment

**Division of Equipment
Response to Audit Report
P3000-0405 – Home Storage Permit Audit – August 2012
180-Day Response**

Finding 1 – Control Weaknesses in the Vehicle Home Storage Permit (VHSP) Program

Recommendation:

We recommend that DOE:

- *Update the Vehicle Home Storage Permit (VHSP) Guidelines to include procedures for leased/rented vehicle.*
- *Revise the VHSP Guidelines to reflect that VHSP holders may renew their VHSP two months prior to its expiration date.*
- *Update the Cartags website with better instruction or procedures on completing the storage location to identify home storage permit.*

DOE Initial Audit Response:

- The VHSP Guidelines define a state-owned vehicle as “any motor vehicle, as defined by California Vehicle Code Section 415, owned, leased, or rented by the State.” The recommended procedures for the proper use of leased/rented vehicle is included in “Use of State Provided Vehicles and Recording of Vehicle Mileage” Memorandum from the Director’s Office, dated October 29, 2012.
- DOE revised the VHSP Guidelines in March 2012. The revisions to the VHSP Guidelines included the change of reporting requirement from a fiscal year to a calendar year. In addition, it also included instructions for VHSP holders that they could renew their VHSP 60 days in advance of the new calendar year.”
- DOE revised the Cartags website and instructions in March 2012. In addition to employee and vehicle information, the detailed instructions require the employee to indicate the “Overnight Storage Location” of the vehicle. VHSP holders are required to submit Cartags weekly for VHSP compliance.

60-Day Audit Response:

- The VHSP Guidelines were developed to describe the procedures and responsibilities for VHSP applicants and their supervisors in obtaining and retaining a home storage permit when it is in the best interest of the state to allow an employee to park a State-owned vehicle in secure location at or near the employee’s home. The definition of a State-owned vehicle, as provided on page 4 of the VHSP Guidelines, is: “any motor vehicle, as defined by the California Vehicle Code (CVC), Section 415 ...owned, leased, or rented by the State.” Based on this definition, DOE feels the VHSP Guidelines do cover VHSP procedures for all State-owned vehicles. In addition to addressing this topic in the VHSP Guidelines, the recommended procedures for the proper use of leased/rented vehicles is included in the “Use of State Provided Vehicles and Recording of Vehicle Mileage” Memorandum from the Director’s Office, dated October 29, 2012.

- DOE revised the VHSP Guidelines in March 2012. The revised VHSP Guidelines included the change of reporting requirement from a fiscal year to a calendar year. In addition, it also includes instructions for VHSP holders that they can renew their VHSP 60 days in advance of the new calendar year.”
- DOE revised the Cartags website and instructions in March 2012. In addition to employee and vehicle information, the detailed instructions require the employee to indicate the “Overnight Storage Location” of the vehicle. VHSP holders are required to submit Cartags weekly for VHSP compliance.

180-Day Audit Response:

- DOE is revising the Vehicle Home Storage Permits Deputy Directive (DD-28-R3) and writing a new Use of State Vehicles Deputy Directive to include VHSP statutes and emphasize the departmental policy to report and record the use of State-owned vehicles by all employees. A copy of both Deputy Directives will be forwarded to Audits and Investigations once they are signed.

Based on the combined actions described in the previous responses and the future issuance of the two Deputy Directives, DOE will consider Finding 1 to be fully addressed, and no other responses will be required.

Finding 2 – Inadequate Tracking of Vehicle Stored at Home

Recommendation:

We recommend DOE revise the VHSP Guidelines and DD-28-R3 to include specific procedures on how and what supervisors should document when employees without a HSP take vehicles home, to ensure that they do not exceed 36 nights over any 3 month period or 72 nights over a 12 month period.

DOE Initial Audit Response:

- DOE does not agree in revising the VHSP Guidelines and DD-28-R3 to include specific procedures on how and what supervisor should document when employees without VHSP take vehicles home, to ensure that they do not exceed 36 night over any 3 month period or 72 nights over a 12 month period. However, DOE will include the recommended procedures in the proper use of state owned vehicles including leased or rented on the “Use of State Provided Vehicles and Recording of Vehicle Mileage” Memo or Policy.

60-Day Audit Response:

- As mentioned in the previous response for Finding 1, the VHSP Guidelines were developed to describe the procedures and responsibilities for VHSP applicants and their supervisors in obtaining and retaining a home storage permit when it is in the best interest of the state to allow an employee to park a State-owned vehicle in secure location at or near the employee’s home. To address Finding 2, employees were reminded of the

guidelines, laws, and procedures pertaining to the proper use of State-provided vehicles in the *Use of State Provided Vehicles and Recording of Vehicle Mileage* Memorandum issued by the Director, dated October 29, 2012. In addition, DOE is revising Deputy Directive 28-R3 Vehicle Home Storage Permits to also remind employees of the guidelines, laws, and procedures pertaining to the proper use of State-provided vehicles. A copy of revised Deputy Directive will be provided once it is issued.

1 80-Day Audit Response:

- DOE has revised Deputy Directive DD-28-R3 Vehicle Home Storage Permits to reflect a greater emphasis on the legal requirements to report and record the use of the State-owned vehicles on a daily basis through Cartags. The reporting and recording requirements developed in both documents mirror the provisions of the California Code Regulation Section 599.807 and include: record of daily mileage traveled, date and time of travel, itinerary, and information regarding overnight storage and identifies the driver. In addition, DOE has developed a new Deputy Directive Use of State Vehicles (a number has not yet been assigned to this Directive), which extensively covers the proper use of State-owned vehicle and the usage reporting requirements. A copy of both Deputy Directives will be forwarded to Audits and Investigations once they are signed.

Based on the combined actions described in the previous responses and the future issuance of the Deputy Directives, DOE will consider Finding 2 to be fully addressed, and no other responses will be required.
