##### EVENTS & TRANSPORTATION

##### VANPOOL PROGRAM

AUDIT REPORT #18-2208

##### Audit & Advisory Services

##### June 2018

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# Background

In accordance with the UCLA Administration fiscal year 2017-18 audit plan, Audit & Advisory Services (A&AS) has completed a review of Events & Transportation’s Vanpool Program.

The Vanpool Program is a service provided by UCLA Bruin Commuter Services (BCS) to UCLA employees, students, ASUCLA employees, UCLA affiliates and other eligible Westwood area employees. Founded in 1984, the Vanpool Program is one of several strategies UCLA utilizes to reduce traffic congestion, meet legal mandates for enhancing the region’s air quality, and provide sustainable alternate transportation options. BCS is a unit within Events & Transportation Communications & Commuter Services and is under the direction of the BCS Manager. Seven full-time employees and a student staff member report to the BCS manager. BCS is responsible for programmatic/administrative support for the Vanpool Program related to the maintenance, parking, fueling and insurance of all vanpool vehicles. The unit also manages Vanpool Program routes from formation to termination, and related operational processes to ensure that the program is sustainable, safe, reliable and cost-effective.

The Vanpool Program provides ridership for over 148 vanpools that serve commuters throughout Southern California. Vanpool routes include, but are not limited to, Lancaster in Northern Los Angeles County; Laguna Hills in Orange County; Moreno Valley in Riverside County; and Oxnard in Ventura County. As of fall 2016, there are approximately 1,438 full-time vanpool riders. Approximately 92% (1,323) full-time riders are University employees, 5% (68) are students and the remaining 3% (47) are other eligible Westwood area commuters.

## Purpose and Scope

The primary purpose of the review was to ensure that the Events & Transportation organizational structure and controls, and the related systems and procedures surrounding the Vanpool Program’s activities, are conducive to accomplishing its business objectives. The secondary purpose was to evaluate the adequacy and efficiency of internal controls. Where applicable, compliance with University policies and procedures was also evaluated.

The scope of the audit focused on the following areas:

* Driver Qualifications, Safety, and Compliance
* Personal Use of Vanpool Vehicles
* Key Inventory

The review was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing* and included tests and other procedures considered necessary in achieving the purpose. Interviews were conducted with management and staff, and supporting documentation related to various Vanpool Program activities and processes were examined.

#### Summary Opinion

Based on the results of the work performed within the scope of the audit, the organizational structure and control procedures that have been established within the Vanpool Program are generally conducive to help accomplish its business objectives. However, some business practices could be further strengthened to ensure that controls consistently function as intended. The following were noted:

*Driver Qualifications, Safety, and Compliance*

* All Road Evaluation/Road Test forms should be reviewed to ensure that any Social Security Numbers (SSNs) have been appropriately redacted.
* Management should ensure that BCS staff adhere to written procedures pertaining to the resolution of SmithSafe safety observations. Observations should be considered resolved once all drivers have responded to the communication.

*Key Inventory*

* A supplementary inventory count of all keys should be performed and the results should be used to update the Vanpool Key Inventory Tracking Log. Keys rings identified with vans that have been sold, used as back-up vehicles, and/or associated with terminated leases should be relinquished to Fleet. Inventory records and documentation should also be updated when keys are assigned, returned, or disposed of, and as vehicles are reassigned.

The audit results and corresponding recommendations are detailed in the following section of the audit report.Audit Results and Recommendations

Driver Qualifications, Safety, and Compliance

As representatives of the University, UCLA vanpool drivers are the key link in providing alternative commute options for participants. Drivers must be committed to transporting participants between the UCLA area and designated pick-up and departure location(s), in a safe, prudent, and responsible manner at all times, and in accordance with all federal, state, and local laws. A review was performed to ensure business practices and controls surrounding driver qualifications and compliance are adequate. Controls surrounding driver safety was also reviewed. Discussions were held with the BCS management and staff, and related documentation was reviewed.

The following were noted:

1. Driver Qualifications

A listing of all current active vanpool drivers was obtained from the Vanpool Database. A judgmental sample of ten vanpool drivers was selected to ensure that they met the qualifications outlined in the UCLA BCS Vanpool Program Policies & Procedures. Controls surrounding the physical security of driver information was also reviewed.

Based on the test work performed, all ten vanpool drivers met the requirements to operate a vanpool vehicle. Specifically, all drivers are active UCLA faculty, staff or registered students over 25 years of age, have a valid driver’s license, passed the road evaluation screening with an 80% or greater, and did not have any traffic violations or points on their driving record (as of January 10, 2018). All drivers had a physical examination performed as evidenced by a valid medical examiner’s certificate. Signed copies of the Sworn Statement Card, UCLA Vanpool Driver Orientation Overview, Vanpool Driver Agreement and UCLA BCS Participant Agreement is maintained by the BCS office for each driver. Driver files are maintained in file cabinets that are locked after normal business hours. Additionally, the BCS office and driver files are restricted to BCS management and staff.

During the review, A&AS discovered that in some instances driver SSNs were requested on the third party Road Evaluation/Road Test form while in other instances a handwritten request for the driver’s University Employee Identification (UID) number appeared in the “SOC. SEC. #” field instead. Furthermore, two of the ten vanpool drivers selected for review provided what appears to be the last four digits of their SSN. The forms that were reviewed as part of test work were completed between 2003 and 2015; and the two forms that had the last four digits of the driver’s SSN were from June 2015 and October 2015.

BCS management communicated that the form is provided by a third party vendor in charge of performing the road evaluation on prospective vanpool drivers. BCS does not use the SSN for the Vanpool Program. Management further stated that during late fall 2015, BCS reviewed its driver/passenger approval process and determined that the third party Road Evaluation/Road Test form was the only document containing a request for a participant’s SSN. As a result, they requested that the vendor begin crossing out the request for their SSN and write in a request for their Employee ID number instead. In cases where they found an accidental recording of the last four digits of an individual’s SSN, they stated that they have redacted it from the document.

After discussions with A&AS, management contacted the vendor, who removed the SSN field from the Road Evaluation/Road Test form effective immediately.

Recommendation: All Road Evaluation/Road Test forms should be reviewed to ensure that any SSNs have been appropriately redacted.

Response: We concur. All Road Evaluation/Road Test forms have been reviewed to ensure that any SSNs have been appropriately redacted.

1. DMV Pull Notice

All vanpool drivers are required to be enrolled in the State of California Department of Motor Vehicles (DMV) Employer Pull Notice (EPN) Program, which provides a report showing each driver’s current public driving record and the status of any required certification. The Driver Management System and SambaSafety system are utilized to enroll and monitor vanpool drivers in the DMV EPN. The Fleet & Transit (F&T) Business and Compliance Manager is responsible for monitoring the DMV EPN system.

Two separate electronic listings showing the 416 vanpool drivers and back-up drivers were obtained from the Driver Management System and the Vanpool Database (VPD) as of January 12, 2018. A&AS utilized data analytics (e.g., conditional formatting, text manipulation, filters, sorts, etc.) to compare information from the Driver Management System against the VPD to verify that all drivers are set-up with an EPN. Controls surrounding the identification, communication and timely remediation of driving violations reported to the DMV for vanpool drivers were also reviewed.

Based on the test work performed, all vanpool drivers are set up within the DMV EPN monitoring system. Driving violations are identified by the F&T Business and Compliance Manager through the SambaSafety system. Drivers with activity on their driving record are assessed an activity charge. Activity was communicated to BCS management by the Business and Compliance Manager. BCS management reviews the information provided to make a determination whether further action is necessary. Information reviewed by management includes the type of violation, whether a vanpool vehicle was involved, and if points were issued on the driver’s record.

There were no significant control weaknesses found in this area.

1. Driver Safety Observation Reporting

Driver safety observation reporting systems have been implemented for the Vanpool Program. Decals with a telephone number for the public to report observations/complaints about vanpool drivers are on all University-owned vans. The decals are part of the SmithSafe vehicle decal program offered by a privately contracted vendor (Smith System), which includes a hotline operated by the vendor to record the observations/complaints reported by the public.

A judgmental sample of five driving safety observations reported via the Smith System from October 2018 were selected and reviewed to ensure that the observations were communicated to the vanpool drivers, and that appropriate action was taken by BCS management. Based on the test work performed, the Program Management Supervisor communicates reported safety observations to vanpool drivers. The communication includes the observation date, time, location, and description. Countermeasures related to the observation are attached to the communication. Vanpool drivers are required to respond to the communication acknowledging the reported observation, that they have reviewed the countermeasure, and will practice good driving habits. BCS staff documents vanpool drivers’ responses in the Smith System. However, four of the five observations were not resolved within 72 business hours, in accordance with the BCS SmithSafe Process written procedure. In the four observations noted, there was a span of 8 to 14 days between the date of resolution per the SmithSafe observation report and the date of the observation. The written procedures state that “all observations will be resolved within 72 business hours.” Further discussions with BCS management indicated that the practice of resolving observations within 72 business hours is from the date that the observation was communicated to the drivers and not the date of the observation. The practice of basing the 72 business hours on the communication rather than the date of the observation can be misleading. Review of supporting documentation for the four observations showed that there were 8 to 57 days between the date of the observation, date of communication to the driver(s), and the date of the driver response to the communication.

Additionally, it appears that some observations are marked as “resolved” in the Smith System as soon as one of the drivers responds to the communication, and not necessarily when all the drivers respond. In one of the observations reviewed, the observation was communicated to the three drivers from that vanpool and marked as “resolved” after one of the drivers responded, although the other two drivers did not respond to the communication for 44 days.

During the course of the audit, BCS management updated the SmithSafe Process procedure to ensure that it accurately reflects current business practice(s).

Recommendation: Management should ensure that BCS staff adhere to written procedures pertaining to the resolution of SmithSafe safety observations. Observations should be considered resolved once all drivers have responded to the communication.

Response: We concur. The BCS Manager will work with BCS staff to ensure the resolution of SmithSafe safety observations in keeping with written procedures.

Personal Use of Vanpool Vehicles

Excess vanpool mileage and personal use of vanpool vehicles by drivers are defined in the Vanpool Program policies and procedures. All vanpool drivers must sign a document acknowledging that they understand and agree with these policies. Discussions were conducted with BCS management and related documentation was reviewed to determine that reimbursements from drivers for excess personal mileage are obtained in accordance with established policies and in compliance with Internal Revenue Service (IRS) imputed income tax requirements.

Based on the review, vanpool vehicles are allocated between 100 to 200 personal miles per month, which is in compliance with IRS imputed income tax requirements. Drivers are required to reimburse the University for excess personal mileage at the current mileage reimbursement rate. Excess mileage reviews are performed on a quarterly basis. The actual miles driven by individual vanpool vehicles are compared to the expected mileage for each vanpool route to identify vans that may have exceeded their personal mileage allotments.  The actual miles driven are calculated based on odometer readings recorded by Fleet staff when the vans are brought in for maintenance.

For vans that exceed their personal mileage allotments based on the odometer readings data and pre-established daily round trip commute miles, BCS staff must conduct additional research and obtain clarification from vanpool drivers to determine if there were valid reasons for the excess mileage. For example, security, construction or parking issues may have required vanpool drivers to take alternative routes and/or change pick-up or drop-off locations that resulted in increased daily commute mileage. If the excess mileage cannot be attributed to the daily round trip commute, BCS staff begin the process of requesting driver(s) reimbursement to UCLA for any personal excess mileage over the personal mileage allotment. For the fiscal year 2016-17, a total of three drivers were required to reimburse the University a collective amount of $1,193 for excess personal mileage.

There were no significant control weaknesses found in this area.

Key Inventory

Keys for vanpool vehicles are tracked on the UCLA BCS Vanpool Key Inventory Tracking Log. Keys are physically secured in lock boxes located within the BCS office. Access to the office space and key inventory is restricted to BCS management and staff. Key boxes are locked at the end of the business day. Additionally, the BCS office area is monitored by security surveillance cameras.

A physical inventory was performed to verify that BCS key inventory records are accurate. A judgmental sample of 30 key rings was selected for testing: 15 keys rings were selected from the Vanpool Key Inventory Tracking Log to verify that they were physically on hand; and 15 key rings were selected from the key box to verify that all key rings were recorded on the Vanpool Key Inventory Tracking Log. Controls surrounding the physical security of keys were also reviewed.

BCS has established proper security controls over the physical keys; however, controls surrounding the administration and documentation of key inventory records should be improved. Based on the test work performed, A&AS identified the following with regard to 11 of the 30 key rings:

* Eight key rings were not recorded on the Vanpool Inventory Tracking Log. Six of the eight rings identified were for vanpool vans previously sold by Fleet. One of the eight key rings is for a vehicle maintained by Fleet as a back-up van. The remaining key ring is for a van that had been assigned to a vanpool route. However, the inventory log was not updated.
* The Vanpool Key Inventory Tracking Log indicated that a van had four keys in inventory. Verification of the key ring indicated that only two keys were for the assigned van. The remaining two keys were for a formerly leased vanpool vehicle that had been returned to the lessor.
* The Vanpool Key Inventory Tracking Log was not updated to reflect the reassignment of a van to a different route.
* A key was issued to a Vanpool driver; however, BCS staff did not have the individual sign the Vanpool Key Inventory Tracking Log acknowledging receipt of the key in accordance with departmental procedures.

During the audit, BCS management communicated to A&AS that they are being proactive in the resolution of the observations identified above.

Recommendation: Management should:

* Perform a supplementary inventory count of all keys maintained by the department. The results should be used to update the Vanpool Key Inventory Tracking Log. Inventory records should also be updated when vanpool vehicles are reassigned or when keys are issued or returned.
* Keys rings identified for sold vans, back-up vehicles and/or terminated leases should be destroyed/relinquished to Fleet. The transfer of custody between BCS and Fleet should be documented in order to maintain accountability.
* Ensure that all drivers sign documentation acknowledging receipt of vanpool keys upon issuance, in accordance with established procedures.

Response: We concur:

* A supplementary inventory count of all keys maintained by the department was performed and the Vanpool Key Inventory Tracking Log was updated as appropriate. Inventory records will continue to be updated when vanpool vehicles are reassigned or when keys are issued or returned.
* Keys for sold vans, back-up vehicles and/or vehicles associated with terminated leases were relinquished to Fleet Services or the third party vendor as appropriate for distribution or disposal. The transfer of custody between BCS and Fleet Services/the third party vendor will continue to be documented in order to maintain accountability.
* The BCS Manager reviewed the vanpool key distribution process with BCS staff, and all BCS staff are expected to comply with established procedures at all times.

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