

FINDINGS AND RECOMMENDATIONS
FY 2009-2010

A/F

1) OVERSTATED TRANSPORTATION EXPENDITURES

Criteria:

Budget Category Instructions of the Automobile Insurance Fraud Program Request For Application Fiscal Year 2009-2010 (program RFA) states that, "Allowable costs are those costs incurred in direct support of local program activities, including program-related travel, equipment costs proportional to their program-related use." Further, the program RFA states that travel should be budgeted based on the County's travel policy. If a county does not have a travel policy, the State mileage rate can be used which is a maximum of 55 cents per mile unless a higher rate is justified. Finally, OMB Circular A-87, Attachment B, number 43, states that "travel costs are the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the governmental unit. Such costs may be charged on an actual cost basis, on a per diem or **mileage basis** in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip and not to selected days of the trip, and results in charges consistent with those normally allowed in like circumstances in the governmental unit's non-federally sponsored activities." To comply with OMB A-87 principles, and per the County's Interim Vehicle Standards and Use Guidelines, County policy states that "departments shall maintain and monitor vehicle usage logs for all assigned County vehicles. The logs shall track, on a daily basis, individual drivers, program use, date and time of use, and beginning and ending odometer readings."

Condition:

During our review we noted that the District Attorney's Office (DA) charged vehicle usage charges and fuel costs as a direct cost to the program. Specifically, during the year the El Dorado County's (County) Fleet Management Unit (Fleet) and Internal Service Fund (ISF) charged the DA for the use of two County pool vehicles based on the vehicle's usage logs. The DA then allocated these charges based staff's time distribution or time study hours, not vehicle usage logs maintained in accordance with County policy. Further, when the DA allocated the Fleet charges to the program, they charged \$1.00 per mile, rather than the Fleet mileage rates of \$0.40 and \$0.34 per mile.

In addition, during our review we noted that the DA charged \$2,088.32, or 100% of the cost of vehicle maintenance performed on two leased vehicles, however the vehicles were not used exclusively for the program. Specifically, one vehicle was sometimes used for DA office business and the other was assigned to an employee who did not work exclusively on the program. Vehicle usage logs were not maintained for either leased vehicle.

Finally, we found that DA staff used the DA's purchase/credit cards to purchase fuel and these costs were similarly allocated to the program based on the employee's time distribution or time studies.

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Effect:

Questioned costs of \$6,853.91. Specifically, the DA cannot support the \$1,652.91 of Fleet vehicle usage, \$2,088.32 of leased vehicle maintenance, or \$3,112.68 of fuel costs that were charged directly to the program.

Recommendation:

DA should implement procedures to ensure that detailed vehicle usage logs are maintained in accordance with County policy so they may support the direct charge of Fleet vehicle usage and fuel costs to grant funded programs. In addition, DA should apply correct mileage rates when allocating vehicle usage. Further, DA should maintain vehicle usage logs to allocate non-Fleet vehicle maintenance costs to the program proportionally according to the vehicles' program-related use. Finally, DA should prepare a journal entry transferring \$6,853.91 from the General Fund to the Automobile Insurance Fraud Special Revenue Fund.

County District Attorney Response:

The District Attorney's Office will be preparing a journal entry transferring \$6,853.91 from the General Fund to the Automobile Insurance Fraud Special Revenue Fund in response to this finding. In an attempt to allocate vehicle mileage and maintenance the department utilized a new billing worksheet to allocate expenses. In error the numbers of miles were used to distribute cost as opposed to the cost allocated to the mileage usage.

After reviewing this finding with the Auditor's Office it was determined that the spreadsheet will not be used in future years and that the department will explore another method in which to allocate both mileage and maintenance costs if possible.

2) TIMESHEETS SIGNED AND DATED PRIOR TO THE LAST DAY COVERED BY THE TIMESHEETS

Criteria:

Per the California State Controller Handbook of Cost Plan Procedures for California Counties, Section 2320 (personnel activity reports), when employees work on two or more activities or cost objectives and/or when their activities are directly identified or directly billed to particular budget units or agencies, the distribution of their salaries or wages must be supported by personnel activity reports. In all cases, to be acceptable as documentation for personnel services, all personnel activity reports must reflect an after-the-fact distribution of each employee's actual activity.

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Recommendation:

DA should implement procedures to ensure that detailed vehicle usage logs are maintained in accordance with County policy so they may support the direct charge of vehicle usage and fuel costs to grant funded programs. In addition, DA should apply correct mileage rates when allocating vehicle usage. Further, DA should prepare a journal entry transferring \$1,767.85 from the General Fund to the Worker's Compensation Insurance Fraud Special Revenue Fund.

County District Attorney Response:

The District Attorney's Office will be preparing a journal entry transferring \$1,767.85 from the General Fund to the Workers Compensation Insurance Fraud Special Revenue Fund in response to this finding. In an attempt to allocate vehicle mileage and maintenance the department utilized a new billing worksheet to allocate expenses. In error the numbers of miles were used to distribute cost as opposed to the cost allocated to the mileage usage.

After reviewing this finding with the Auditor's Office it was determined that the spreadsheet will not be used in future years and that the department will explore another method in which to allocate the cost if possible.

2) NOT REPORTING EQUIPMENT PROPERLY IN ANNUAL EXPENDITURE REPORT

Criteria:

Per the program RFA, at a minimum, Expenditure Report shall include the following:

- 1) Personnel salaries and benefits;
- 2) Operations cost breakdown;
- 3) Equipment, and
- 4) Explanation of any significant variances from the District Attorney's approved budget plan

Further, Budget Category Instructions of the program RFA indicates three specific budget categories – personnel services, operating expenses, and equipment.

Condition:

DA reported equipment as part of direct operating expenses in its program annual Expenditure Report.

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Effect:

DA did not report its annual Expenditure Report correctly as instructed by the program RFA.

Recommendation:

DA should report equipment as a separate category in the Expenditure Report as instructed by the program RFA.

County District Attorney Response:

The finding has been noted for future annual expenditure reports and an additional category has been created for reporting purposes. The equipment purchase was listed on the annual expenditure report under Section III, Direct Operating Expenses, but will be broken out into its own category.