

DELEGATIONS OF AUTHORITY

SAN JOSÉ STATE UNIVERSITY

Report Number 06-14

July 20, 2006

Members, Committee on Audit

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ABBREVIATIONS

AB	Assembly Bill
BOT	Board of Trustees
CSU	California State University
DMV	Department of Motor Vehicles
DVBE	Disabled Veteran Business Enterprise
EO	Executive Order(s)
MLML	Moss Landing Marine Lab
OEM	Original Equipment Manufacturer
PMCP	Policy Manual for Contracting and Procurement
SAM	State Administrative Manual
SB	Senate Bill
SJSU	San José State University
SUAM	State University Administrative Manual

EXECUTIVE SUMMARY

The Committee on Audit, at its January 2006 meeting, directed the Office of the University Auditor to review the audit subject *Delegations of Authority*. Delegations of Authority was previously audited in 2001.

We visited the San José State University campus from February 6, 2006, through March 30, 2006, and audited the procedures in effect at that time.

In our opinion, the existing policies and procedures for the administration of the procurement and support services function were, for the most part, effective. However, the controls over contractor certification of recycled material, consultant contracts, campus-owned vehicles, campus leasing of university facilities, and disposal of property required management attention.

The following summary provides management with an overview of conditions requiring attention. Areas of review not mentioned in this section were found to be satisfactory. Numbers in brackets [] refer to page numbers in the report.

SPECIAL PURCHASING ISSUES [7]

Required contractor certifications were not consistently obtained for the recycled content of commodity purchases.

PROCUREMENT OF SERVICES [7]

Conflict-of-interest statements were not obtained for consultant contracts. A review of eight independent contractor agreements disclosed that conflict-of-interest statements were not obtained from three that met the definition of a consulting services contract.

MOTOR VEHICLES INSPECTIONS AND USE [8]

The campus motor vehicle inspection program did not ensure adequate preventative maintenance for all campus vehicles or that campus vehicle use policies were followed. Required preventative maintenance was not performed on a regular basis for 15 of 33 vehicles reviewed, an audit of the Moss Landing Marine Lab vehicle program was not performed, and evidence of training completion was not forwarded to human resources. In addition, campus departments were not always properly identifying employees permitted to drive university vehicles, including them in the campus defensive driving program, and reviewing their driving records from the Department of Motor Vehicles. Further, campus forms to fulfill the trip/daily operator checklist requirements were not completed by all departments with vehicles.

AGREEMENTS AND LEASES [12]

There was no evidence that the president or designee had approved the fees charged for the short-term leasing of state facilities.

PROPERTY [12]

Retention of property survey reports needed improvement. A review of the donation or disposal of assets disclosed that property survey reports were not on file for 3 of the 17 assets reviewed.

INTRODUCTION

BACKGROUND

In 1986, Senate Bill (SB) 1828 extended indefinitely certain California State University (CSU) delegations of authority concerning purchasing and contracting activities, motor vehicle inspections, and real and personal property transactions. The bill's intent was to promote greater economy and efficiency in CSU operations and was expanded by Assembly Bill (AB) 1191 in 1993. The bill also added section 89045(d) to the Education Code:

(d) In addition, the internal audit staff shall perform audits, at least once every five years, of the activities of the CSU pursuant to Sections 89031.5, 89036, 89046, and 89048 of the Education Code and Section 11007.7 of the Government Code.

Executive Order (EO) 615, *Delegation of Acquisition Authority for Personal Property and Services*, dated March 23, 1994, delegated the procurement authority granted to the CSU under AB 1911 to campus presidents. EO 667, *Acquisition of Personal Property and Services*, dated April 1, 1997, superseded EO 615 with expanded provisions contained in the newly created *CSU Policy Manual for Contracting and Procurement (PMCP)*. EO 775, *Acquisition of Personal Property and Services*, dated June 6, 2001, superseded EO 667 to include delegation of authority to acquire information technology resources. EO 760, *Procurement Cards*, dated October 16, 2000, delegated authority for the use of procurement cards to campus presidents.

The *CSU PMCP* states that CSU purchasing and contracting policies are adopted to form compliance with a variety of statutory and policy provisions found in the State of California statutory codes (i.e., Education Code, Public Contract Code, Government Code, etc.); Title 5, California Code of Regulations; the Standing Orders and Resolutions of the Board of Trustees (BOT); specific Trustee policy issued via chancellor Executive Orders and administrative policy memoranda. CSU contracting and procurement policies encompass the following fundamental principals:

- ▶ Recognition that the basic mission of the CSU is to support the teaching, research, and public service requirements for higher education for the people of the State of California.
- ▶ Recognition that the continued development and refinement of purchasing policies in accordance with good business judgment and best business practices is paramount to the effective and efficient total operations of the CSU.
- ▶ The firm belief that it is in the best interest of the CSU to limit, as much as possible, prescriptive policies and regulations and to provide maximum flexibility to, and accountability for, the adoption of local campus policies and procedures to ensure the cost effective operation of campus business.
- ▶ Recognition that the policies contained in the *CSU PMCP* are intended to establish a baseline for compliance with state law and Trustees policy. It is the responsibility of the campus to determine the disposition of any issue not specifically addressed in the *CSU PMCP* or otherwise prescribed in law or regulation.

The *CSU PMCP* further states that the CSU is committed to maintaining high standards of performance based upon fair, ethical, and professional business practices. It is expected that each campus president and administrative staff will develop and adopt local campus policies and operational procedures, which further the implementation of Trustee policy presented within the *CSU PMCP*.

EO 691, *Motor Vehicle Inspections* dated November 23, 1998, issued in response to our 1996 review, updated and streamlined prior motor vehicle inspection requirements. The EO directs each campus to implement a motor vehicle inspection program, specifies eight guidelines that should be included, directs the president to assign the function to an individual, and requires that the chancellor's office be notified of the individual assigned. CSU policy concerning the use of motor vehicles is codified in *CSU Use of University and Private Vehicles Policy Guidelines* booklet dated March 2002, which was issued via Technical Letter 2002-16 from human resources administration.

EO 669, *Leases*, dated May 1, 1997, delegated the authority to execute leases of real property to campus presidents as either lessor or lessee without approval by the Office of the Chancellor subject to certain limitations and superseded a prior EO issued in 1983. The EO requires the use of standard provisions from model lease agreements, an assessment of risk of liability potential for each lease agreement, a competitive process for leasing to for-profit enterprises, an accounting for leases in the campus financial records, and maintenance of a central repository for all current lease agreements.

EO 409, *Purchase, Sale, Lease, and License of Personal Property*, dated January 5, 1983, delegated authority to sell or exchange personal property to campus presidents and has been superseded except for Item B. The EO permits the sale or exchange of personal property when the campus president determines it is in the best interest of the CSU and the transaction is based on fair market value.

State University Administrative Manual (SUAM) §9018, *Acquisition and Granting of Easements and Acceptance of Quitclaims*, sets forth the processing guidelines and responsibilities for such property transactions by the campus and the land records staff of the chancellor's office Capital Planning, Design and Construction department.

The primary objective in this audit will be to review and analyze activities to assure that the CSU has acted responsibly under the delegations of authority listed in Executive Orders 775, 760, 691, 669, and 409 and applicable *CSU PMCP* and SUAM §9018 requirements. Specific areas to be covered will include, but not be limited to: certain purchasing and contracting issues; commodity, information technology resources and services acquisitions; consultant contracts; service orders; small business and other special purchasing issues; motor vehicle inspections and use; agreements and leases; leases of real property as either lessor or lessee; easements, right-of-way, and quitclaim transactions; and the sale or exchange of real and personal property.

PURPOSE

Our overall audit objective was to review and analyze activities to assure that the CSU has acted responsibly under the *Delegations of Authority* established by SB 1828 (1986) and expanded by AB 1191 (1993) and to determine the adequacy of controls over the related processes to ensure compliance with relevant governmental regulations, Trustee policy, Office of the Chancellor directives, and campus procedures.

Within the overall audit objective, specific goals included determining whether:

- ▶ Administration and management of procurement activity provide an effective internal control environment, adequate local policies and operational procedures, current written delegations, and observance of good business practices in compliance with CSU policy.
- ▶ Sourcing options and alternatives are used to maximize purchasing leverage, achieve discounts, and reduce administrative costs; bidding requirements are enforced and adequately controlled; and campus policy maximizes advertising in the California State Contracts Register.
- ▶ Methods used to execute low-value purchases are properly delegated and adequately controlled and campus use of service orders is appropriate.
- ▶ Vendor protests, disputes, complaints, and exclusion from bidding are handled in accordance with CSU policy and maintenance of vendor data is adequate.
- ▶ Efforts are made to meet Disabled Veteran Business Enterprise (DVBE) and Buy Recycled goals; purchasing preferences are properly granted; and DVBE, small business, and Buy Recycled reporting is timely, accurate, and supportable.
- ▶ Purchase agreements are properly executed and include required conditions, provisions, certifications, and insurance requirements, and Department of Fair Employment and Housing contract notification requirements are met.
- ▶ The campus motor vehicle inspection program and use of CSU-owned vehicles comply with CSU policies regulations, including the designation of a vehicle inspector.
- ▶ Leasing activities are adequately controlled and comply with CSU policy, and state regulations and leases are properly executed.
- ▶ The campuses and the chancellor's office correctly acquired and granted easements, rights-of-way and quitclaims, and the sale or exchange of personal property complies with CSU policy and the Education Code.

SCOPE AND METHODOLOGY

The scope of the audit, as presented at the February 1, 2006, meeting of the Committee on Audit, included, but was not limited to, the review of procurement, the use of the California State Contracts Register, recycling efforts, motor vehicle use, leasing activities, and rights of way. *Delegations of Authority* is a mandated audit and is required by the Education Code at least once every five years.

Our study and evaluation were conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors, and included the audit tests we considered necessary in determining that operational and administrative controls are in place and operative. This review emphasized, but was not limited to, compliance with state and federal laws, BOT policies, and Office of the Chancellor and campus policies, letters, and directives. The audit review focused on procedures in effect from January 2005 through February 2006. In instances when it was necessary to review annualized data, fiscal year 2005/06 was the primary period reviewed.

We focused primarily upon the internal administrative, compliance, and operational controls over delegation of authority and contracting activities, motor vehicle inspection, and real and personal property transactions. Specifically, we reviewed and tested:

- ▶ Specific purchasing, contracting, and leasing activities, delegations, and limitations.
- ▶ Sourcing options and alternatives.
- ▶ Bidding procedures and exceptions.
- ▶ Contract advertising and reporting practices.
- ▶ Low-value purchase methods and controls.
- ▶ Handling of vendor protests, disputes, and complaints.
- ▶ Maintenance of vendor data.
- ▶ Granting of purchase preferences.
- ▶ Preparation of DVBE, small business, and Buy Recycled reports and goal attainment.
- ▶ Execution of purchase agreements and leases.
- ▶ Motor vehicle inspection and use policies and controls.
- ▶ Easements, rights-of-way, and quitclaims and the sale or exchange of personal property.

OBSERVATIONS, RECOMMENDATIONS, AND CAMPUS RESPONSES

SPECIAL PURCHASING ISSUES

Required contractor certifications were not consistently obtained for the recycled content of commodity purchases.

Public Contract Code §12205 states that contractors shall be required to certify in writing the minimum percentage, if not the exact percentage, of post-consumer and secondary material in the materials, goods, or supplies provided or used. This certification shall be furnished under penalty of perjury. The certification shall be provided regardless of content, even if the product contains no recycled materials.

The purchasing manager stated that every vendor receiving a commodity purchase order was requested to complete a four-page recycled content form, which was attached to the purchase order file copy, if returned.

Failure to consistently obtain contractor certifications for the recycled content of commodity purchases results in non-compliance with state regulations and inaccurate Buy Recycled reporting.

Recommendation 1

We recommend that the campus strengthen enforcement efforts to obtain required contractor certifications for the recycled content of commodity purchases.

Campus Response

We concur. We will strengthen enforcement efforts to obtain required contractor certifications for the recycled content of commodity purchases. Implementation by October 20, 2006.

PROCUREMENT OF SERVICES

Conflict-of-interest statements were not obtained for consultant contracts.

Our review of eight independent contractor agreements disclosed that three met the definition of a consulting services contract; however, the consultants did not complete a conflict-of-interest statement.

The *California State University (CSU) Policy Manual for Contracts and Procurement (PMCP)* §412.10 and the *San José State University (SJSU) PMCP* §4.17 state that should a consultant provide services for preparation or development of recommendations for the actions which are required, suggested, or otherwise deemed appropriate, and which include the provision, acquisition, or delivery of products or service; then the consultant must provide full disclosure of any financial interest,

including, but not limited to, service agreements, OEM, and/or remarketing agreements that may foreseeably allow the contractor to materially benefit from the adoption of such recommendations.

The purchasing manager stated that the buyer responsible for these vendors was unaware that the conflict-of-interest statement was required.

Failure to obtain conflict-of-interest statements from consultants increases the risk that consultants are not independent from the university, which could negatively impact public perception.

Recommendation 2

We recommend that the campus obtain a conflict-of-interest statement for all consultant contracts.

Campus Response

We concur. The campus will implement measures to obtain a conflict-of-interest statement for all consultant contracts by October 20, 2006.

MOTOR VEHICLE INSPECTIONS AND USE

MOTOR VEHICLE INSPECTION PROGRAM

The campus motor vehicle inspection program did not ensure adequate preventative maintenance for all campus vehicles.

We found that:

- ▶ Required preventative maintenance was not performed on a regular basis. Our review of preventative maintenance for 33 vehicles (23 passenger and 10 non-passenger vehicles) during calendar years 2005 and 2006 disclosed the following:
 - Two passenger vehicles and one non-passenger vehicle had no preventative maintenance performed.
 - Five passenger vehicles had a 4,000 miles/6-months maintenance performed; however, no 12,000 miles/12-months maintenance was performed.
 - Two passenger vehicles had a 12,000 miles/12-months maintenance performed; however, no 4,000 miles/6-months maintenance was performed.
 - Four passenger vehicles had multiple 4,000 miles/6-months maintenances performed; however, no 12,000 miles/12-months maintenance was performed.

- ▶ An audit of the Moss Landing Marine Lab (MLML) vehicle program to ensure compliance with campus policy was not performed.
- ▶ Signed copies of required utility truck training certifications were not maintained in human resources files, as required by campus procedures.

The SJSU *Motor Vehicle Inspection Program* states that in order to guarantee the maximum useful life of state-owned or leased vehicles, a maintenance service is required every 4,000 miles or six months, and also at 12,000 miles or 12 months, whichever comes first. Electric carts, forklifts, boom lifts, tractors, and mowers are required to have a safety inspection/maintenance service performed every six months. Further, the facilities development and operations fleet administrator will perform an annual audit of the MLML to ensure compliance. In addition, electric cart, mowers, tractors, boom lift, and utility truck training will be provided by the immediate supervisor of the area. Also, certification of such training will be required to be signed by the supervisor and the employee and be forwarded to the official file in human resources.

Executive Order (EO) 691, *Motor Vehicle Inspections*, dated November 23, 1998, states that the campus president is responsible for the implementation of a campus motor vehicle inspection program and shall ensure that all aspects of the vehicle inspection program guidelines are followed.

The associate director of facilities management stated that due to the downtown location of the campus, vehicles were not driven far distances; therefore, they did not always need two inspections per year. He further stated his belief that the campus motor vehicle inspection program was outdated and should be updated to reflect current practice. In addition, he stated that not performing the MLML audit and forwarding training certifications to human resources were oversights.

Failure to ensure that the motor vehicle inspection program is fully implemented increases the risk of poorly maintained motor vehicles and negatively impacts driver safety.

Recommendation 3

We recommend that the campus:

- a. Review its motor vehicle inspection program and either strengthen procedures to ensure compliance or update the program to reflect current practices, taking into consideration EO 691 requirements.
- b. Strengthen procedures to ensure that an audit of the MLML vehicle program is performed on an annual basis.
- c. Implement procedures to ensure utility truck training certifications are forwarded to human resources.

Campus Response

We concur.

- a. We will review the motor vehicle inspection program and update the program to reflect current practices, taking into consideration EO 691 requirements. Implementation by October 20, 2006.
- b. We will strengthen procedures to ensure that an audit of the MLML vehicle program is performed on an annual basis. Implementation by October 20, 2006.
- c. We will implement procedures to ensure utility truck training certifications are forwarded to human resources. Implementation by October 20, 2006.

VEHICLE USE CONTROLS

The campus motor vehicle inspection program did not ensure that all campus policies for vehicle use were implemented.

We found that:

- ▶ Campus departments were not always properly identifying employees permitted to drive university vehicles, including them in the campus defensive driving program, and reviewing their driving records from the Department of Motor Vehicles (DMV). Our review of ten individuals who recently drove university owned vehicles disclosed that:
 - Four individuals had not completed the SJSU Application for University Vehicle Operation/Authorization form that represents approval to drive a university vehicle, provides evidence of the employee certification of driving status, and verifies the individual's university status.
 - Three individuals had not completed the defensive driver training within the last four years.
 - Seven individuals did not have a DMV check on file with human resources.
- ▶ Campus forms to fulfill the trip/daily operator checklist requirements were not completed by all departments with vehicles. Our review of vehicles from 14 departments disclosed that only one department properly completed the required forms.

The SJSU *Motor Vehicle Inspection Program* states that:

- Only university employees may drive university vehicles. Approved volunteers must have Form 50 completed and on file at human resources to be considered employees and be authorized to drive university vehicles.

- Participation in a defensive driving program is required upon hire and every four years.
- A driving record will be requested from the DMV every four years for validation of a good driving record.
- All departments with state-owned or leased vehicles will have the responsibility of submitting odometer readings and inspection logs.

The *CSU Use of University and Private Vehicles Policy Guidelines*, dated March 2002, states, in part, that the campus control office must determine that:

- Written approval of the use of vehicles has been given.
- Employee certification regarding possession of a valid driver's license and driving record is obtained.
- The person requesting the vehicle is, in fact, a university employee in active, state-funded pay status or in Job Class Code 0050.
- A person has satisfactorily completed a CSU-approved defensive driving course.
- A person's driving record from the DMV is requested and reviewed at least once every four years to ensure that a person has a good driving record.

Additionally, the operator of a vehicle has an obligation to inspect the vehicle before driving it. Problems noticed by the operator while using the vehicle should be noted on a trip/daily operator checklist, which should be kept in the vehicle.

The university risk manager stated that the campus made every effort to obtain these documents; however, these were overlooked.

Failure to properly control the use of university-owned vehicles and fully implement campus policies and the *CSU Use of University and Private Vehicle Policy Guidelines* increases the risk of use by unqualified drivers and non-compliance with state, campus, and CSU policy.

Recommendation 4

We recommend that the campus strengthen procedures to ensure full compliance with campus policies and the *CSU Use of University and Private Vehicle Policy Guidelines*.

Campus Response

We concur. The campus will strengthen procedures to ensure full compliance with campus policies and the *CSU Use of University and Private Vehicle Policy Guidelines*. Implementation by November 20, 2006.

AGREEMENTS AND LEASES

There was no evidence that the president or designee had approved the fees charged for the short-term leasing of state facilities.

Standing Orders of the CSU Board of Trustees (BOT) §II.i and §VI.f state that the chancellor has the authority to establish and oversee campus fees; establish, adjust, and oversee systemwide fees subject to overall direction of the BOT; and the campus president is authorized to oversee and adjust campus fees. Presidents may delegate their authority to other officials on their campuses.

The associate vice president of facilities development and operations stated his belief that the basis for facilities charges was derived more under EO 847 because the operating and maintenance fund needed to be replenished when resources were used for non-maintenance activities such as cleaning and repairing after non-academic uses; and under EO 753 since outside groups would be viewed as auxiliaries that used university resources and facilities for which the General Fund needed to be replenished. He further stated that both of these EO required the chief financial officer to approve the charge methodology.

Inadequate control over the leasing of state facilities increases the risk of inappropriate rentals, unapproved rental fees, and lost fee revenue.

Recommendation 5

We recommend that the campus obtain approval from the president or designee for rental fees charged.

Campus Response

We concur. The campus will obtain approval from the president or designee for rental fees charged. Implementation by October 20, 2006.

PROPERTY

Retention of property survey reports needed improvement.

Property survey reports evidence the disposition of state property, including the authorization for and method of property disposal. Our review of the donation or disposal of 17 assets during

fiscal year 2005/06 disclosed that property survey reports were not available for three of the assets reviewed. The three assets were fully depreciated.

State Administrative Manual (SAM) §8600 states property accounting procedures are designed to maintain uniform accountability for state property. These procedures are used to provide accurate records for the acquisition, maintenance, control, and disposition of property. The combination of accurate accounting records and strong internal controls must be in place to protect against and detect the unauthorized use of state property.

SAM §20050 states that the elements of a satisfactory system of internal accounting and administrative controls include a system of authorization and recordkeeping procedures adequate to provide effective accounting control over assets, liabilities, revenues, and expenditures.

The associate vice president of administrative systems and finance stated that a breakdown in communication led to the financial accounting department not always obtaining the property survey reports from various SJSU academic departments.

Insufficient control over the disposition of property increases the risk of theft or loss of state property.

Recommendation 6

We recommend that the campus strengthen controls to ensure the retention of property survey reports, which provide evidence of disposition, including authorization for and method of property disposal.

Campus Response

We concur. The campus will strengthen controls to ensure the retention of property survey reports, which provide evidence of disposition, including authorization for and method of property disposal. Implementation by October 20, 2006.

APPENDIX A: PERSONNEL CONTACTED

<u>Name</u>	<u>Title</u>
Don W. Kassing	President
Ruben Araiza	Property Clerk
Shawn Bibb	Associate Vice President, Administrative Systems and Finance
Michaux Burchard	Safety Specialist
William Coker	Captain, University Police Department
Maria Diaz	Buyer III
Jovan Esprit	Contracts Coordinator, Facilities Development and Operations
Violet Gonzalez	Safety/Projects Coordinator
John Gorvad	Lead Auto Mechanic
Barbara Keltner	Contracts Analyst
Rose Lee	Vice President, Administration and Finance
Norma Lorigo	Director, Procurement Services
Betty Luna	Director, Facilities Planning
Rita Peth	Manager, Purchasing
Ninh Pham-Hi	Director, Internal Control
George Sabino	University Risk Manager
John Skyberg	Associate Director, Facilities Management/Motor Vehicle Inspector
Tony Valenzuela	Associate Vice President, Facilities Development and Operations



San José State
UNIVERSITY

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August 29, 2006

Mr. Larry Mandel
University Auditor
The California State University
401 Golden Shore, 4th Floor
Long Beach, CA 90802

RECEIVED
UNIVERSITY AUDITOR

AUG 29 2006

THE CALIFORNIA STATE
UNIVERSITY

**Campus Response to DELEGATIONS OF AUTHORITY Audit 06-14
at San José State University**

Enclosed is San José State University's response to the Delegations of Authority Audit. The campus is committed to addressing the issues identified in this audit report.

Please let me know if I can provide you with additional information.

A handwritten signature in cursive script that reads "Rose L. Lee".

ROSE L. LEE
Vice President for Administration and Finance

Enclosure

c: Don W. Kassing, President
Ninh Pham-Hi, Director, Internal Control

The California State University:

Chancellor's Office, Bakersfield, Channel Islands, Chico, Dominguez Hills, East Bay, Fresno, Fullerton, Humboldt, Long Beach, Los Angeles, Maritime Academy, Monterey Bay, Northridge, Pomona, Sacramento, San Bernardino, San Diego, San Francisco, San José, San Louis Obispo, San Marcos, Sonoma, Stanislaus

**DELEGATIONS OF AUTHORITY
SAN JOSÉ STATE UNIVERSITY**

**Report Number 06-14
July 20, 2006**

SPECIAL PURCHASING ISSUES

Recommendation 1

We recommend that the campus strengthen enforcement efforts to obtain required contractor certifications for the recycled content of commodity purchases.

Campus Response

We concur. We will strengthen enforcement efforts to obtain required contractor certifications for the recycled content of commodity purchases. Implementation by 10/20/06.

PROCUREMENT OF SERVICES

Recommendation 2

We recommend that the campus obtain a conflict-of-interest statement for all consultant contracts.

Campus Response

We concur. The campus will implement measures to obtain a conflict-of-interest statement for all consultant contracts by 10/20/06.

MOTOR VEHICLE INSPECTIONS AND USE

MOTOR VEHICLE INSPECTION PROGRAM

Recommendation 3

We recommend that the campus:

- a. Review its motor vehicle inspection program and either strengthen procedures to ensure compliance or update the program to reflect current practices, taking into consideration EO 691 requirements.
- b. Strengthen procedures to ensure that an audit of the MLML vehicle program is performed on an annual basis.
- c. Implement procedures to ensure utility truck training certifications are forwarded to human resources.

Campus Response

We concur.

- a. We will review the motor vehicle inspection program and update the program to reflect current practices, taking into consideration EO 691 requirements. Implementation by 10/20/06.
- b. We will strengthen procedures to ensure that an audit of the MLML vehicle program is performed on an annual basis. Implementation by 10/20/06.
- c. We will implement procedures to ensure utility truck training certifications are forwarded to human resources. Implementation by 10/20/06.

VEHICLE USE CONTROLS

Recommendation 4

We recommend that the campus strengthen procedures to ensure full compliance with campus policies and the *CSU Use of University and Private Vehicle Policy Guidelines*.

Campus Response

We concur. The campus will strengthen procedures to ensure full compliance with campus policies and the *CSU Use of University and Private Vehicle Policy Guidelines*. Implementation by 11/20/06.

AGREEMENTS AND LEASES

Recommendation 5

We recommend that the campus obtain approval from the president or designee for rental fees charged.

Campus Response

We concur. The campus will obtain approval from the president or designee for rental fees charged. Implementation by 10/20/06.

PROPERTY

Recommendation 6

We recommend that the campus strengthen controls to ensure the retention of property survey reports, which provide evidence of disposition, including authorization for and method of property disposal.

Campus Response

We concur. The campus will strengthen controls to ensure the retention of property survey reports, which provide evidence of disposition, including authorization for and method of property disposal. Implementation by 10/20/06.


THE CALIFORNIA STATE UNIVERSITY
 OFFICE OF THE CHANCELLOR

BAKERSFIELD

September 7, 2006

CHANNEL ISLANDS

CHICO

MEMORANDUM

DOMINGUEZ HILLS

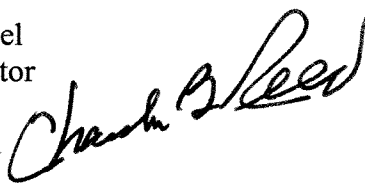
EAST BAY

FRESNO

TO: Mr. Larry Mandel
University Auditor

FULLERTON

FROM: Charles B. Reed
Chancellor



HUMBOLDT

LONG BEACH

SUBJECT: Draft Final Report Number 06-14 on *Delegations of Authority*,
San José State University

LOS ANGELES

MARITIME ACADEMY

MONTEREY BAY

In response to your memorandum of September 7, 2006, I accept the response as submitted with the draft final report on *Delegations of Authority*, San José State University.

NORTHRIDGE

POMONA

CBR/jt

SACRAMENTO

Enclosure

SAN BERNARDINO

cc: Mr. Don W. Kassing, President
Ms. Rose L. Lee, Vice President for Administration and Finance

SAN DIEGO

SAN FRANCISCO

SAN JOSÉ

SAN LUIS OBISPO

SAN MARCOS

SONOMA

STANISLAUS