

DELEGATIONS OF AUTHORITY
CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO

Audit Report 11-24
June 9, 2011

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ABBREVIATIONS

AB	Assembly Bill
BOT	Board of Trustees
CO	Office of the Chancellor
CPDC	Capital Planning, Design and Construction
CSU	California State University
CSUSB	California State University San Bernardino
DVBE	Disabled Veteran Business Enterprise
EC	Education Code
EO	Executive Order
GC	Government Code
ICSUAM	Integrated California State University Administrative Manual
MVI	Motor Vehicle Inspector
PMCP	Policy Manual for Contracting and Procurement
PSR	Property Survey Report
SAM	State Administrative Manual
SB	Senate Bill

EXECUTIVE SUMMARY

The Board of Trustees, at its January 2011 meeting, directed that Delegations of Authority be reviewed. The Office of the University Auditor had previously reviewed Delegations of Authority in 2006.

We visited the California State University, San Bernardino campus from March 14, 2011, through April 15, 2011, and audited the procedures in effect at that time.

Our study and evaluation did not reveal any significant internal control problems or weaknesses that would be considered pervasive in their effects on delegated activities related to procurement and contracting, motor vehicle inspections, and personal property transactions. However, we did identify other reportable weaknesses that are described in the executive summary and body of this report. In our opinion, the operational and administrative controls for delegated activities in effect as of April 15, 2011, taken as a whole, were sufficient to meet the objectives stated in the "Purpose" section of this report.

As a result of changing conditions and the degree of compliance with procedures, the effectiveness of controls changes over time. Specific limitations that may hinder the effectiveness of an otherwise adequate system of controls include, but are not limited to, resource constraints, faulty judgments, unintentional errors, circumvention by collusion, and management overrides. Establishing controls that would prevent all these limitations would not be cost-effective; moreover, an audit may not always detect these limitations.

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.

PROCUREMENT AND CONTRACTING ACTIVITIES [7]

The campus did not always document Disabled Veteran Business Enterprise (DVBE) waivers for competitive solicitations in cases where it was determined that DVBE participation was not required. Also, the campus had not obtained required insurance coverage for all service vendors and lease agreements, and some minimum insurance requirements had been waived without documentation of the reason for the waiver. Further, required contractor certifications were not obtained for the recycled content of commodity purchases.

MOTOR VEHICLE INSPECTIONS AND USE [9]

The campus motor vehicle inspection program was inconsistent with California State University (CSU) systemwide policy, lacked some required elements, and did not assure adequate preventive maintenance. In addition, the campus motor vehicle use policy did not ensure compliance with CSU policies and procedures, specifically the documentation of authorization to use university vehicles.

LEASE ADMINISTRATION [14]

The campus could not show evidence that the president or designee had approved the fees charged for the short-term leasing of state facilities.

REAL AND PERSONAL PROPERTY TRANSACTIONS [14]

Property survey reports were not always properly completed for the sale and disposal of personal property.

INTRODUCTION

BACKGROUND

In 1986, Senate Bill (SB) 1828 indefinitely extended California State University (CSU) delegations of authority concerning certain procurement 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. SB 1828 also added section 89045(d) to the Education Code (EC):

(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 EC and Section 11007.7 of the Government Code (GC).

EC §89031.5 requires the inspection of all motor vehicles owned by the CSU. Executive Order (EO) 691, *Motor Vehicle Inspections*, dated November 23, 1998, 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 the campuses to notify the Office of the Chancellor (CO) of the individual assigned to the function. CSU policy concerning the use of motor vehicles is codified in *CSU Use of University and Private Vehicles Policy Guidelines*, dated March 2002, issued via Technical Letter 2002-16 from the CO Human Resources department.

EC §89036 grants the CSU authority over certain procurement and contracting activities. EO 775, *Acquisition of Personal Property and Services*, dated June 6, 2001, updates and supersedes prior EOs dating back to 1994 and delegates the procurement authority granted to the CSU under AB 1191 to campus presidents, within the provisions of the *CSU Policy Manual for Contracting and Procurement* (PMCP). EO 760, *Procurement Cards*, dated October 16, 2000, delegates authority for the use of procurement cards to campus presidents.

PMCP, last updated on April 28, 2008, was recently codified in the *Integrated California State University Administrative Manual* (ICSUAM), Section 5000, *Contracts and Procurement*. The ICSUAM establishes systemwide contracting and procurement policy and provides guidance on general procurement practices, along with specific requirements relating to the procurement of goods, services, and information technology resources. Any future updates to contracting policy will be incorporated into the ICSUAM.

EC §89046 granted the CSU the authority to lease state university property for purposes consistent with the functions of the CSU. EO 669, *Leases*, dated May 1, 1997, supersedes an EO issued in 1983. It delegates to campus presidents the authority to execute leases of real property as either lessor or lessee without approval by the CO, subject to certain limitations. The EO requires the use of standard provisions from model lease agreements, an assessment of liability risk for each lease agreement, a competitive process for leasing state university property to for-profit enterprises, an accounting of leases in the campus financial records, and maintenance of a central repository for all current lease agreements.

EC §89048 addresses a number of areas, including certain real property transactions and the sale or exchange of personal property. State University Administrative Manual §9018, *Acquisition and*

Granting of Easements and Acceptance of Quitclaims, sets forth processing guidelines and responsibilities for such real property transactions by the campuses and by the land records staff in the CO Capital Planning, Design and Construction department.

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

GC §11007.7 addresses the procurement of insurance or official bonds. However, this section is not applicable to insurance procured by the CSU. CSU policy for insurance is codified by EO 849, *CSU Insurance Requirements*, dated February 5, 2003. It sets forth minimum insurance limits and holds harmless provisions for agreements, contracts, and purchases.

PURPOSE

Our overall audit objective was to ascertain the effectiveness of delegated activities related to procurement and contracting, motor vehicle inspections, and real and personal property transactions and to determine the adequacy of controls over 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 of procurement activities incorporates effective internal controls, adequate local policies and operational procedures, current written delegations, and observance of good business practices in compliance with CSU policy.
- ▶ CSU competitive bidding requirements are adhered to in the procurement of goods and services, and CO approval is received prior to the purchase of restricted items.
- ▶ The responsibility for the execution of low-value purchases is properly delegated and methods for such execution are adequately controlled, and campus use of procurement cards is appropriate.
- ▶ Efforts are made to meet Small Business, Disabled Veteran Business Enterprise (DVBE), and Buy Recycled goals; purchasing preferences are properly granted; and Small Business, DVBE, 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 the use of CSU-owned vehicles comply with CSU policies, and a vehicle inspector has been designated.
- ▶ Leasing activities are adequately controlled and comply with CSU policy and state regulations, and leases are properly executed.
- ▶ Easements, rights-of-way, and quitclaims have been correctly acquired, and the sale or exchange of personal property complies with CSU policy and the EC.

SCOPE AND METHODOLOGY

The proposed scope of the audit as presented in Action Item, Agenda Item 2 of the January 25 and 26, 2011, meeting of the Committee on Audit stated that a review of Delegations of Authority would include, but was not limited to, a review of certain purchasing and contracting activities; motor vehicle inspections and use; agreements and leases; easements, rights-of-way, and quitclaim transactions; and the sale and exchange of personal property. Delegations of Authority is a mandated audit and is required by the EC 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 whether operational and administrative controls are in place and operative. This review emphasized, but was not limited to, compliance with state and federal laws, Board of Trustee policies, and Office of the Chancellor and campus policies, letters, and directives. The audit focused on procedures in effect from July 1, 2009, through December 31, 2010.

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 and contracting activities, delegations, and limitations.
- ▶ Bidding procedures and exceptions.
- ▶ Low-value purchase methods and controls.
- ▶ Granting of purchase preferences.
- ▶ Preparation of Small Business, DVBE, and Buy Recycled reports and goal attainment.
- ▶ Execution of lease agreements.
- ▶ 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

PROCUREMENT AND CONTRACTING ACTIVITIES

DISABLED VETERAN BUSINESS ENTERPRISE

The campus did not always document Disabled Veteran Business Enterprise (DVBE) waivers for competitive solicitations in cases where it was determined that DVBE participation was not required.

We reviewed nine competitively bid transactions and found three cases in which the campus waived DVBE participation but did not document this determination.

The Integrated California State University Administrative Manual (ICSUAM) §5215.0, *DVBE Participation Goals*, states, in part, that the state has established a DVBE contracting participation goal of three percent and that this goal applies to the total contract dollars expended each year, including all contracts, purchase orders, and procurement card orders. It further states that the DVBE participation requirement applies to all competitive solicitations regardless of solicitation format or dollar value, and that the DVBE advocate, campus DVBE coordinator, or designee has the responsibility to evaluate requests for DVBE waivers for solicitations.

The director of procurement and support services stated that she was unaware of the requirement to document DVBE waivers.

Failure to properly document DVBE waivers increases the risk of non-compliance with DVBE requirements.

Recommendation 1

We recommend that the campus document DVBE waivers for competitive solicitations in cases where it is determined that DVBE participation is not required.

Campus Response

We concur. A written waiver will be included in the file of each competitive solicitation where it has been determined that DVBE participation is not required.

Completion date: July 1, 2011

INSURANCE REQUIREMENTS

The campus had not obtained required insurance coverage for all service vendors and lease agreements, and some minimum insurance requirements had been waived without documentation of the reason for the waiver.

We reviewed 43 service vendor and lease agreements and found that:

- ▶ In four cases, there was no insurance coverage for all or part of the contract period.
- ▶ In six cases, the requirement for 30 days advance written notice for cancellation of the insurance policy had been waived.

Executive Order (EO) 849, *California State University Insurance Requirements*, dated February 5, 2003, states that vendors must show evidence of adequate insurance coverage by furnishing a certificate of insurance and specifies minimum insurance coverage requirements, including a requirement that the insurer provide 30 days advance written notice to the university of cancellation of any of the insurance coverage.

ICSUAM §5230.0, *Insurance Requirements*, states that evidence of insurance is required for any campus or auxiliary organization contract involving any activity that puts the state, the California State University (CSU), or the campus at risk. It provides minimum insurance requirements for agreements where services are being performed on campus, for short-term licenses issued by the campus or auxiliary for on-campus events, and for contracts involving campus facilities and property leases. It further states that when insurance is required, vendors must be required to show evidence of insurance coverage by furnishing a certificate or certificates of insurance that include additional insured endorsements that meet specific requirements, including naming the State of California, the Trustees of the CSU, and the campus.

The director of procurement and support services stated that the failure to obtain appropriate insurance coverage for contracts was due to oversight. She further stated her belief that the campus had the right to waive minor irregularities, such as the requirement that the insurer provide 30 days written notice if insurance coverage is being cancelled.

Failure to obtain required insurance coverage and meet the minimum standard for insurance requirements increases the campus' exposure to liability.

Recommendation 2

We recommend that the campus:

- a. Obtain required insurance coverage for all lease and service vendor agreements.
- b. Document the reason for waivers of minimum insurance requirements.

Campus Response

We concur.

- a. We will obtain required insurance coverage for all lease and service vendor agreements.
- b. We will document the reason for waivers of minimum insurance requirements.

Completion date: July 1, 2011

STATE AGENCY BUY RECYCLED CAMPAIGN

Required contractor certifications were not 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 director of procurement and support services stated that enforcing compliance with the Buy Recycled campaign had not been a focus of the department.

Failure to obtain contractor certifications for the recycled content of commodity purchases increases the risk of non-compliance with state regulations and inaccurate recycled content reporting.

Recommendation 3

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

Campus Response

We concur. We will poll other campuses for ideas on methods for soliciting, obtaining, and maintaining the recycled content certifications and will implement a standard procedure. In the meantime, we will document certified content before applying category codes used in reporting.

Completion date: December 2, 2011

MOTOR VEHICLE INSPECTIONS AND USE

VEHICLE INSPECTION POLICY

The campus motor vehicle inspection program was inconsistent with CSU systemwide policy.

We found that the campus motor vehicle inspection policy required three estimates for any commercially performed repairs of \$3,000 or more, while CSU policy required three estimates for commercially performed repairs of \$350 or more.

The California State University, San Bernardino (CSUSB) *University Vehicle Management Program*, dated May 9, 2006, states, in part, that for commercially performed repairs of \$3,000 or more, when the motor vehicle inspector (MVI) has approved the repair versus replacement, three estimates must be obtained. If three estimates are not obtained, an explanation should be retained in the vehicle.

CSU Use of University and Private Vehicles Policy Guidelines, dated March 2002, states that for commercially performed repairs which will cost \$350 or more, three estimates must be obtained. If three estimates are not obtainable, an explanation should be retained in the vehicle repair file.

The senior director of facilities services stated that the campus increased the \$350 threshold to a more reasonable level to help reduce the amount of time vehicles were out of service at dealerships/repair shops. He also stated his belief that due to his and his staff's familiarity with industry standards for pricing vehicle repairs, he and his staff could effectively determine the reasonableness of repair costs without obtaining three separate estimates.

Failure to follow CSU policy for estimate approval thresholds increases the risk of unnecessary purchases and unauthorized activities.

Recommendation 4

We recommend that the campus update its motor vehicle inspection policy so that the approval thresholds for commercially performed repairs are consistent with those in the CSU systemwide policy.

Campus Response

We concur. The CSUSB vehicle policy will be revised so that the approval thresholds for commercially performed repairs are consistent with those in the CSU systemwide policy.

Completion date: December 2, 2011

VEHICLE INSPECTION PROGRAM

The campus motor vehicle inspection program lacked some required elements and did not assure adequate preventive maintenance.

We reviewed 25 vehicles and found that:

- ▶ Repair costs exceeding \$350 had not been approved by the delegated MVI for three vehicles.
- ▶ Although campus policy required maintenance service every 4,000 miles or six months and every 12,000 miles or 12 months, whichever came first, there was no procedure in place to consistently record and monitor mileage to determine when a vehicle reached its allotted number of miles. Rather, campus practice called for the performance of maintenance service every six months.
- ▶ Daily operator checklists and/or monthly travel logs were not completed for 22 vehicles.
- ▶ Warranty inspections were not being performed on all university vehicles prior to warranty expiration.

- ▶ Electric vehicle battery level inspections were not being performed monthly by the vehicle operators.

EO 691, *Motor Vehicle Inspections – Delegation of Authority*, dated November 23, 1998, states, in part, that the campus president is responsible for the implementation of a campus motor vehicle inspection program and shall delegate this function to an individual on campus. Each campus motor vehicle inspection shall include maintenance, repair, and replacement policies, detailed support procedures, a complete and accurate record of all repair costs, and an annual analysis of operating costs.

The CSUSB *University Vehicle Management Program*, dated May 9, 2006, states, in part, that: Each vehicle operator is accountable to ensure that he/she completes a trip/daily operator checklist prior to operating any vehicle/equipment, signs it, and forwards it to automotive maintenance; each vehicle is to be inspected monthly by the responsible campus department, who will forward a monthly inspection checklist to automotive maintenance on the last Monday of each month; preventive maintenance and safety inspections shall be performed every six months or 4,000 miles, whichever comes first, and every 12 months or 12,000 miles, whichever comes first; warranty inspections should be performed on all university vehicles prior to warranty expiration to ensure the university receives the full value of the warranty provisions; and electric vehicle battery inspections shall be performed monthly by vehicle operators.

The senior director of facilities services stated that repair costs exceeding \$350 were occasionally approved by experienced inspectors other than the MVI, and he stated his belief that this was appropriate. He also stated that preventive maintenance and safety inspections were not performed every 4,000 and 12,000 miles, completion of trip/daily operator checklists was not enforced, warranty inspections were not performed, and electric battery inspections were only performed semiannually due to limited resources.

Failure to follow CSU and campus policies for repairs and maintenance of university-owned vehicles increases the risk of unnecessary repair costs and unauthorized activities, can result in premature deterioration in the asset value and usage, and negatively impacts driver safety.

Recommendation 5

We recommend that the campus:

- a. Ensure that all vehicle repairs exceeding \$350 are approved by the delegated MVI.
- b. Conduct preventive maintenance on university-owned vehicles as required by campus policy.
- c. Ensure that employees who drive university-owned vehicles complete daily operator checklists and/or monthly travel logs for the vehicles as appropriate.
- d. Perform warranty inspections on all university vehicles prior to warranty expiration.

- e. Ensure that vehicle operators perform electric vehicle battery level inspections monthly.

Campus Response

We concur. The CSUSB vehicle policy will be revised, and the campus community will be notified of the revised policy and all associated requirements. Department heads will be responsible for ensuring the staff and faculty members in their areas are in compliance with the policy at all times. Training on the new campus vehicle use policy will be offered to the campus community so that there is a clear understanding of the requirements. The CSUSB vehicle policy will be revised to:

- a. Include the requirement that all vehicle repairs exceeding \$350 are approved by the delegated MVI.
- b. Address proper preventive maintenance on university-owned vehicles.
- c. Require employees who drive university-owned vehicles to complete daily operator checklists and/or monthly travel logs for the vehicles as appropriate.
- d. Include the requirement of performing warranty inspections on all university vehicles prior to warranty expiration.
- e. Require vehicle operators to perform electric vehicle battery level inspections monthly.

Completion date: December 2, 2011

VEHICLE USE CONTROLS

The campus motor vehicle use policy did not ensure compliance with CSU policies and procedures.

We reviewed ten individuals who had recently driven university-owned vehicles and found that:

- ▶ Campus policy did not require written approval for vehicle use. For all ten individuals, written approval to use a university vehicle had not been obtained from an individual authorized by the president to grant such approval.
- ▶ Campus policy did not require certification statements regarding the employee's driving record and possession of a valid driver's license. For all ten individuals, such certification statements had not been obtained.

The CSUSB *Vehicle Use Policy*, dated May 13, 2002, states campus guidelines for vehicle use, including the requirement that drivers possess a valid CSUSB defensive driving card, California driver's license, and acceptable driver record.

The *CSU Use of University and Private Vehicles Policy Guidelines*, dated March 2002, state, in part, that the campus must establish one point of control over the usage of university vehicles. The

guideline further states that the campus control office must determine that before releasing a university vehicle to an employee, written approval of the use must be given by an individual authorized by the president to grant such approval, and an employee certification regarding possession of a valid driver's license and driving record must be obtained.

The interim director of parking services stated that the campus was unaware of the requirement that university vehicle drivers must have written approval to use a state vehicle by an individual authorized by the president to grant such approval, and must complete a certification statement regarding their driving record and possession of a valid driver's license.

Failure to adequately control the use of university-owned vehicles increases the risk of exposure to unforeseen liabilities, unqualified drivers, and the use of vehicles for unauthorized activities.

Recommendation 6

We recommend that the campus:

- a. Review and update the campus vehicle use policy to align with CSU policies and procedures, including the requirements for written authorizations and signed certification statements.
- b. Ensure that all drivers of university-owned vehicles obtain written approval to use a university vehicle from an individual authorized by the president to grant such approval.
- c. Obtain a signed certification statement from all employees who use university-owned vehicles regarding their driving record and possession of a valid driver's license.

Campus Response

We concur.

- a. The campus vehicle use policy will be updated to align with CSU policies and procedures, including the requirements for written authorizations and signed certification statements.
- b. The defensive driving program will require a new form that will be required prior to the issuance of a defensive driving card. This form will give the applicant written authority by the president or his designee to use a state vehicle.
- c. Prior to starting the defensive driving course, an applicant will be required to sign a certification statement that will include: "I am in possession of a valid California Driver's License. I certify that I have not been issued more than three moving violations or have been responsible for more than three accidents (or any combination of more than three thereof) during the past twelve month period." Parking services will confirm this statement prior to the issuance of the defensive driving card by running each applicant through the California Law Enforcement Telecommunications System.

Completion date: December 2, 2011

LEASE ADMINISTRATION

The campus could not show 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 interim director of parking services stated that the campus was unaware of the requirement to document approval of fees charged for short-term leasing of state facilities by the president or designee.

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

Recommendation 7

We recommend that the campus obtain approval from the president or designee for fees charged for the short-term leasing of state facilities.

Campus Response

We concur. A new form will be created that will require approval from the president or his designee for fees charged for the short-term leasing of state facilities.

Completion date: October 15, 2011

REAL AND PERSONAL PROPERTY TRANSACTIONS

Property survey reports (PSR) were not always properly completed for the sale and disposal of personal property.

We reviewed eight PSRs for sales that took place in 2009 and 2010 and found that four had not been completed.

State Administrative Manual (SAM) §3520.3 states that when an agency proposes to dispose of state-owned surplus property by sale, trade-in, or discarding the property, the agency prepares a PSR.

SAM §8600 states that 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.

The director of procurement and support services stated that a key employee went on leave and another half-time employee retired, which resulted in a few PSR documents being overlooked.

Failure to complete PSRs for personal property dispositions reduces accountability over the disposal of state property and increases the risk of theft or loss of state property.

Recommendation 8

We recommend that the campus properly complete PSRs for the sale and disposal of personal property.

Campus Response

We concur. We will properly complete PSRs for the sale and disposal of personal property by making it a step in our closeout process.

Completion date: July 1, 2011

APPENDIX A: PERSONNEL CONTACTED

<u>Name</u>	<u>Title</u>
Albert K. Karnig	President
Del Anderson	Director, Accounting
Hamid Azhand	Director, Capital Planning, Design and Construction (CPDC)
Karen-Michele Bull	Event Coordinator, Event Scheduling
Lovellie Cimenski-Almogela	Director, Housing and Residential Life
Mark Day	Executive Director, Santos Manuel Student Union
Robert Gardner	Vice President, Administration and Finance
Kathy Hansen	Director, Procurement and Support Services
Misty Levingston	Scheduling Coordinator, Santos Manuel Student Union
Davina Lindsey	General Accounting Manager, Accounting
Maria Lootens	Capital Analyst, CPDC
Ruben Nunez	Manager, Grounds and Automotive
Ron Profeta	Interim Director, Parking Services
Tony Simpson	Senior Director, Facilities Services
Melissa Spagnuolo	Confidential Administrative Support, Administration and Finance
Beth Stanton	Purchasing Manager, Procurement and Support Services
Tricia Walde	Supervisor, Event Scheduling
Bob Wilson	Associate Vice President, Financial Operations

State of California

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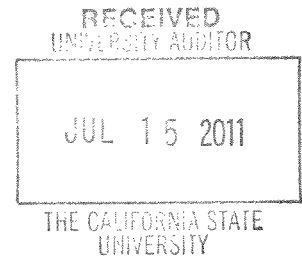
MEMORANDUM

DATE: July 14, 2011

TO: Larry Mandel
University Auditor
The California State University

FROM: Bob Gardner, Vice President
for Administration and Finance

SUBJECT: **Campus Response to
Delegations of Authority Audit – Report No. 11-24
California State University, San Bernardino**



Enclosed is CSUSB's campus response to the *Delegations of Authority Audit – Report No. 11-24*.

Please contact me with any questions you may have. Thank you.

c: Albert Karnig, President
Bob Wilson, Associate Vice President, Financial Operations
Tony Simpson, Senior Director, Facilities Services
Kathy Hansen, Director, Procurement and Support Services
Ron Profeta, Interim Director, Parking Services

Enclosure

**DELEGATIONS OF AUTHORITY
CALIFORNIA STATE UNIVERSITY,
SAN BERNARDINO**

Audit Report 11-24

PROCUREMENT AND CONTRACTING ACTIVITIES

DISABLED VETERAN BUSINESS ENTERPRISE

Recommendation 1

We recommend that the campus document DVBE waivers for competitive solicitations in cases where it is determined that DVBE participation is not required.

Campus Response

The campus concurs with the recommendation. A written waiver will be included in the file of each competitive solicitation where it has been determined that DVBE participation is not required.

Completion Date: July 1, 2011

INSURANCE REQUIREMENTS

Recommendation 2

We recommend that the campus:

- a. Obtain required insurance coverage for all lease and service vendor agreements.
- b. Document the reason for waivers of minimum insurance requirements.

Campus Response

- a. The campus concurs with the recommendation. We will obtain required insurance coverage for all lease and service vendor agreements.
- b. The campus concurs with the recommendation. We will document the reason for waivers of minimum insurance requirements.

Completion Date: July 1, 2011

STATE AGENCY BUY RECYCLED CAMPAIGN

Recommendation 3

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

Campus Response

The campus concurs with the recommendation. We will poll other campuses for ideas on methods for soliciting, obtaining, and maintaining the recycled content certifications and will implement a standard procedure. In the meantime, we will document certified content before applying category codes used in reporting.

Completion Date: December 2, 2011

MOTOR VEHICLE INSPECTIONS AND USE

VEHICLE INSPECTION POLICY

Recommendation 4

We recommend that the campus update its motor vehicle inspection policy so that the approval thresholds for commercially performed repairs are consistent with those in the CSU systemwide policy.

Campus Response

The campus concurs with the recommendation. The CSUSB vehicle policy will be revised so that the approval thresholds for commercially performed repairs are consistent with those in the CSU systemwide policy.

Completion Date: December 2, 2011

VEHICLE INSPECTION PROGRAM

Recommendation 5

We recommend that the campus:

- a. Ensure that all vehicle repairs exceeding \$350 are approved by the delegated MVI.
- b. Conduct preventive maintenance on university-owned vehicles as required by campus policy.
- c. Ensure that employees who drive university-owned vehicles complete daily operator checklists and/or monthly travel logs for the vehicles as appropriate.
- d. Perform warranty inspections on all university vehicles prior to warranty expiration.

- e. Ensure that vehicle operators perform electric vehicle battery level inspections monthly.

Campus Response

- a. The campus concurs with the recommendation. The CSUSB vehicle policy will be revised to include the requirement that all vehicle repairs exceeding \$350 are approved by the delegated MVI. The campus community will be notified of the revised policy and all associated requirements. Department heads will be responsible for ensuring the staff and faculty members in their areas are in compliance with the policy at all times. Training on the new campus Vehicle Use Policy will be offered to the campus community so that there is a clear understanding of the requirements.
- b. The campus concurs with the recommendation. The CSUSB vehicle policy will be revised to address proper preventive maintenance on university-owned vehicles. The campus community will be notified of the revised policy and all associated requirements. Department heads will be responsible for ensuring the staff and faculty members in their areas are in compliance with the policy at all times. Training on the new campus Vehicle Use Policy will be offered to the campus community so that there is a clear understanding of the requirements.
- c. The campus concurs with the recommendation. The CSUSB vehicle policy will be revised to require employees who drive university-owned vehicles to complete daily operator checklists and/or monthly travel logs for the vehicles as appropriate. The campus community will be notified of the revised policy and all associated requirements. Department heads will be responsible for ensuring the staff and faculty members in their areas are in compliance with the policy at all times. Training on the new campus Vehicle Use Policy will be offered to the campus community so that there is a clear understanding of the requirements.
- d. The campus concurs with the recommendation. The CSUSB vehicle policy will be revised to include the requirement of performing warranty inspections on all university vehicles prior to warranty expiration. The campus community will be notified of the revised policy and all associated requirements. Department heads will be responsible for ensuring the staff and faculty members in their areas are in compliance with the policy at all times. Training on the new campus Vehicle Use Policy will be offered to the campus community so that there is a clear understanding of the requirements.
- e. The campus concurs with the recommendation. The CSUSB vehicle policy will be revised to require vehicle operators to perform electric vehicle battery level inspections monthly. The campus community will be notified of the revised policy and all associated requirements. Department heads will be responsible for ensuring the staff and faculty members in their areas are in compliance with the policy at all times. Training on the new campus Vehicle Use Policy will be offered to the campus community so that there is a clear understanding of the requirements.

Completion Date: December 2, 2011

VEHICLE USE CONTROLS

Recommendation 6

We recommend that the campus:

- a. Review and update the campus vehicle use policy to align with CSU policies and procedures, including the requirements for written authorizations and signed certification statements.
- b. Ensure that all drivers of university-owned vehicles obtain written approval to use a university vehicle from an individual authorized by the president to grant such approval.
- c. Obtain a signed certification statement from all employees who use university-owned vehicles regarding their driving record and possession of a valid driver's license.

Campus Response

- a. The campus concurs with the recommendation. The Campus Vehicle Use Policy will be updated to align with CSU policies and procedures, including the requirements for written authorizations and signed certification statements.
- b. The campus concurs with the recommendation. The Defensive Driving Program will require a new form that will be required prior to the issuance of a Defensive Driving card. This form will give the applicant written authority by the president or his designee to use a state vehicle.
- c. The campus concurs with the recommendation. Prior to starting the defensive driving course, an applicant will be required to sign a certification statement that will include:

"I am in possession of a valid California Driver's License. I certify that I have not been issued more than three moving violations or have been responsible for more than three accidents (or any combination of more than three thereof) during the past twelve month period."

Parking Services will confirm this statement prior to the issuance of the Defensive Driving Card by running each applicant through the California Law Enforcement Telecommunications System (CLETS).

Completion Date: December 2, 2011

LEASE ADMINISTRATION

Recommendation 7

We recommend that the campus obtain approval from the president or designee for fees charged for the short-term leasing of state facilities.

Campus Response

The campus concurs with the recommendation. A new form will be created that will require approval from the president or his designee for fees charged for the short-term leasing of state facilities.

Completion Date: October 15, 2011

REAL AND PERSONAL PROPERTY TRANSACTIONS

Recommendation 8

We recommend that the campus properly complete PSRs for the sale and disposal of personal property.

Campus Response

The campus concurs with the recommendation. We will properly complete PSRs for the sale and disposal of personal property by making it a step in our closeout process.

Completion Date: July 1, 2011

THE CALIFORNIA STATE UNIVERSITY
OFFICE OF THE CHANCELLOR

BAKERSFIELD

CHANNEL ISLANDS

August 22, 2011

CHICO

MEMORANDUM

DOMINGUEZ HILLS

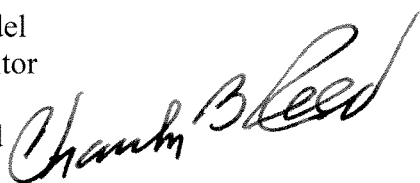
EAST BAY

TO: Mr. Larry Mandel
University Auditor

FRESNO

FULLERTON

FROM: Charles B. Reed
Chancellor



HUMBOLDT

SUBJECT: Draft Final Report 11-24 on *Delegations of Authority*,
California State University, San Bernardino

LONG BEACH

LOS ANGELES

MARITIME ACADEMY

In response to your memorandum of August 22, 2011, I accept the response as submitted with the draft final report on *Delegations of Authority*, California State University, San Bernardino.

MONTEREY BAY

NORTHRIDGE

POMONA

CBR/amd

SACRAMENTO

SAN BERNARDINO

SAN DIEGO

SAN FRANCISCO

SAN JOSÉ

SAN LUIS OBISPO

SAN MARCOS

SONOMA

STANISLAUS