

**SPECIAL INVESTIGATION  
FACILITIES SERVICES AND OPERATIONS**

**CALIFORNIA STATE UNIVERSITY,  
MONTEREY BAY**

**Investigative Report 11-91  
August 3, 2011**

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**Larry Mandel**  
University Auditor

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August 3, 2011

Report #11-91

Dr. Charles B. Reed  
Chancellor  
The California State University  
401 Golden Shore  
Long Beach, CA 90802

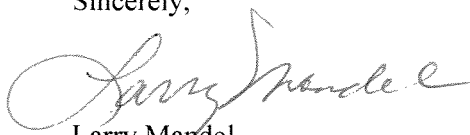
Dear Dr. Reed:

Pursuant to a request from your office on March 21, 2011, the Office of the University Auditor has conducted an investigation in response to the allegation made by California State University, Monterey Bay campus administration that a mechanic in Facilities Services and Operations (Facilities) made charges on his university procurement card for automotive parts that were not compatible with campus vehicles.

To investigate the allegation, we obtained copies of the mechanic's procurement card statements and supporting invoices and researched specific parts purchased by the mechanic to determine whether they were compatible with campus vehicles. We also obtained maintenance records for the campus fleet vehicles to determine whether they indicated work on the vehicles that corresponded to the parts allegedly purchased for them. In addition, we reviewed email and various documents on the mechanic's computer. Finally, we reviewed applicable policies and procedures, and interviewed campus employees, including the mechanic.

Included within the report are the results of the investigation of the initial allegation plus ancillary findings, along with specific recommendations which, we believe, would benefit campus fiscal and operational management.

Sincerely,



Larry Mandel  
University Auditor

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## ABBREVIATIONS

CSUMB California State University, Monterey Bay  
Facilities Facilities Services and Operations  
OUA Office of the University Auditor

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## **EXECUTIVE SUMMARY**

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### **INITIAL ALLEGATION**

It was alleged that a mechanic in Facilities Services and Operations made charges on his university procurement card for automotive parts that were not compatible with campus vehicles.

### **INVESTIGATION RESULTS – INITIAL ALLEGATION**

We found that a mechanic made charges on his university procurement card for automotive parts that were not compatible with campus vehicles.

### **INVESTIGATION RESULTS – ANCILLARY FINDINGS**

During the course of our investigation of the initial allegation, we found evidence of other improprieties. Specifically, we found that:

- ▶ The mechanic used parts purchased with his university procurement card in the personal vehicles of campus employees and another individual.
- ▶ The mechanic used campus resources to conduct an outside business.
- ▶ The mechanic improperly received a personal benefit from discounts provided to California State University, Monterey Bay.

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## **INTRODUCTION**

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### **INITIAL ALLEGATION**

It was alleged that a mechanic in Facilities Services and Operations made charges on his university procurement card for automotive parts that were not compatible with campus vehicles.

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### **BACKGROUND**

#### **Facilities Services and Operations**

Under the direction of the Facilities Management and Planning department, Facilities Services and Operations (Facilities) supports the day-to-day operations of the campus by managing and maintaining: utilities delivery, campus buildings, spaces, and university-owned vehicles. In addition, Facilities also administers locks and security systems, provides janitorial services, and maintains landscapes.

The campus auto mechanic is responsible for repairing and maintaining approximately 82 vehicles in the campus's fleet. In order for him to quickly and easily obtain the parts necessary for his work, the campus provided the mechanic with a procurement card with a purchasing limit of up to \$1,000 per transaction and \$5,000 per month. The mechanic was responsible for reconciling the monthly procurement card statements by providing invoices for the items purchased as well as indicating which campus fleet vehicles the parts were purchased for, or whether they were purchased for the shop stock/inventory. These reconciliations were then reviewed and approved by the mechanic's supervisor before being forwarded to Business and Support Services.

#### **Campus Actions and Notifications**

In March 2010, as part of a scheduled audit of Delegations of Authority, a California State University auditor from the Office of the University Auditor (OUA) questioned a \$1,000 charge made on the mechanic's procurement card. Upon further review, more questions about that transaction and other purchases made by the mechanic came to light. On March 21, 2011, the campus president contacted the chancellor and requested that the OUA conduct an investigation; that same day, the chancellor requested that the OUA conduct an investigation.

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### **SCOPE AND METHOD OF INVESTIGATION**

To investigate the allegation, we obtained copies of the mechanic's procurement card statements and supporting invoices from January 2008 through April 2011 and researched specific parts purchased by the mechanic to determine whether they were compatible with campus vehicles.<sup>1</sup> Subsequently, we consulted with an auto parts professional to obtain his assessment on the compatibility of the parts we questioned. We also obtained hard copy and electronic maintenance records for the campus fleet vehicles to determine whether they indicated work on the vehicles that corresponded to the parts allegedly purchased

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<sup>1</sup> Our later research of specific parts was limited to October 2010 through April 2011, except for follow up on older items we questioned as a result of information we found on the mechanic's computer indicating he may have purchased the parts for personal projects.

for them. In addition, we reviewed email and various documents on the mechanic's computer. Further, we reviewed applicable policies and procedures and interviewed campus employees, including the mechanic.

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## RESULTS OF INVESTIGATION

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### INVESTIGATION RESULTS – INITIAL ALLEGATION

*A mechanic in Facilities Services and Operations (Facilities) made charges on his university procurement card for automotive parts that were not compatible with campus vehicles.*

We reviewed the mechanic's procurement card statements for the seven-month period from October 2010 through April 2011 and questioned him about 55 different parts. We found that 42 items totaling approximately \$4,439 either could not be located or were parts that either did not fit the vehicle for which the mechanic ordered them or, if ordered for stock, did not fit other fleet vehicles. The mechanic admitted that another of the 55 items was purchased for use in an employee's personal vehicle, an issue that is discussed in more detail in the ancillary findings section of this report. For the remaining 12 items, a parts expert we consulted said three were workable; the mechanic said another six had already been installed in fleet vehicles, and the final three were in stock and could still be used in fleet vehicles.

From each month's statement, we selected several different parts and conducted internet research to determine whether the part the mechanic ordered was compatible with the vehicle he said he ordered it for; if he indicated he purchased the part for the "shop stock," we attempted to determine whether the part was compatible with any of the 82 vehicles in the campus's fleet. We found numerous parts the mechanic had purchased that, according to our research, fit only makes and models of cars that were not part of the campus's fleet, including Honda, Acura, Lexus, Cadillac, Mercedes, and BMW models.

The mechanic asserted that the parts could fit more vehicle types than our research indicated and he provided us with reference books he said would allow us to cross-reference these parts with other vehicles. We did not find that the reference books supported the mechanic's assertion, so we consulted with a local parts expert who corroborated our findings that many of the parts were not compatible with the vehicles for which the mechanic said he had purchased them. We provided the mechanic with a detailed list of our questioned items along with notes about what our research had indicated and the comments from the parts expert. The mechanic then provided responses that indicated that at least 25 items, totaling \$3,085 could not be found and at least 17 others, totaling \$1,354, did not fit the vehicles for which they were ostensibly purchased. In 17 of these 18 instances, the mechanic indicated that the parts are ready to be returned for credit; he did not clearly indicate the return status of the other part. For further details, including the mechanic's responses when asked about these items, see Tables 1 and 2 in Appendix C.

Inadequate records hampered our ability to determine the nature or extent of campus-related work the mechanic may have performed. An audit of delegations of authority conducted by our office earlier this year revealed that the campus did not maintain a complete and accurate record of all repair costs. The auditor reviewed procurement card purchases by the mechanic from April to June 2010, and found that although the mechanic recorded the car numbers on the purchase invoices, there were no corresponding repair reports or maintenance logs documenting that the repairs had actually been made or that the parts purchased had been used on the intended vehicles. This continued to be the case for the records we reviewed pertaining to late 2010 and early 2011.

In regard to the 55 items on our list of questioned parts, in only one instance did we find records indicating the item purchased had actually been installed. In two other instances, it appeared from the

records that the items purchased had been installed, but the mechanic later told us that those particular parts did not fit and he used parts that were already in the shop stock instead. We checked both hard copy records and electronic records, but in all other instances on our list of items, we found no records for services related to the questioned parts.

After we had left the campus, we asked a campus administrator to go with the mechanic to try to locate some of the items on the list. Tables 1 and 2 in Appendix C also include comments we received from the campus administrator. These include three instances where the mechanic told the administrator he had installed certain parts in campus vehicles, but when the administrator followed up to try to verify the mechanic's statements, he did not find evidence that the parts had been installed as the mechanic claimed and he therefore did not find the mechanic's statements to be credible. The mechanic later told us that he could not find these parts nor recall where they were, but did not assert that he had installed them. Another item that the mechanic told us was ordered incorrectly was a part he told the administrator was ordered by mistake for someone for their personal use, but it is now ready to be returned for credit.

Based on the number of parts that could not be located and those that did not fit the vehicles they were purchased for, coupled with the misleading statements from the mechanic about the compatibility of various parts and what had happened to them, we did not find the mechanic credible.

As reported in the Delegations of Authority audit, the campus had no formal written policies or procedures related to vehicle maintenance, repair, and replacement, and authority for the motor vehicle inspection program had not been updated in a timely manner after the designated vehicle inspector left the campus in 2007. The director of Facilities stated that the person previously responsible for the motor vehicle inspection program left the campus and was not replaced, and as a result, some of the vehicle inspection requirements were inadvertently dropped. In addition, he stated that an obsolete vehicle maintenance tracking software, which is being replaced by a more sophisticated software solution, did not properly maintain repair records. Without sufficient records, Facilities has not been able to properly bill the various campus departments for work that may have been done on the vehicles assigned to those departments, thus eliminating another form of internal control because departments did not know what work was allegedly ascribed to their vehicles.

Failure to maintain adequate accounting and administrative controls increases the risk of errors, irregularities, and loss of data or other assets, including auto parts.

California Government Code, Section 13400, et seq., states that fraud and errors in state programs are more likely to occur from a lack of effective systems of internal accounting and administrative control in state agencies. Such effective control systems are necessary to assure that state assets and funds are adequately safeguarded, as well as to produce reliable financial information for the agency. Elements of a satisfactory system of control include a system of authorization and recordkeeping procedures adequate to provide effective accounting control over assets, liabilities, revenues, and expenditures and an established system of practices to be followed in performance of duties and functions.

California Education Code, Section 89535, states that employees may be dismissed, demoted, or suspended for certain causes, including dishonesty, incompetency, and unprofessional conduct.

## INVESTIGATION RESULTS – ANCILLARY FINDINGS

### The Mechanic Used Parts Purchased with His University Procurement Card in the Personal Vehicles of Campus Employees and Another Individual

*In at least five instances, the mechanic used his university procurement card to purchase parts that he then used in the personal vehicles of campus employees and another individual for whom he was doing personal work.*

When reviewing information from the mechanic's computer, we found invoices for automotive work on vehicles belonging to two individuals, including a campus employee, and identified specific parts used in the work. We then found that those same parts were purchased with the mechanic's university procurement card. Further, we found emails from three different campus employees discussing the kind of work the mechanic would do or parts he would use on their personal vehicles. As with the first two examples, we found corresponding parts purchased with the mechanic's university procurement card.

The mechanic indicated that, since 2006, he has performed outside work on private vehicles on his own time and that he used the same parts suppliers he used when he ordered parts for his campus job. We asked the mechanic whether he had ever used his university procurement card to purchase parts for the personal vehicles he worked on and he said no; he tried to keep campus purchases and personal purchases separate and put personal purchases on his personal charge card. Nevertheless, when we reviewed these examples with the mechanic, he admitted that these purchases were all for personal projects and that he had failed to notice such when he reconciled his procurement card statements. The mechanic confirmed that he has never reimbursed the campus for any personal purchases he made with his procurement card. The following table shows the cost of the parts the mechanic admitted he purchased with his university procurement card for personal projects.

**Parts Purchased with Procurement Card for Personal Projects**

	<b>Date</b>	<b>Description</b>	<b>Amount charged to procurement card</b>
Individual 1	October 20, 2008	Fuel pump, fuel filter	\$ 97.09
Employee 1	June 15, 2010	Main drive belt, secondary belt, pulley assembly	\$ 42.55
Employee 2	July 29, 2010	Oil filter	\$ 16.68
Employee 3	August 12, 2010	Camshaft sensor	\$ 29.39
Employee 4	November 5, 2010	Starter	\$214.67
		<b>TOTAL</b>	\$400.38

Based on the documentation and the mechanic's admissions, we believe the mechanic misappropriated the parts identified in the table above.

Poor record-keeping related to repairs done on fleet vehicles and inadequate tracking of parts contributed to these problems going undetected. In most instances, the mechanic simply indicated a specific vehicle

number on the invoices and no one verified that any work was actually done on fleet vehicles that corresponded to the parts purchased.

As noted previously, failure to maintain adequate accounting and administrative controls increases the risk of errors, irregularities, and loss of data or other assets, including auto parts.

California Government Code, Section 8314, prohibits state employees from using state funds, equipment, and supplies for personal advantage or for an endeavor not related to state business. If such a use results in a gain or advantage to the employee or a loss to the state for which a monetary value can be estimated, the employee may be liable for a civil penalty not to exceed \$1,000 for each day on which a violation occurs, plus three times the value of the unlawful use.

California Government Code, Section 13400, et seq., states that fraud and errors in state programs are more likely to occur from a lack of effective systems of internal accounting and administrative control in state agencies. Such effective control systems are necessary to assure that state assets and funds are adequately safeguarded, as well as to produce reliable financial information for the agency. Elements of a satisfactory system of control include a system of authorization and recordkeeping procedures adequate to provide effective accounting control over assets, liabilities, revenues, and expenditures and an established system of practices to be followed in performance of duties and functions.

California Education Code, Section 89535, states that employees may be dismissed, demoted, or suspended for certain causes, including dishonesty, incompetency, and unprofessional conduct.

### **The Mechanic Used Campus Resources to Conduct An Outside Business**

*The mechanic used campus facilities to perform the work he did on personal vehicles and used his state computer to facilitate that outside business.*

The mechanic admitted that he used campus facilities to perform work on personal vehicles as part of his outside business. The mechanic's supervisor confirmed he knew the mechanic did repair work on employee's personal vehicles and another administrator said he had seen what appeared to be a personal vehicle in the campus facilities area with its hood up.

We were unable to determine the extent of outside work the mechanic performed at the campus. The mechanic told us he only did about 20 percent of his outside work at the campus; he did it there if he needed to use the rack in the shop. Further, the mechanic said he did not do "a whole lot of work" for other employees and that it usually happened after his shift or on an emergency basis. Nevertheless, we found that between June 2010 and March 2011, at least 11 campus employees had emailed the mechanic about their personal vehicles, some on multiple occasions.

The mechanic's current supervisor told us he was aware the mechanic had done personal work using the campus facilities and he thought the mechanic had done so since he (the mechanic) started working there in 2006. The supervisor further told us that a few months ago, after a conversation with the campus administrator and at the administrator's direction, he had instructed the mechanic to stop using campus facilities for personal work. However, the administrator did not recall the conversation and when we asked the mechanic about this, he said the supervisor spoke to him, but only told him to be sure he was

not doing the personal work on state time; he did not tell him he could not use the facilities for the personal work.

The mechanic and his current supervisor also gave us conflicting accounts of personal work the mechanic did for the supervisor.<sup>2</sup> Specifically, the supervisor told us that the mechanic did personal work for him on one occasion and it was brake job/replacement. However, the mechanic told us he had done oil changes, tire rotation, and a brake inspection for the supervisor. The mechanic said he had not felt pressured by either supervisor to do the personal work, they were more like customers and it was more of a favor; though the supervisor did pay the employee for the work.

The supervisor's failure to enforce appropriate use of campus facilities and properly counsel the mechanic about his improper use of the facilities for personal projects allowed the mechanic to continue the improper use.

Finally, as noted previously, we found invoices and email on the mechanic's state computer which indicate that he used the computer to conduct and facilitate his outside business, resulting in a personal advantage to the mechanic.

California Government Code, Section 8314, prohibits state employees from using state buildings, facilities, equipment, and computers for personal advantage or for an endeavor not related to state business. If such a use results in a gain or advantage to the employee or a loss to the state for which a monetary value can be estimated, the employee may be liable for a civil penalty not to exceed \$1,000 for each day on which a violation occurs, plus three times the value of the unlawful use.

The California State University, Monterey Bay (CSUMB) *Acceptable Use of Computing and Information Technology Resources* policy states that any use of university information technology resources for commercial purposes is prohibited.

### **The Mechanic Improperly Received a Personal Benefit from Discounts Provided to CSUMB**

*The mechanic took advantage of discounts made available to CSUMB to purchase automotive parts for personal projects.*

In addition to the fact that the mechanic did not pay for the parts he admitted he used for personal projects, for those purchases and others he said he made on his own for personal projects, he improperly took advantage of vendor discounts. Specifically, the CSUMB received discounts from various vendors on the auto parts it purchased. The mechanic admitted that he had taken advantage of that discount for personal purchases of auto parts he used on personal projects for his outside business. He told us that in some cases, the vendors just gave him the discount and in other cases he specifically asked for it. Using the invoices for the parts noted above that we substantiated were used for personal projects, we calculated that the mechanic improperly took advantage of discounts totaling \$544, a discount of more than 57 percent. As noted above, in these five instances, the mechanic charged the purchases to his state

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<sup>2</sup> The mechanic told us he had also done work for his previous supervisor, who no longer works at the campus.

procurement card and never reimbursed the campus for the improper purchases; nevertheless, he used his state position to improperly take advantage of discounts from campus vendors.

California Education Code, Section 89006, states that it is unlawful for any person to utilize any information, not a matter of public record, that is received by that person by reason of his or her employment for personal pecuniary gain. In addition, the California Government Code, Section 8314, states that it is unlawful for a state employee to use or permit others to use public resources for personal or other purposes which are not authorized by law.

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## RECOMMENDATIONS

Our investigation was administrative in nature. The conclusions we drew were made within that context. Recommendations that would mitigate the recurrence of similar findings are presented below.

### **1. Procurement Card Was Used to Purchase Incompatible Parts**

We recommend that the campus:

- a. Return for refund or credit the parts that are in the campus inventory that were ordered incorrectly or that do not fit.
- b. Implement the recommendations from the Delegations of Authority audit report, including:
  - ▶ Develop and implement written policies and procedures related to vehicle maintenance, repair, and replacement.
  - ▶ Maintain a complete and accurate record of all repair and maintenance costs for university-owned vehicles.
- c. In addition to the audit report's recommendation that the campus maintain current delegations of authority for the motor vehicle inspection program, we recommend that the campus consider designating the motor vehicle inspector or another individual aside from the mechanic to be responsible for ensuring that departments are promptly and accurately billed for their repair work to help further ensure the accuracy of the records.

### **Campus Response**

- a. We concur. We will accumulate parts gathered in the auto shop identified as ordered incorrectly or that do not fit. We will also compile original invoices from their purchase and arrange with the respective vendors to return these items for refund or credit.

Estimated completion date: October 2011

- b. We concur. We will implement the recommendations from the recent Delegations of Authority audit report. As part of our corrective actions, we will develop and implement written policies and procedures on university-owned vehicle maintenance, repair, and replacement. These procedures shall be communicated across the campus. Procedures will also be reinforced to more effectively capture and maintain complete and accurate records of repair and maintenance costs using the recently implemented WEBTMA tracking system.

Estimated completion date: December 2011

- c. We concur. Purchasing authority has been removed from the auto mechanic position and transferred to another position within Facilities Services and Operations (Facilities), the storekeeper. The storekeeper position presently holds procurement card purchasing authority for parts and replacement equipment for building maintenance services. Written procedures will be

developed that designate the motor vehicle inspector to be responsible for ensuring that departments are promptly and accurately billed for their repair work through the facilities services coordinator, the position which handles all other department billings in Facilities. Repair records will be maintained in the computerized maintenance management system, WEBTMA; and timely billings will be generated from WEBTMA reports.

Estimated completion date: October 2011

**2. The Mechanic Used Parts Purchased with His University Procurement Card in the Personal Vehicles of Campus Employees and Another Individual**

See recommendations 1b and 1c above.

**Campus Response**

- a. We concur. We will implement the recommendations from the recent Delegations of Authority audit report. As part of our corrective actions, we will develop and implement written policies and procedures on university-owned vehicle maintenance, repair, and replacement. These procedures shall be communicated across the campus. Procedures will also be reinforced to more effectively capture and maintain complete and accurate records of repair and maintenance costs using the recently implemented WEBTMA maintenance management system.

Estimated completion date: December 2011

- b. We concur. Purchasing authority has been removed from the auto mechanic position and transferred to another position within Facilities, the storekeeper. This position presently holds procurement card purchasing authority for parts and replacement equipment for building maintenance services. Written procedures will be developed that designate the motor vehicle inspector to be responsible for ensuring that departments are promptly and accurately billed for their repair work through the facilities services coordinator, the position which handles all other department billings in Facilities. Repair records will be maintained in the computerized maintenance management system, WEBTMA; and timely billings will be generated from WEBTMA reports.

Estimated completion date: October 2011

**3. The Mechanic Used Campus Resources to Conduct An Outside Business**

We recommend that the campus ensure that all its employees understand that they are prohibited from using state resources for personal advantage or for an endeavor not related to state business and that management employees in particular understand their responsibility to enforce this prohibition.

**Campus Response**

We concur. This prohibition will be communicated and reinforced in a variety of ways. Informational email(s) will be sent to all faculty and staff. This prohibition will also be addressed in our Business Operations Forums and Management Excellence Forums training seminars held regularly throughout each year. Any specific conflict of interest training or communication will also contain this information.

Estimated completion date: December 2011

**4. The Mechanic Improperly Received a Personal Benefit from Discounts Provided to CSUMB**

We recommend that the campus notifies all employees with purchasing authority that it is improper for them to utilize their state positions for personal pecuniary gain, such as taking advantage of vendor discounts intended for CSUMB.

**Campus Response**

We concur. Informational email(s) will be sent to all employees with purchasing authority. As well as sending email(s) to all faculty and staff, we will utilize specific email groups that target departmental staff involved with purchasing and their approving officials. This restriction will also be addressed in our Business Operations Forums and Management Excellence Forums training seminars held regularly throughout each year. Any specific conflict of interest training or communication will also contain this information.

Estimated completion date: December 2011



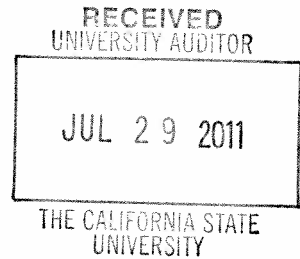
CALIFORNIA STATE UNIVERSITY  
**Monterey Bay**

OFFICE OF THE VICE PRESIDENT  
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July 28, 2011

University Auditor Larry Mandel  
California State University  
Office of the University Auditor  
401 Golden Shore, 4<sup>th</sup> Floor  
Long Beach, CA 90802



Subject: Campus Response, Investigative Report 11-91,  
Special Investigation, Facilities, Services and Operations

Dear Larry:

Attached is our response to the Special Investigation Draft Audit Report 11-91. A Word file of the response is attached in the email transmittal of this cover letter.

Please contact AVP John Fitzgibbon if you have any questions or comments.

Sincerely,

A handwritten signature in black ink, appearing to read "K. Saunders".

Kevin R. Saunders  
Vice President

Attachment

Cc: President Harrison  
Senior Director Schlack  
AVP Marker  
Director Brown  
Director Evjen

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**SPECIAL INVESTIGATION  
FACILITIES SERVICES AND OPERATIONS**

**CALIFORNIA STATE UNIVERSITY,  
MONTEREY BAY**

**Investigative Report 11-91**

**1. Procurement Card Was Used to Purchase Incompatible Parts**

We recommend that the campus:

- a. Return for refund or credit the parts that are in the campus inventory that were ordered incorrectly or that do not fit.
- b. Implement the recommendations from the Delegations of Authority audit report, including:
  - ▶ Develop and implement written policies and procedures related to vehicle maintenance, repair, and replacement.
  - ▶ Maintain a complete and accurate record of all repair and maintenance costs for university-owned vehicles.
- c. In addition to the audit report's recommendation that the campus maintain current delegations of authority for the motor vehicle inspection program, we recommend that the campus consider designating the motor vehicle inspector or another individual aside from the mechanic to be responsible for ensuring that departments are promptly and accurately billed for their repair work to help further ensure the accuracy of the records.

**Campus Response**

- a. We concur. We will accumulate parts gathered in the auto shop identified as ordered incorrectly or that do not fit. We will also compile original invoices from their purchase, and arrange with the respective vendors to return these items for refund or credit.  
Estimated completion date: October, 2011.
- b. We concur. We will implement the recommendations from the recent Delegations of Authority audit report. As part of our corrective actions, we will develop and implement written policies and procedures on university-owned vehicle maintenance, repair and replacement. These procedures shall be communicated across the campus. Procedures will also be reinforced to more effectively capture and maintain complete and accurate records of repair and maintenance costs using the recently implemented WEBTMA tracking system.  
Estimated completion date: December, 2011.

- c. We concur. Purchasing authority has been removed from the auto mechanic position and transferred to another position within Facilities Services & Operations, the Storekeeper. The Storekeeper position presently holds procurement card purchasing authority for parts and replacement equipment for building maintenance services. Written procedures will be developed that designate the Motor Vehicle Inspector to be responsible for ensuring that departments are promptly and accurately billed for their repair work through the Facilities Services Coordinator, the position which handles all other department billings in Facilities Services & Operations. Repair records will be maintained in the computerized maintenance management system, WEBTMA, and timely billings will be generated from WEBTMA reports.  
Estimated completion date: October, 2011.

## **2. The Mechanic Used Parts Purchased with His University Procurement Card in the Personal Vehicles of Campus Employees and Another Individual**

See recommendations 1b and 1c above.

### **Campus Response**

- a. We concur. We will implement the recommendations from the recent Delegations of Authority audit report. As part of our corrective actions, we will develop and implement written policies and procedures on university-owned vehicle maintenance, repair and replacement. These procedures shall be communicated across the campus. Procedures will also be reinforced to more effectively capture and maintain complete and accurate records of repair and maintenance costs using the recently implemented WEBTMA maintenance management system.  
Estimated completion date: December, 2011.
- b. We concur. Purchasing authority has been removed from the auto mechanic position and transferred to another position within Facilities Services & Operations, the Storekeeper. This position presently holds procurement card purchasing authority for parts and replacement equipment for building maintenance services. Written procedures will be developed that designate the Motor Vehicle Inspector to be responsible for ensuring that departments are promptly and accurately billed for their repair work through the Facilities Services Coordinator, the position which handles all other department billings in Facilities Services & Operations. Repair records will be maintained in the computerized maintenance management system, WEBTMA, and timely billings will be generated from WEBTMA reports.  
Estimated completion date: October, 2011.

## **3. The Mechanic Used Campus Resources to Conduct An Outside Business**

We recommend that the campus ensure that all its employees understand that they are prohibited from using state resources for personal advantage or for an endeavor not related to state business and that management employees in particular understand their responsibility to enforce this prohibition.

### **Campus Response**

We concur. This prohibition will be communicated and reinforced in a variety of ways. Informational email(s) will be sent to all faculty and staff. This prohibition will also be addressed in our Business Operations Forums and Management Excellence Forums training seminars held

regularly throughout each year. Any specific conflict of interest training or communication will also contain this information. Estimated completion date: December, 2011.

4. **The Mechanic Improperly Received a Personal Benefit from Discounts Provided to CSUMB**

We recommend that the campus notifies all employees with purchasing authority that it is improper for them to utilize their state positions for personal pecuniary gain, such as taking advantage of vendor discounts intended for CSUMB.

**Campus Response**

We concur. Informational email(s) will be sent to all employees with purchasing authority. As well as sending email(s) to all faculty and staff, we will utilize specific email groups that target departmental staff involved with purchasing and their approving officials. This restriction will also be addressed in our Business Operations Forums and Management Excellence Forums training seminars held regularly throughout each year. Any specific conflict of interest training or communication will also contain this information. Estimated completion date: December, 2011.

THE CALIFORNIA STATE UNIVERSITY  
OFFICE OF THE CHANCELLOR

BAKERSFIELD

CHANNEL ISLANDS

August 3, 2011

CHICO

DOMINGUEZ HILLS

**MEMORANDUM**

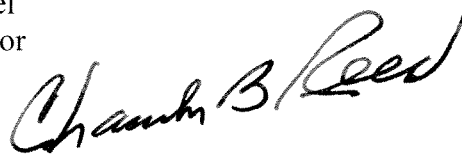
EAST BAY

TO: Mr. Larry Mandel  
University Auditor

FRESNO

FULLERTON

FROM: Charles B. Reed  
Chancellor



HUMBOLDT

SUBJECT: Draft Final Report 11-91  
*Special Investigation - Facilities Services and Operations*  
California State University, Monterey Bay

LONG BEACH

LOS ANGELES

MARITIME ACADEMY

In response to your memorandum of August 3, 2011, I accept the response as submitted with the draft final report on *Special Investigation – Facilities Services and Operations*, California State University, Monterey Bay.

MONTEREY BAY

NORTHRIDGE

POMONA

CBR/amd

SACRAMENTO

SAN BERNARDINO

SAN DIEGO

SAN FRANCISCO

SAN JOSÉ

SAN LUIS OBISPO

SAN MARCOS

SONOMA

STANISLAUS

Table 1 - Parts Ordered by the Mechanic That Could Not Be Located

Item	Description	Cost with sales tax	Response from Mechanic*	Additional Comments from Campus Administrator
1	Catalytic Converter	\$293.87	Boxes were in back shop, since shop clean up can not find boxes	
2	Muffler pipe	\$169.88	Boxes were in back shop, since shop clean up can not find boxes	
3	Muffler	\$95.30	boxes were in back shop, since shop clean up can not find boxes	
4	Air filter	\$50.24	Parts were ordered, can not find parts in stock, can not recall where they went to?	
5	Brake rotor	\$128.69	Parts were ordered, can not find parts in stock, can not recall where they went to?	
6	Ceramic brake pads	\$40.13	Parts were ordered, can not find parts in stock, can not recall where they went to?	
7	Disc pad set	\$28.02	Parts were ordered, can not find parts in stock, can not recall where they went to?	
8	Ceramic pads	\$39.79	Parts were ordered, can not find parts in stock, can not recall where they went to?	
9	Brake rotor (2)	\$162.70	1 rotor found in the shop, 1 rotor unaccounted for.	Not found in campus inventory
10	Third brake light	\$100.50	Truck #12 has a blocked third tail light ordered this part to attempt to adapt a 3rd light, did not look like a good fit, can not find part for credit return.	
11	Brake rotor (2)	\$126.31	Parts were ordered, can not find parts in stock, can not recall where they went to?	
12	Brake rotor (2)	\$83.51	Parts were ordered, can not find parts in stock, can not recall where they went to?	
13	Lock cylinder	\$87.78	Part was ordered intended use for Prius, can not find part in stock, can not recall where part was used.	The part was not found in campus inventory. The mechanic said he thought he had installed it in one of the two Prius models owned by the campus, but the drivers of the Prius's could not recall this part being a problem or having the work done.
14	Starter	\$74.72	Can not find part, not in stock, and can not recall where it is	The mechanic said it was installed in a particular campus vehicle, but a campus administrator checked that vehicle and did not conclude the part was recently replaced as the mechanic said.
15	Ignition cylinder	\$145.36	Part was ordered in attempt to fit vehicle, not good fit, can not find part for credit return.	
16	Alternator	\$218.22	Can not find part, not in stock, and can not recall where it is	The mechanic said the part was installed in a particular campus vehicle, but a campus administrator checked that vehicle and did not find the mechanic's statement to be credible.
17	Lock cylinder key	\$180.93	Part was ordered in attempt to fit vehicle, not good fit, can not find part for credit return.	
18	Disc pad set	\$25.94	Parts were ordered, can not find parts in stock, can not recall where they went to?	
19	Brake rotor (2)	\$58.12	Parts were ordered, can not find parts in stock, can not recall where they went to?	
20	Brake rotor (2)	\$53.97	Parts were ordered, can not find parts in stock, can not recall where they went to?	
21	Ceramic pads	\$36.28	Parts were ordered, can not find parts in stock, can not recall where they went to?	
22	Brake rotor (2)	\$68.50	Parts were ordered, can not find parts in stock, can not recall where they went to?	
23	Brake rotor (2)	\$80.95	Parts were ordered, can not find parts in stock, can not recall where they went to?	
24	Clutch switch	\$39.47	Error while ordering this part, it should have been part # S26386, can not find part for credit.	
25	Specialty shock (2)	\$695.92	Truck #12 is a Heavy duty Ford F550 with extra weight on body that standard shocks would otherwise sag, attempted to use a heavy duty shock, to hold the excess weight.	The mechanic informed the administrator that he did not install the parts because they did not fit. The campus was unable to locate the parts.
<b>Total</b>		<b>\$3,085.10</b>		

\* Text was left as typed by the mechanic.

Table 2 - Parts Ordered by the Mechanic Incorrectly or That Did Not Fit

Item	Description	Cost with sales tax	Response from Mechanic*	Additional Comments from Campus Administrator
1	Brake pads (2)	\$27.86	<i>Parts ordered and in stock, attempt to fit on other vehicles, ready to be sent back for credit.</i>	Found in campus inventory. The mechanic said he was aware at the time he received the part that there was an error, but he had not returned them yet.
2	Water pump	\$20.54	<i>Pump was intended to fit the vehicle ordered incorrect part, in shop stock.</i>	
3	Starter	\$339.49	<i>Part was ordered, and not a fit to fleet, in stock ready to be returned.</i>	The mechanic said the part was ordered for a particular campus vehicle based on a call from the customer; he also said it was never needed and won't fit the vehicle, so it can be returned.
4	Oxygen sensor	\$77.00	<i>Part was ordered due to a check engine light on, not a good fit, in stock, ready to be returned.</i>	
5	Distributor rotor	\$18.35	<i>Part was ordered in error, in stock ready for return for credit.</i>	
6	Distributor cap	\$25.12	<i>Part was ordered in error, in stock ready for return for credit.</i>	
7	Brake rotor (2)	\$98.30	<i>Part was ordered in attempt to fit a 5 lug chevy, no a good fit, in stock and ready to be returned for credit.</i>	Found in campus inventory. The mechanic said he intended to use the rotors in a campus van, but they did not fit and he did not get around to returning them.
8	Ceramic pads	\$44.24	<i>Part ordered, and not a fit to fleet, in stock ready to be returned</i>	
9	Ceramic pads	\$46.72	<i>Part ordered, and not a fit to fleet, in stock ready to be returned</i>	
10	Wheel cylinder	\$13.76	<i>Part was ordered and not a correct fit, found one in stock used in its place, this unit in stock and ready to be returned for credit.</i>	
11	Wheel cylinder	\$13.76	<i>Part was ordered and not a correct fit, found one in stock used in its place, this unit in stock and ready to be returned for credit.</i>	
12	Actuator	\$73.18	<i>Part was ordered and intended for use, did not fit, used glue to repair old unit. This part is in stock and ready for credit.</i>	
13	Disc pad set	\$56.26	<i>Part in stock, ready for credit or return</i>	Found in campus inventory; the mechanic said it will work on three 2007 Chevys they have and is not intended to be returned
14	Ceramic pads (2)	\$89.45	<i>Part was ordered incorrectly, not used, in stock and ready for credit.</i>	
15	Brake pad set	\$22.83	<i>Part ordered and while doing some research MKD834 is not a common stock item, it was interchanged and sent as QC975, Part is in stock and ready for credit.</i>	
16	Starter	\$276.92	<i>Part ordered incorrectly not a fit for fleet, in stock and ready for credit.</i>	
17	Starter	\$110.22	<i>Part ordered incorrectly not a fit for fleet, in stock and ready for credit.</i>	The mechanic said the item was ordered by mistake for someone for their personal use and it was not installed. To be returned for credit.
	<b>Total</b>	<b>\$1,354.00</b>		

\* Text was left as typed by the mechanic.