

# Memorandum

*Serious drought.  
Help save water!*

**To:** WILLIAM E. LEWIS  
Assistant Director  
Audits and Investigations

**Date:** December 11, 2015

**File:** P4000-0387



**From:** THOMAS P. HALLENBECK  
Chief  
Division of Traffic Operations

**Subject:** **DIVISION OF TRAFFIC OPERATIONS - Status of Corrective Actions – 180-Day Response to Transportation Permits Audit Report (P4000-0387)**

Attached is the Division of Traffic Operations' (Division) 180-day response to the findings noted in the Transportation Permits Audit Report (P4000-0387). The Division has taken corrective action to address many of the findings and recommendations, and will continue to take additional actions to address the remaining issues.

If you have any questions or need additional information, please contact Kien Le at (916) 653-0096, or by email at <kien.le@dot.ca.gov>.

## Attachment

Audits & Investigations (A&I) – 180-Day Response to Transportation Permits Audit Report – December 11, 2015 (P4000-0387)

- c: Kien Le, Chief, Office of Commercial Vehicle Operations, Division of Traffic Operations
- Kris Kuhl, Assistant Chief, Division of Traffic Operations
- Mark Spaulding, Chief, Accounts Receivable Branch, Division of Accounting
- Gina Schumacher, Chief, Revenue and Collections Section, Division of Accounting
- Frank Garcia, Chief, Office of Receivables, Systems and Administration, Division of Accounting
- Zilan Chen, Chief, Internal Audits, Audits and Investigations
- Juanita Baier, Internal Audit Manager, Audits and Investigations
- Tracy Scribner, Chief, Information Technology Solutions Division
- Sumi Smith, Acting Chief Information Officer

KTL/jfh

## Audits & Investigations (A&I) – 180-Day Response to Transportation Permits Audit Report – December 11, 2015

**PROGRAM AUDITED:** Traffic Operations    **AUDIT NAME:** Transportation Permits Audit    **AUDIT NUMBER:** P4000-0387

**Finding No. 1**

**AUDIT DATE:** March 11, 2015

**Name of Report Finding:**    **Internal Control Weaknesses in the Issuance Branch**

A&I Recommendation	Auditee’s Response to Draft Report	Estimated Completion Date	Staff Responsible for Completion	A&I Analysis of Response
<p>1.1 Develop procedures for securing confidential information and remind staff of its policy to redact personal and sensitive information once permits are issued.</p>	<p>Transportation Permits Issuance Branch (Issuance Branch) shall evaluate the following procedures for implementation:</p> <ol style="list-style-type: none"> <li>1. Issue periodic reminders to staff to redact information. Improve quality of redaction methods.</li> <li>2. Pursue the authority to perform “background checks” for new hires in the Issuance Branch.</li> <li>3. Post “Authorized Personnel Only” signs at the entrance to the Permits Office and require guests to be accompanied by staff at all times.</li> <li>4. Review current security procedures for protection of sensitive information on permit applications, and develop a process or procedure to limit public access to this information.</li> <li>5. Review current office procedures to determine if pending permit applications can be placed in a locked cabinet at the close of business each day. This issue was reviewed, the office is locked after hours, and there has never been an issue regarding the security of the pending applications.</li> <li>6. Place locks on archive cabinets. Upon further review, the entire office is secured after hours. No need to provide locks on archive cabinets.</li> </ol>	<p>Target completion dates:</p> <p>Completed - Nov. 18, 2015</p> <p>Completed - Feb. 26, 2016</p> <p>Completed - Aug. 17, 2015</p> <p>Completed - June 24, 2016</p> <p>Completed - Aug 17, 2015</p> <p>N/A</p>	<p>Issuance Branch:</p> <p>Abdel-Kader Taha (916) 322-4927</p>	

## Audits & Investigations (A&I) – 180-Day Response to Transportation Permits Audit Report – December 11, 2015

**PROGRAM AUDITED:** Traffic Operations

**AUDIT NAME:** Transportation Permits Audit

**AUDIT NUMBER:** P4000-0387

1.2 Develop a process or procedure to properly track permits and associated fees; and review the system generated reports to ensure proper fees are being charged.	Permits staff runs accounting reports daily to identify permits issued and fees charged during the previous business day. Permits issued are reviewed and reconciled with fees charged and any discrepancies (number skips, price errors, etc.) are investigated and explained.	Completed - Current practice as of June 2010	Issuance Branch: Steve Sowers (916) 322-4960	
	The Transportation Permit Manual will be revised to define the use of the Permit Rider as a permit extension form to document long routes that will not fit on the single trip Transportation Permit application form. When this rider is used as the original permit's extension, a permit number will not be assigned and no charge is assessed.	Target completion date: June 24, 2016	Permit Office: John Holzhauser (916) 654-3093	
1.3 Require that managers distribute the workload based on the complexity of the permit application and experience of the permit writer, and in accordance with the Transportations Permit Manual (Permit Manual).	Applications are processed in the order received within each permit type group. Permit writers must select the oldest permit available subject to authorization from their managers. Authorizations are dependent upon experience and lead worker's recommendation.  Permit managers have been distributing the workload based on the complexity of the permit and staff's experience since July 20, 2014.	Completed - Current practice as of July 20, 2014	Issuance Branch: Steve Sowers (916) 322-4960	
1.4 Develop performance measures and require that managers monitor staff's performance.	Issuance Branch's management to begin the monitoring of employees' performance and identify appropriate performance measures.	Target completion date: April 15, 2016	Issuance Branch: Steve Sowers (916) 322-4960	
1.5 Establish procedures for handling permits that are voided, overridden, or cancelled. The procedures should include guidance on when to refund the prepaid fees.	Any skips, double stamps, voids, overrides, corrected permits (issued free due to Caltrans' error), or refunds need approval from a manager.  Issuance Branch's management will establish a procedure for staff to track the permit numbers and to reconcile charges during daily accounting.	Target completion date: Feb. 24, 2016	Issuance Branch: Steve Sowers (916) 322-4960	

## Audits & Investigations (A&I) – 180-Day Response to Transportation Permits Audit Report – December 11, 2015

**PROGRAM AUDITED:** Traffic Operations      **AUDIT NAME:** Transportation Permits Audit      **AUDIT NUMBER:** P4000-0387

<p>1.6 Require that checks are sent to cashiering within 24 hours of receiving them or ensure they are kept in a secured/locked cabinet until submitted to cashiering.</p>	<p>The following procedures have been implemented since July 31, 2014. Instructions were provided at staff meeting. Checks received during the day will be locked in a cabinet at the close of each business day. After accounting is completed in the morning of the following day, checks will be moved to the safe in the supply room. Accounting drops are made each Monday and include the prior week's intake of checks and credit card charge information.</p>	<p>Completed - Current practice as of July 31, 2014</p>	<p>Issuance Branch: Steve Sowers (916) 322-4960</p>	
<p>1.7 Develop procedures to ensure an adequate separation of duties exists so that the same employee does not handle all aspects of a permit process.</p>	<p>Separation of duties currently exists and the following procedures have been implemented since July 31, 2014. The reconciliation of fees is done by the office technicians (OT). The OT's are responsible to ensure that the correct amount has been collected for each permit issued by the permit writers. Since permit numbers are issued sequentially (each permit type has its own sequence) reconciliation is a straightforward process.</p>	<p>Completed - Current practice as of July 31, 2014</p>	<p>Issuance Branch: Steve Sowers (916) 322-4960</p>	
<p>1.8 Update the Permit Manual with current policies and procedures and develop a process to communicate revised policies to all staff in a timely manner.</p>	<p>The Transportation Permit Manual is being updated with current policies and procedures. Most chapters' revisions have been made and reviews were completed by both internal staff and trucking industry representatives. The Office of Commercial Vehicle Operations (CVO) will continue to work on finalizing this manual as well as developing a communication process for implementation of new policies.</p>	<p>Current practice for most business processes. Remaining Permit Manual chapters' target completion date is June 24, 2016</p>	<p>Permit Office: John Holzhauser (916) 654-3093</p>	

## Audits & Investigations (A&I) – 180-Day Response to Transportation Permits Audit Report – December 11, 2015

**PROGRAM AUDITED:** Traffic Operations    **AUDIT NAME:** Transportation Permits Audit    **AUDIT NUMBER:** P4000-0387

**Finding No. 2**

**Name of Report Finding:**    **Overtime is Not Always Justified, Pre-approved, or Properly Documented**

A&I Recommendation	Auditee’s Response to Draft Report	Estimated Completion Date	Staff Responsible for Completion	A&I Analysis of Response
2.1 Analyze the need for overtime, based on workload, and approve as appropriate.	At 3 p.m. each day, an Issuance Branch manager reviews the permit backlog for each permit type, quantity, date and time of the oldest outstanding permits, and determines the need for overtime for that day. When overtime is needed, the Issuance Branch’s management will estimate the number of hours needed, and ask all available staff if they would like to work overtime. The procedures for overtime work in the Issuance Branch have been implemented since August 13, 2014.	Completed - Current practice as of August 13, 2014	Issuance Branch: Steve Sowers (916) 322-4960	
2.2 Require that a supervisor or manager pre-approve overtime and supervise employees when working overtime.	All overtime is pre-approved by supervisors as described in the above Finding 2.1 response. Issuance Branch managers monitor overtime work through direct oversight. This procedure has been implemented since August 13, 2014.	Completed - Current practice as of August 13, 2014	Issuance Branch: Steve Sowers (916) 322-4960	

## Audits & Investigations (A&I) – 180-Day Response to Transportation Permits Audit Report – December 11, 2015

**PROGRAM AUDITED:** Traffic Operations    **AUDIT NAME:** Transportation Permits Audit    **AUDIT NUMBER:** P4000-0387

### Finding No. 3

**Name of Report Finding:**    **The Issuance Branch has an Inefficient Process for Establishing Debtor Accounts**

A&I Recommendation	Auditee’s Response to Draft Report	Estimated Completion Date	Staff Responsible for Completion	A&I Analysis of Response
3.1 Determine the possibility of using one identifying number per debtor account.	Division of Traffic Operations (Division) met with the Division of Accounting (DofA) on April 9, 2015, and had agreed to the following: DofA will use the debtor number established by the Division as the vendor customer control number in the Advantage accounting system for all transportation permit vendors. Existing permit vendors will have their vendor customer control numbers modified in Advantage to the debtor number issued by the Division. This will result in one unique identifying number used by DofA and the Division for each debtor account.	Completed - Current practice as of June 30, 2015	Issuance Branch: Steve Sowers (916) 322-4960	
3.2 Follow established criteria for approving or denying an applicant’s debtor account.	<p>Debtor account applicants supply required information to the Issuance Branch in order to establish a debtor account. If applicant meets certain criteria, the Issuance Branch assigns a debtor number and forwards the request to DofA. DofA finishes creating the account and notifies the customer. No further action is required and the customer may begin charging to the debtor account for Single Trip, Annual/Repetitive, and Variance permits.</p> <p>Before processing a debtor account application, an Issuance Branch manager will question the applicant on intended usage and a debtor account will not be granted unless/until the applicant meets the six month average usage requirement. Depending on the applicant’s prior payment history of permit fees, Management may request additional information such as taxpayer identification number and affirmation of billing and suspension policy.</p>	Completed - Current practice as of August 13, 2014	Issuance Branch: Steve Sowers (916) 322-4960	

**Audits & Investigations (A&I) – 180-Day Response to Transportation Permits Audit Report – December 11, 2015**

**PROGRAM AUDITED:** Traffic Operations    **AUDIT NAME:** Transportation Permits Audit    **AUDIT NUMBER:** P4000-0387

<p>3.3 Determine the need for having two separate logs between the Division of Accounting and the Division of Traffic Operations.</p>	<p>The Division of Traffic Operations (Division) met with the Division of Accounting (DofA) on April 9, 2015, and had agreed to the following: The Division is currently responsible for maintaining the debtor log and issuing the debtor account numbers. The Division provides the debtor number to DofA after it has been established, along with vendor contact information (name, address, phone number). This debtor information is used by DofA to set up the vendor customer control number in Advantage for vendor invoicing purposes. As provided in recommendation response #3.1 above, the debtor account number will be used by DofA as the vendor customer control number in the Advantage system.</p>	<p>Completed as of June 30, 2015</p>	<p>Issuance Branch: Steve Sowers (916) 322-4960</p>	
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## Audits & Investigations (A&I) – 180-Day Response to Transportation Permits Audit Report – December 11, 2015

**PROGRAM AUDITED:** Traffic Operations    **AUDIT NAME:** Transportation Permits Audit    **AUDIT NUMBER:** P4000-0387

**Finding No. 4**

**Name of Report Finding:**    **The Transportation Permit Fees are Not Properly or Timely Billed**

A&I Recommendation	Auditee’s Response to Draft Report	Estimated Completion Date	Staff Responsible for Completion	A&I Analysis of Response
4.1 Determine who will maintain the debtor account log so that there is only one log.	Division of Traffic Operations (Division) met with the Division of Accounting (DofA) on April 9, 2015, and had agreed to the following: The Division is the first point of contact with the customer, issues the debtor numbers and maintains the debtor account log. See recommendation response #3.3 above.	Completed as of June 30, 2015	Issuance Branch: Steve Sowers (916) 322-4960	
4.2 Explore the possibility of incorporating the debtor number into the accounting system’s billing process.	The Division of Accounting to respond to A&I recommendation.			
4.3 Reconcile the permits issued in the debtor account report to the permit fees billed in the Advantage system and resolve billing issues timely.	The Division of Accounting to respond to A&I recommendation.			

**Audits & Investigations (A&I) – 180-Day Response to Transportation Permits Audit Report – December 11, 2015**

**PROGRAM AUDITED:** Traffic Operations    **AUDIT NAME:** Transportation Permits Audit    **AUDIT NUMBER:** P4000-0387

**Finding No. 5**

**Name of Report Finding:**    **Minimal Collection Efforts and Inadequate Monitoring of Aging Reports**

<b>A&amp;I Recommendation</b>	<b>Auditee’s Response to Draft Report</b>	<b>Estimated Completion Date</b>	<b>Staff Responsible for Completion</b>	<b>A&amp;I Analysis of Response</b>
5.1 Make the necessary efforts to collect delinquent permit fees and enforce the policy of collecting for delinquent accounts as approved by the Victim Compensation Claims Board.	The Division of Accounting to respond to A&I recommendation.			
5.2 Work with Information Technology to fix the aging reports so that they contain timely and accurate information.	The Division of Accounting to respond to A&I recommendation.			
5.3 DofA should work with the Issuance Branch to identify customers with delinquent accounts, initiate collection efforts, and suspend permittees with past due accounts in accordance with the Transportation Permit and Accounting Manual.	The Division of Accounting to respond to A&I recommendation.			

**Audits & Investigations (A&I) – 180-Day Response to Transportation Permits Audit Report – December 11, 2015**

**PROGRAM AUDITED:** Traffic Operations    **AUDIT NAME:** Transportation Permits Audit    **AUDIT NUMBER:** P4000-0387

**Finding No. 6**

**Name of Report Finding:**    **The Office of Permits is Not Complying with the State’s Full Cost Recovery Policy**

<b>A&amp;I Recommendation</b>	<b>Auditee’s Response to Draft Report</b>	<b>Estimated Completion Date</b>	<b>Staff Responsible for Completion</b>	<b>A&amp;I Analysis of Response</b>
<p>6. We recommend that the Division of Traffic Operations consult with the Divisions of Legal and Budgets to determine if it can move forward with implementing current permit fees in order to recover its cost for administering the program.</p>	<p>The Division is taking steps to implement a fee increase proposal. In 2011, the Permit Office worked with DofA to address this issue. The proposal to increase the permit fees was also discussed with trucking industry’s representatives – their response was positive. The fee increase proposal was on hold due to organizational changes in the Transportation Permits Program. The Division will work with DofA to establish the fee structure. The fee increase will go through the administrative procedures found in the California Code of Regulations.</p>	<p>Completed as of Nov. 18, 2015</p>	<p>Permit Office: John Holzhauser (916) 654-3093</p>	

## Audits & Investigations (A&I) – 180-Day Response to Transportation Permits Audit Report – December 11, 2015

**PROGRAM AUDITED:** Traffic Operations    **AUDIT NAME:** Transportation Permits Audit    **AUDIT NUMBER:** P4000-0387

**Finding No. 7**

**Name of Report Finding:**    **The Transportation Permit System is Outdated and Unreliable**

A&I Recommendation	Auditee’s Response to Draft Report	Estimated Completion Date	Staff Responsible for Completion	A&I Analysis of Response
<p>7. We recommend that the Division of Traffic Operations continues to work with IT to complete successful implementation of the new system.</p>	<p>In July 2011, the Division of Information Technology (IT) began working on updating the current databases system. Conversion of the Route Clearing Database (RCD) from Access97 to MySQL was completed in 2014. The Single-Trip Application and Routing System (STARS) was updated to STARS2 in June 2015.</p> <p>IT is currently working on the conversions for the remaining databases. Further system improvements are pending approval and funding of the Integrated Transportation Permit System (ITPS) project.</p> <p>In coordination with IT, the Division conducted a Business Process Review (BPR) of the transportation permit functions in 2013. The BPR provided the functional requirements for an automated system (ITPS).</p> <p>In addition to the ITPS, the Department needs an online payment system for all permitting functions (Transportation, Encroachment, and Outdoor Advertising), Right-of-Way rental payment, airspace lease, etc.</p> <p>Caltrans will be working with IT to get a completion date for this recommendation.</p>	<p>Conversion of RCD completed on July 1, 2015</p> <p>ITPS completion target date: Unknown</p>	<p>Permit Office: John Holzhauser (916) 654-3093</p>	

## Audits & Investigations (A&I) – 180-Day Response to Transportation Permits Audit Report – December 11, 2015

**PROGRAM AUDITED:** Traffic Operations    **AUDIT NAME:** Transportation Permits Audit    **AUDIT NUMBER:** P4000-0387

**Finding No. 8**

**Name of Report Finding:**    **Prior Audit Recommendations Not Implemented**

A&I Recommendation	Auditee’s Response to Draft Report	Estimated Completion Date	Staff Responsible for Completion	A&I Analysis of Response
<p>8. We recommend that the Division of Traffic Operations take steps to fully address all the recommendations contained in the 2000 State Auditor’s report.</p>	<p>The Division has established a process and will designate a position with authority to enforce the reporting policies. According to DD-57, the Division of Traffic Operations Program Manager is responsible for managing the Transportation Permit Program, including tracking and incorporation of temporary and permanent clearances, bridge permit ratings, and issuing of transportation permits. This deputy directive is being revised to reflect changes in the organization of the various functional areas.</p>	<p>Target completion date for updating DD-57 : Feb. 26, 2016</p>	<p>Permit Office: John Holzhauser (916) 654-3093</p>	
	<p>The Division is to ensure that policies are clearly communicated to those who have responsibility for implementing them. The Division of Construction invites the Permit Office to attend the Division of Construction’s Resident Engineers’ Academy in order to provide a presentation on the clearance notification requirements.</p>	<p>Completed - Current practice as of January 8, 2013</p>	<p>Permit Office: John Holzhauser (916) 654-3093</p>	
	<p>The Division is currently working with IT and the California Department of Technology on developing the business requirements for the automated transportation permit system. Further system improvements are pending IT project approval and funding of the Integrated Transportation Permit System (ITPS) project.</p> <p>In coordination with IT, the Division of Traffic Operations also conducted a BPR of the transportation permit functions in 2013. The BPR provided the functional requirements for an automated system (ITPS).</p> <p>As noted in Finding No. 7, the schedule date for completion of this recommendation will depend on the agreement with IT.</p>	<p>Target completion date: June 30, 2016</p>	<p>Permit Office: John Holzhauser (916) 654-3093</p>	

## Audits & Investigations (A&I) – 180-Day Response to Transportation Permits Audit Report – December 11, 2015

**PROGRAM AUDITED:** Traffic Operations    **AUDIT NAME:** Transportation Permits Audit    **AUDIT NUMBER:** P4000-0387

A&I Recommendation	Auditee’s Response to Draft Report	Estimated Completion Date	Staff Responsible for Completion	A&I Analysis of Response
8. Continued.	<p>The 2000 State Auditor’s report recommendation is to expand training for the new permit writers to include instruction in the standardized permit writing, use of pilot car maps, and use of the routing database.</p> <p>The Division has implemented the training of new permit writers since September 3, 2003. Newly hired permit writers (trainees) begin their training learning the clerical functions of the office. After approximately three weeks, trainees are assigned to trainers for permit training that will last six months to one year. Trainers provide formal and on-the-job training, and provide feedback to managers on their progress.</p> <p>Training covers all aspects of permit writing, including use of pilot car maps and the route clearing database. Permits are written and issued according the Permit Manual and policy memos. Managers provide formal approvals of trainee advancement and release from training/review.</p>	Completed - Current practice as of September 3, 2003	Issuance Branch: Steve Sowers (916) 322-4960	
	<p>The Division will assess the training needs of experienced permit writers and develop an ongoing training program.</p> <p>All employees, including experienced permit writers, receive an Individual Development Plan in which a supervisor collaborates with an employee about training needs. Additionally, bi-weekly training sessions are held to provide information on hot topics, new policies and procedures, etc.</p>	Completed - Current practice as of August 13, 2014	Issuance Branch: Steve Sowers (916) 322-4960	

# Memorandum

*Serious drought.  
Help save water!*

To: WILLIAM E. LEWIS  
Assistant Director  
Audits and Investigations

Date: August 6, 2015

File: P4000-0387

From:   
THOMAS P. HALLENBECK  
Chief  
Division of Traffic Operations

Subject: **60 DAY RESPONSE TO DIVISION OF TRAFFIC OPERATIONS TRANSPORTATION PERMITS AUDIT P4000-0387**

Thank you for the opportunity to comment on the Division of Traffic Operations' Transportation Permits Program Audit Report. Attached is the 60 day response to the audit findings. Traffic Operations has taken corrective action to address many of the findings and recommendations, and will continue to take additional actions to address the remaining issues.

If you have any questions or concerns, please contact Brian D. Toepfer, Acting Chief, Office of Commercial Vehicle Operations, at (916) 653-0096, or by email at, [Brian.Toepfer@dot.ca.gov](mailto:Brian.Toepfer@dot.ca.gov).

## Attachment

Audits & Investigations (A&I) – 60 Day Response to Transportation Permits Audit Report

- c: Brian D. Toepfer, Acting Chief, Office of Commercial Vehicle Operations, Division of Traffic Operations
- Kris Kuhl, Assistant Division Chief, Division of Traffic Operations
- Steven Sowers, Branch Chief, Transportation Permits Issuance, Division of Traffic Operations
- Jeff Jewett, Branch Chief, Transportation Permits Issuance, Division of Traffic Operations
- Mastri Alvandi, Branch Chief, Transportation Permits Issuance, Division of Traffic Operations
- Narayan Selwal, Branch Chief, Transportation Permits Issuance, Division of Traffic Operations
- Mark Spaulding, Chief, Accounts Receivable Branch, Division of Accounting
- Gina Schumacher, Chief, Revenue and Collections Section, Division of Accounting
- Frank Garcia, Chief, Office of Receivables, Systems and Administration, Division of Accounting
- Tracy Scribner, Chief, Information Technology Solutions Division
- Laurine Bohamera, Chief, Internal Audits, Audits and Investigations
- Sumi Smith, Acting Chief Information Officer
- Juanita Baier, Internal Audit Manager, Audits and Investigations

## Audits & Investigations (A&I) – 60 Day Response to Transportation Permits Audit Report – August 6, 2015

**PROGRAM AUDITED:** Traffic Operations

**AUDIT NAME:** Transportation Permits Audit

**AUDIT NUMBER:** P4000-0387

**Finding No. 1**

**AUDIT DATE:** March 11, 2015

**Name of Report Finding:** **Internal Control Weaknesses in the Issuance Branch**

A&I Recommendation	Auditee's Response to Draft Report	Estimated Completion Date	Staff Responsible for Completion	A&I Analysis of Response
<p>1.1 Develop procedures for securing confidential information and remind staff of the policy to redact personal and sensitive information once permits are issued.</p>	<p>Transportation Permits Issuance Branch (Issuance Branch) shall evaluate the following procedures for implementation:</p> <ol style="list-style-type: none"> <li>1. Issue periodic reminders to staff to redact information. Improve quality of redaction methods.</li> <li>2. Pursue the authority to perform “background checks” for new hires in the Issuance Branch.</li> <li>3. Post “Authorized Personnel Only” signs at the entrance to the Permits Office and require guests be accompanied by staff at all times.</li> <li>4. Review current security procedures for protection of sensitive information on permit applications, afterward develop a process or procedure to limit public access to this information.</li> <li>5. Review current office procedures to determine if pending permit applications can be placed in a locked cabinet at the close of business each day. This issue was reviewed, the office is locked after hours and there has never been an issue regarding the security of the pending applications.</li> <li>6. Place locks on archive cabinets.</li> </ol>	<p>Target completion dates:</p> <p>Complete Dec. 1, 2015</p>	<p>Issuance Branch: Narayan Selwal (916) 322-4927</p>	

## Audits & Investigations (A&I) – 60 Day Response to Transportation Permits Audit Report – August 6, 2015

<p>1.2 Develop a process or procedure to properly track permits and associated fees; and review the system generated reports to ensure proper fees are being charged.</p>	<p>Permits staff runs accounting reports daily to identify permits issued and fees charged during the previous business day. Permits issued are reviewed and reconciled with fees charged and any discrepancies (number skips, price errors, etc.) are investigated and explained.</p> <p>Policy will be revised to define the use of the Permit Rider as a permit extension form to document long routes that will not fit on the Single Trip Permit. When this rider is used as the original permit's extension, a permit number will not be assigned and no charge is assessed.</p>	<p>Current practice as of June 2010. - Complete</p> <p>Target completion date: Dec. 31, 2015</p>	<p>Issuance Branch: Steve Sowers (916) 322-4960</p> <p>Permit Office: John Holzhauser (916) 654-3093</p>	
<p>1.3 Require that managers distribute the workload based on the complexity of the permit application and experience of the permit writer, and in accordance with the Transportations Permit Manual (Permit Manual).</p>	<p>Applications are processed in the order received within each permit type group. Permit writers must select the oldest permit available subject to authorization from their managers. Authorizations are dependent upon an experience and lead worker's recommendation.</p> <p>Permit managers have been distributing the workload based on complexity of the permit and the staff's experience since July 20, 2014.</p>	<p>Current Practice as of July 20, 2014 - Complete</p>	<p>Issuance Branch: Steve Sowers (916) 322-4960</p>	
<p>1.4 Develop performance measures and require that managers monitor staff's performance.</p>	<p>Issuance Branch's management to begin the monitoring of employees' performance and identify appropriate performance measures.</p>	<p>Target completion date: Dec. 1, 2015</p>	<p>Issuance Branch: Steve Sowers (916) 322-4960</p>	
<p>1.5 Establish procedures for handling permits that are voided, overridden, or cancelled. The procedures should include guidance on when to refund the prepaid fees.</p>	<p>Any skips, double stamps, voids, overrides, corrected permits (issued free due to Caltrans' error), or refunds need approval from a manager.</p> <p>Issuance Branch's management will establish a procedure for staff to track the permit numbers and to reconcile charges during daily accounting.</p> <p>IT system revision is underway.</p>	<p>Target completion date: Dec. 31, 2015</p>	<p>Issuance Branch: Steve Sowers (916) 322-4960</p>	
<p>1.6 Require that checks are sent to cashiering within 24 hours of receiving them or ensure they are kept in a secured/locked cabinet until submitted to cashiering.</p>	<p>The following procedures have been implemented since July 31, 2014. Instructions were provided at staff meeting. Checks received during the day will be locked in a cabinet at the close of each business day. After accounting is completed in the morning of the following day, checks will be moved to the safe in the supply room. Accounting</p>	<p>Current practice since July 31, 2014 - Complete</p>	<p>Issuance Branch: Steve Sowers (916) 322-4960</p>	

## Audits & Investigations (A&I) – 60 Day Response to Transportation Permits Audit Report – August 6, 2015

	drops are made each Monday and include the prior week's intake of checks and credit card charge information.			
1.7 Develop procedures to ensure an adequate separation of duties exists so that the same employee does not handle all aspects of a permit process.	Separation of Duties currently exists and the following procedures have been implemented since July 31, 2014. The reconciliation of fees is done by the Office Technicians (OT). The OT's are responsible to ensure that the correct amount has been collected for each permit issued by Permit Writers. Since permit numbers are issued sequentially (each permit type has its own sequence) reconciliation is a straightforward process.	Current practice since July 31, 2014 - Complete	Issuance Branch: Steve Sowers (916) 322-4960	
1.8 Update the Permit Manual with current policies and procedures and develop a process to communicate revised policies to all staff in a timely manner.	The Transportation Permit Manual is being updated with current policies and procedures. Most chapters' revisions have been made and reviews were completed by both internal staff and trucking industry representatives. The Office of Commercial Vehicle Operations (CVO) will continue to work on finalizing this manual as well as developing a communication process for implementation of new policies. The CVO will finalize the policies, procedures, and the Transportation Permit Manual.	Current practice for most business processes. Remaining Permit Manual chapters completion – Dec. 31, 2015	Permit Office: John Holzhauser (916) 654-3093	

## Audits & Investigations (A&I) – 60 Day Response to Transportation Permits Audit Report – August 6, 2015

### Finding No. 2

#### Name of Report Finding: Overtime is Not Always Justified, Pre-approved, or Properly Documented

A&I Recommendation	Auditee's Response to Draft Report	Estimated Completion Date	Staff Responsible for Completion	A&I Analysis of Response
2.1 Analyze the need for overtime, based on workload, and approve as appropriate.	At 3 p.m. each day, a Issuance Branch manager looks at the permit backlog for each permit type, their quantity, date and time of the oldest outstanding permits, and then analyzes the need for overtime for that day. When overtime is needed, the Issuance Branch's management will estimate the number of hours needed and ask all available staff if they would like to work overtime. The procedures for overtime work in the Issuance Branch have been implemented since August 13, 2014.	Current practice as of August 13, 2014. - Complete	Issuance Branch: Steve Sowers (916) 322-4960	
2.2 Require that a supervisor or manager pre-approve overtime and supervise employees when working overtime.	All overtime is pre-approved by supervisors as described in the above Finding 2.1 response. Issuance Branch managers monitor overtime work through direct oversight and monitoring as needed. This procedure has been implemented since August 13, 2014.	Current practice as of August 13, 2014. - Complete	Issuance Branch: Steve Sowers (916) 322-4960	

## Audits & Investigations (A&I) – 60 Day Response to Transportation Permits Audit Report – August 6, 2015

### Finding No. 3

**Name of Report Finding: The Issuance Branch has an Inefficient Process for Establishing Debtor Accounts**

A&I Recommendation	Auditee's Response to Draft Report	Estimated Completion Date	Staff Responsible for Completion	A&I Analysis of Response
<p>3.1 Determine the possibility of using one identifying number per debtor account.</p>	<p>Division of Traffic Operations (DTO) met with the Division of Accounting (DofA) on April 9, 2015 and had agreed to the following: DofA will use the Debtor number established by DTO as the vendor customer control number in the Advantage accounting system for all transportation permit vendors. Existing permit vendors will have their vendor customer control numbers modified in Advantage to the Debtor number issued by DTO. This will result in one unique identifying number used by DofA and DTO for each debtor account.</p>	<p>Target completion date: Current practice as of June 30, 2015. Complete</p>	<p>Issuance Branch: Steve Sowers (916) 322-4960</p>	
<p>3.2 Follow established criteria for approving or denying an applicant's debtor account.</p>	<p>Debtor account applicants supply required information to the Issuance Branch in order to establish a debtor account. If applicant meets certain criteria, the Issuance Branch assigns a debtor number and forwards the request to DofA. DofA finishes creating the account and notifies the customer. No further action is required and the customer may begin charging to the debtor account for Single Trip, Annual/Repetitive and Variance permits.</p> <p>Currently, before processing a debtor account application, a Issuance Branch manager will question the applicant on intended usage and a debtor account will not be granted unless/until the applicant meets the six month average usage requirement. Management may include additional new criteria such as:</p> <ul style="list-style-type: none"> <li>• Taxpayer identification number</li> <li>• Affirmation of billing and suspension policy</li> </ul>	<p>Current practice as of August 13, 2014. - Complete</p>	<p>Issuance Branch: Steve Sowers (916) 322-4960</p>	

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<p>3.3 Determine the need for having two separate logs between the Division of Accounting and the Division of Traffic Operations.</p>	<p>Division of Traffic Operations (DTO) met with the Division of Accounting (DofA) on April 9, 2015 and had agreed to the following: DTO is currently responsible for maintaining the Debtor log and issuing the debtor account numbers. DTO provides the debtor number to DofA after it has been established, along with vendor contact information (name, address, phone). This debtor information is used by DofA to set up the vendor customer control number in Advantage for vendor invoicing purposes. As provided in recommendation response #3.1 above, the debtor account number will be used by DofA as the vendor customer control number in the Advantage system.</p>	<p>Target completion date: Complete as of June 30, 2015.</p>	<p>Issuance Branch: Steve Sowers (916) 322-4960</p>	
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## Audits & Investigations (A&I) – 60 Day Response to Transportation Permits Audit Report – August 6, 2015

### Finding No. 4

**Name of Report Finding: The Transportation Permit Fees are Not Properly or Timely Billed**

A&I Recommendation	Auditee's Response to Draft Report	Estimated Completion Date	Staff Responsible for Completion	A&I Analysis of Response
4.1 Determine who will maintain the debtor account log so that there is only one log.	Division of Traffic Operations (DTO) met with the Division of Accounting (DofA) on April 9, 2015 and had agreed to the following: DTO is the first point of contact with the customer, issues the debtor numbers and maintains the debtor account log. See recommendation response #3.3 above.	Completed as of June 30, 2015.	Issuance Branch: Steve Sowers (916) 322-4960	
4.2 Explore the possibility of incorporating the debtor number into the accounting system's billing process.	Division of Accounting to respond to A&I recommendation.			
4.3 Reconcile the permits issued in the debtor account report to the permit fees billed in the Advantage system and resolve billing issues timely.	Division of Accounting to respond to A&I recommendation.			

## Audits & Investigations (A&I) – 60 Day Response to Transportation Permits Audit Report – August 6, 2015

### Finding No. 5

#### Name of Report Finding: Minimal Collection Efforts and Inadequate Monitoring of Aging Reports

A&I Recommendation	Auditee's Response to Draft Report	Estimated Completion Date	Staff Responsible for Completion	A&I Analysis of Response
5.1 Make the necessary efforts to collect delinquent permit fees and enforce the policy of collecting for delinquent accounts as approved by the Victim Compensation Claims Board.	Division of Accounting to respond to A&I recommendation.			
5.2 Work with Information Technology to fix the aging reports so that they contain timely and accurate information.	Division of Accounting to respond to A&I recommendation.			
5.3 DofA should work with the Issuance Branch to identify customers with delinquent accounts, initiate collection efforts, and suspend permittees with uncollectible accounts in accordance with the Transportation Permit And Accounting Manual.	Division of Accounting to respond to A&I recommendation.			

## Audits & Investigations (A&I) – 60 Day Response to Transportation Permits Audit Report – August 6, 2015

### Finding No. 6

**Name of Report Finding:** The Office of Permits is Not Complying with the State’s Full Cost Recovery Policy

<b>A&amp;I Recommendation</b>	<b>Auditee’s Response to Draft Report</b>	<b>Estimated Completion Date</b>	<b>Staff Responsible for Completion</b>	<b>A&amp;I Analysis of Response</b>
<p>6 We recommend that the Division of Traffic Operations consult with the Divisions of Legal and Budgets to determine if it can move forward with implementing current permit fees in order to recover its cost for administering the program.</p>	<p>In 2011, the Permit Office worked with DofA to address this issue. The proposal to increase the permit fees was also discussed with trucking industry’s representatives and their response was positive. The fee increase proposal was on hold since that time due to the re-organization of the Transportation Permits Program and staffing re-classifications. DTO will work with DofA to establish the fee structure. The fees increase will go through the Administrative Procedures in the California Code of Regulations.</p>	<p>Target completion for update: June 30, 2016</p>	<p>Permit Office: John Holzhauser (916) 654-3093</p>	

## Audits & Investigations (A&I) – 60 Day Response to Transportation Permits Audit Report – August 6, 2015

### Finding No. 7

**Name of Report Finding: The Transportation Permit System is Outdated and Unreliable**

A&I Recommendation	Auditee's Response to Draft Report	Estimated Completion Date	Staff Responsible for Completion	A&I Analysis of Response
<p>7 We recommend that the Division of Traffic Operations continues to work with IT to complete successful implementation of the new system.</p>	<p>In July 2011, the Division of Information Technology (IT) began working on updating the current databases system. Conversion of the Route Clearing Database from Access97 to MySQL was completed in 2014. STARS updated in June 2015.</p> <p>IT is currently working on the conversions for the remaining databases. Further system improvements are pending approval and funding of the Integrated Transportation Permit System (ITPS) Project.</p> <p>In coordination with IT, the DTO conducted a Business Process Review (BPR) of the transportation permit functions in 2013. The BPR provided the functional requirements for an automated system (ITPS).</p> <p>In addition to the ITPS, the Department needs an online payment system for all permitting functions (Transportation, Encroachment, and Outdoor Advertising), Right-of-Way rental payment, airspace lease, etc.</p> <p>DOT will be working with IT to get a completion date for this recommendation.</p>	<p>Target completion for updating existing transportation systems: December 31, 2015</p> <p>ITPS: Unknown</p>	<p>Permit Office: John Holzhauser (916) 654-3093</p>	

## Audits & Investigations (A&I) – 60 Day Response to Transportation Permits Audit Report – August 6, 2015

### Finding No. 8

#### Name of Report Finding: **Prior Audit Recommendations Not Implemented**

A&I Recommendation	Auditee's Response to Draft Report	Estimated Completion Date	Staff Responsible for Completion	A&I Analysis of Response
<p>8 We recommend that the Division of Traffic Operations take steps to fully address all the recommendations contained in the 2000 State Auditor's report.</p>	<p>DTO has established a process and designate a position with authority to enforce the reporting policies. According to DD-57, the Division of Traffic Operations Program Manager is responsible for managing the Transportation Permit Program including tracking and incorporation of temporary and permanent clearances, bridge permit ratings, issuing of transportation permits. This deputy directive is being revised to reflect changes in the organization of the various functional areas.</p>	<p>Target completion date for updating DD-57 : December 31, 2015</p>	<p>Permit Office: John Holzhauser (916) 654-3093</p>	
	<p>DTO is to ensure that policies are clearly communicated to those who have responsibility for implementing them. At the invitation from the Division of Construction, the Permit Office attends the Division of Construction's Resident Engineers' Academy to provide a presentation on the clearance notification requirements.</p>	<p>On-going as of January 8, 2013. - Complete</p>	<p>Permit Office: John Holzhauser (916) 654-3093</p>	
	<p>The Division of Traffic Operations is currently working with IT and California Department of Technology on developing the business requirements for the automated transportation permit system. Further system improvements are pending IT project approval and funding of the Integrated Transportation Permit System (ITPS) Project.</p> <p>In coordination with IT, the Division of Traffic Operations also conducted a BPR of the transportation permit functions in 2013. The BPR provided the functional requirements for an automated system (ITPS).</p> <p>As noted in Finding #7, schedule date for completion of this recommendation will depends on the agreement with IT.</p>	<p>Dec. 31, 2015</p>	<p>Permit Office: John Holzhauser (916) 654-3093</p>	

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	<p>The 2000 State Auditor’s report recommendation is to expand training for the new permit writers to include instruction in the standardized permit writing, use of pilot car maps, and use of the routing database.</p> <p>DTO has implemented the training of new permit writers since September 3, 2003. Newly hired permit writers (trainees) begin their training learning the clerical functions of the office. After approximately three weeks, trainees are assigned to trainers for permit training that will last six months to one year. Trainers provide formal and on-the-job training, and provide feedback to managers on their progress.</p> <p>Training covers all aspects of permit writing including use of pilot car maps and the route clearing database. Permits are written and issued according the Permit Manual and policy memos. Managers provide formal approvals of trainee advancement and release from training/review.</p>	<p>On-going as of September 3, 2003. - Complete</p>	<p>Issuance Branch: Steve Sowers (916) 322-4960</p>	
	<p>DTO to assess the training needs of experienced permit writers and develop an ongoing training program.</p> <p>All employees, including experienced permit writers, receive an Individual Development Plan where a supervisor collaborates with an employee about training needs. Additionally, bi-weekly training sessions are held to provide information on hot topics, new policies and procedures, etc.</p>	<p>Current practice as of August 13, 2014. - Complete</p>	<p>Issuance Branch: Steve Sowers (916) 322-4960</p>	