

# OFFICE OF AUDITS & ADVISORY SERVICES



## RISK MANAGEMENT – LOSS PREVENTION PROGRAM AUDIT

*FINAL REPORT*

Chief of Audits: [Juan R. Perez](#)  
Audit Manager: [Laura R. Flores, CIA, CFE, CGAP](#)  
Senior Auditor: [Ida Miclat, CPA](#)  
Auditor I: [Mercedes Pereira-Trent](#)

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# County of San Diego

**TRACY M. SANDOVAL**  
DEPUTY CHIEF ADMINISTRATIVE OFFICER/  
AUDITOR AND CONTROLLER

AUDITOR AND CONTROLLER  
OFFICE OF AUDITS & ADVISORY SERVICES  
5530 OVERLAND AVENUE, SUITE 330, SAN DIEGO, CA 92123-1261  
Phone: (858) 495-5991

**JUAN R. PEREZ**  
CHIEF OF AUDITS

May 29, 2019

TO: Susan M. Brazeau, Director  
Department of Human Resources

FROM: Juan R. Perez  
Chief of Audits

**FINAL REPORT: RISK MANAGEMENT – LOSS PREVENTION PROGRAM AUDIT**

Enclosed is our report on the Risk Management – Loss Prevention Program Audit. We have reviewed your response to our recommendations and have attached it to the audit report.

The actions taken and/or planned, in general, are responsive to the recommendations in the report. As required under Board of Supervisors Policy B-44, we respectfully request that you provide quarterly status reports on the implementation progress of the recommendations. You or your designee will receive email notifications when these quarterly updates are due, and these notifications will continue until all actions have been implemented.

If you have any questions, please contact me at (858) 495-5661.

JUAN R. PEREZ  
Chief of Audits

AUD:IM:nb

Enclosure

c: Tracy M. Sandoval, Deputy Chief Administrative Officer/Auditor and Controller  
Damien Quinn, Group Finance Director, Finance and General Government Group



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**JUAN R. PEREZ**  
CHIEF OF AUDITS

May 29, 2019

TO: William D. Gore, Sheriff  
Office of the Sheriff

FROM: Juan R. Perez  
Chief of Audits

## FINAL REPORT: RISK MANAGEMENT – LOSS PREVENTION PROGRAM AUDIT

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JUAN R. PEREZ  
Chief of Audits

AUD:IM:nb

Enclosure

c: Ronald Lane, Deputy Chief Administrative Officer, Public Safety Group  
Tracy M. Sandoval, Deputy Chief Administrative Officer/Auditor and Controller  
Rosemarie Degracia, Group Finance Director, Public Safety Group

## INTRODUCTION

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**Audit Objective** The Office of Audits & Advisory Services (OAAS) completed an audit of the Risk Management – Loss Prevention Program. The objectives of the audit were to review and analyze management processes, laws and regulations, policies and procedures, and systems and controls in place to minimize the risk of employee injury and illness.

**Background** The County of San Diego (County) provides safe working conditions, a healthful environment, and promotes continuing safety awareness for employees through its overall Risk Management function, administered by the Department of Human Resources (DHR). Risk Management is a division in DHR that encompasses Workers' Compensation, Medical Standards, Loss Prevention and Backgrounds, Unemployment Insurance, and Insurance. These units, although related, operate independently based on specific responsibilities.

The Loss Prevention Program provides guidance and procedures to County departments to maintain a safe and healthful workplace. Although considered a separate policy by DHR, at the time of the audit, the Driver's License Policy was listed as a key component of the Loss Prevention Program. The Driver's License Policy is administered by the Loss Prevention Unit through the State of California Department of Motor Vehicles (DMV) Employee Pull Notice (EPN) program in accordance with DHR Policy 1103 – Vehicle Driver's License.

Board of Supervisors (BOS) Policy B-31 describes risk management as a "specialized discipline intended to provide decision making authorities with data pertinent to the identification, analysis, evaluation and recommendation of alternatives for treatment of potential losses (risks) for ongoing as well as new County programs." Further, BOS Policy B-31 specifies responsibilities of the Risk Management Division which include, but are not limited to coordinating County-wide the identification and analysis of the County's potential liability, fidelity, property or Workers' Compensation loss; and developing policies and procedures for a comprehensive County-wide loss control/prevention program.

**Audit Scope & Limitations** The scope of the audit included a review of the management controls in place for the Loss Prevention Program during FY 2016-17 to current. However, direct access to County driver's information received from the EPN program was limited; therefore, OAAS was not able to ascertain the completeness of this information.

Based on the number of work-related incidents, lost hours, and related costs, OAAS selected the following departments to conduct audit testing and determine compliance with Loss Prevention Program requirements:

- Department of Public Works (DPW)
- Sheriff's Department (SHF Department)

- Health and Human Services Agency, Child Welfare Services (CWS)

The specific areas of the Loss Prevention Program included in our testing are:

- Safety and workplace injury reduction training
- Safety and injury prevention monitoring and risk assessment
- Program goals and key performance measures
- Internal controls over compliance requirements
- Transitional Work Program – Guidance and Procedures
- Compliance with posting requirements
- Driver's License Policy

This audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing prescribed by the Institute of Internal Auditors as required by California Government Code, Section 1236.

## Methodology

OAAS performed the audit using the following methods:

- Reviewed laws and regulations, including policies and procedures applicable to loss prevention.
- Reviewed Loss Prevention Program strategic objectives and identified performance measures outlined in the Operational Plan FYs 2016-17 to 2017-18.
- Identified and evaluated internal controls as established by the Loss Prevention Program to promote a safe and healthful workplace.
- Assessed internal controls in place to ensure compliance with regulations and polices to minimize injuries in the workplace.
- On a sample basis, conducted specific audit procedures such as inquiry, document inspection and analysis to determine compliance with key elements of the Loss Prevention Program.

## AUDIT RESULTS

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### Summary

Within the scope of the audit, there is reasonable assurance that adequate management processes, laws and regulations, policies and procedures, and systems and controls are in place to minimize the risk of employee injuries. However, OAAS identified the following opportunities for improvement of the Vehicle Driver's License Policy.

### Finding I:

#### **Compliance with the Driver's License Policy**

County employees or volunteers who operate a motor vehicle while in the scope and course of their duties and are authorized to do so by their appointing authority, are required to maintain a valid California driver's

license and complete an Authorization to Drive form. The form must be approved and submitted to the Risk Management Division (DHR Policy 1103, Section B) by their appointing authority. The Driver's License Policy is administered by the Loss Prevention Unit using the EPN program.

Although DHR has a process in place to support its efforts to ensure employee compliance where driving is a condition of employment, we have identified gaps in the current process.

The Loss Prevention Unit notifies departments of suspended, revoked, or expired driver's licenses for those employees and volunteers whose departments have enrolled in the program. Department notifications specify that these drivers are not allowed to drive on County business and are not authorized to receive mileage reimbursement until the issue is resolved; however, the department notifications do not provide guidance regarding acceptable actions the department should take in cases where employees are unable to perform their job duties because they are required to operate specialized County vehicles.

DHR's monitoring process includes providing the department with the initial notification, assisting departments with license status verification, and continually monitoring until revocation is resolved. According to DHR management, in addition to these written procedures, DHR has an established but informal (not written) process to address non-responsive departments, which includes escalating to DHR executive management and County Counsel when appropriate. Current process does not include notifying the Office of Ethics and Compliance (OEC) in cases of non-responsive departments.

OAAS also found that DHR does not coordinate or provide oversight to all County authorized drivers, as required by policy. Specifically, audit work found that DPW manages its own EPN program, including monitoring its employees that drive County vehicles as a condition of employment.

According to DHR management, DHR is responsible for coordinating the Vehicle Driver's License Policy and providing guidance to departments, and each department is responsible for compliance with the Vehicle Driver's License Policy.

The County Administrative Code Article XII-D, Section 202 states that the Risk Manager, appointed by the DHR Director, is responsible for coordinating a loss prevention program for all County departments, and BOS Policy B-31 requires DHR to develop procedures for the County-wide Loss Prevention Program.

DHR Loss Prevention Policy No. 1102 indicates that the Risk Management Division is responsible for ensuring compliance throughout the County and coordinating loss prevention programs. Further, DHR Vehicle Driver's License Policy No. 1103, requires every employee or

volunteer driving on County business to complete an Authorization to Drive form. The form must be signed by the employee and the appointing authority and is then submitted to DHR for entry into the EPN program.

Insufficient oversight of all County authorized drivers by DHR increases the risk that the Driver's License Policy goals and objectives are not met.

**Recommendation:** To ensure compliance with the Driver's License Policy, DHR should:

1. Establish adequate oversight of DPW employees authorized to operate a motor vehicle while in the course and scope of their duties.
2. Amend current process to determine if employees with a suspended, revoked, or expired driver's license are required to operate specialized County vehicles in order to perform their job duties.
3. Enhance its notification process to departments by providing guidance on proper and immediate corrective action to be taken for employees with a suspended, revoked, or expired license who are required to drive specialized County vehicles to perform their job duties.
4. Notify OEC if departments do not respond to notifications when immediate corrective action is requested.

**Finding II: Enrollment of County Drivers into the Employee Pull Notice Program**

While conducting audit testing at the SHF Department, OAAS identified 10 authorized drivers who were not enrolled in the EPN program. According to the SHF Department staff, Authorization to Drive forms were submitted to DHR for enrollment into the EPN Program, however not all copies of the forms were maintained in the SHF Department's files. DHR management stated that these employees were not enrolled in the EPN Program because the forms were not received.

County employees who drive on County business while not enrolled in the EPN, prevent DHR staff from properly monitoring driving records and ensuring employees maintain a valid driver's license.

Per DHR Vehicle Driver's License Policy No. 1103, all employees or volunteers that operate a vehicle while on County business, are required to complete the Authorization to Drive form and be enrolled in the EPN Program. Also, the form indicates that departments should maintain a copy of the form in their files.

**Recommendation:** To ensure compliance with the Driver's License Policy and its objectives, DHR should:

1. Establish a process to notify departments of employee's enrollment in the EPN program upon receipt of the Authorization to Drive form,



and to request departments reporting of any necessary changes or updates to previously enrolled drivers.

To ensure compliance with the Driver's License Policy and its objectives, the SHF Department should:

2. Submit the Authorization to Drive forms for the 10 exceptions noted.
3. Develop a process to ensure retention of all copies of the Authorization to Drive forms sent to DHR in the department files.

Office of Audits & Advisory Services

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C Compliance    R Reliability    E Effectiveness    A Accountability    T Transparency    E Efficiency

VALUE

**DEPARTMENT'S RESPONSE  
(SHERIFF'S DEPARTMENT)**



# San Diego County Sheriff's Department

Post Office Box 939062 • San Diego, California 92193-9062



*William D. Gore, Sheriff*

April 24, 2019

RECEIVED

APR 26 2019

OFFICE OF AUDITS & ADVISORY SERVICES

TO: Juan R. Perez  
Chief of Audits

FROM: Larry Nesbit, Assistant Sheriff  
Human Resource Services Bureau  
San Diego Sheriff's Department

## DEPARTMENT RESPONSE TO AUDIT RECOMMENDATIONS: RISK MANAGEMENT – LOSS PREVENTION PROGRAM AUDIT (Report No. A18-014)

### Finding II: Enrollment of County Drivers into the Employee Pull Notice (EPN) Program

**OAAS Recommendation:** To ensure compliance with the Driver's License Policy and its objectives, the Sheriff's Department should:

1. Submit the Authorization to Drive forms for the ten exceptions noted.
2. Develop a process to ensure retention of the all copies of the Authorization to Drive forms sent to DHR are in the department files.

**Action Plan:** During the course of its audit, the Office of Audits and Advisory Services (OAAS) identified 10 authorized drivers of the Sheriff's Department who were not enrolled in the EPN program. Sheriff's Department records reflect that the Authorization to Drive forms were submitted to Department of Human Resources – Risk Management (DHR-RM) for enrollment into the EPN Program, however not all copies of the forms were maintained in the Sheriff's Department's Personnel files. When notified of the exceptions, the Sheriff's Department immediately resubmitted the Authorization to Drive forms for those individuals to DHR-RM in order to ensure compliance with the policy.

On March 21, 2019, the Sheriff's Department Risk Management Unit attended a meeting hosted by DHR-RM (Loss Prevention) to review DHR Policy Number 1103 (Vehicle Driver's License), and revisions that had been made to the Authorization to Drive, DHR Form 126. A revision was made to Section D – Appointing Authority or Designee Authorization (Department Use Only), where an 'Email Address' is now required by the Appointing Authority or Designee Authorization. By adding this section, DHR-RM will be able to send an email confirmation of receipt and EPN enrollment to the department designee.

**Subject: Department Response to Audit Recommendations**  
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As a future remedy, and utilizing the revised Authorization to Drive, DHR Form 126, the Sheriff's Department will retain the Authorization to Drive form(s) in the employees Payroll / Personnel file. An electronic version of the form will be transmitted via email to the DHR-RM designee.

After transmitting an electronic version of the form to DHR-RM for enrollment in the EPN program, the Sheriff's Department will wait for email confirmation of receipt of the form and confirmation of enrollment in the EPN program from DHR-RM. This will ensure compliance with the Driver's License Policy and its objectives.

**Planned Completion Date:** On October 24, 2018, the Sheriff's Department resubmitted the ten exceptions indicated. On March 21, 2019, the Sheriff's Department began using the new Authorization to Drive form provided by DHR-RM.

**Contact Information for Implementation:** Melissa Martinez, HR Manager

If you have any questions, please contact Melissa Martinez, HR Manager Sheriff's Risk Management Unit by email at [Melissa.Martinez@sdsheriff.org](mailto:Melissa.Martinez@sdsheriff.org) or by phone at (858) 974-2317.

Thank you for your attention to this matter.

WILLIAM D. GORE, SHERIFF



Larry Nesbit, Assistant Sheriff  
Human Resource Services Bureau

**DEPARTMENT'S RESPONSE**  
(DEPARTMENT OF HUMAN RESOURCES)



# County of San Diego

**SUSAN BRAZEAU**  
DIRECTOR

DEPARTMENT OF HUMAN RESOURCES  
EXECUTIVE OFFICE  
1600 PACIFIC HIGHWAY, ROOM 203 SAN DIEGO, CA 92101-2463  
(619) 531-5100 / FAX (619) 236-1353


RECEIVED

**MAY 22 2019**

OFFICE OF AUDITS &  
ADVISORY SERVICES

May 21, 2019

TO: Juan R. Perez  
Chief of Audits

FROM: Susan M. Brazeau, Director   
Department of Human Resources

## **DEPARTMENT RESPONSE TO AUDIT RECOMMENDATIONS: RISK MANAGEMENT – LOSS PREVENTION PROGRAM AUDIT (A18-014)**

### **Finding I: Compliance with the Driver’s License Policy**

**OAAS Recommendation 1:** Establish adequate oversight of DPW employees authorized to operate a motor vehicle while in the course and scope of their duties.

**Action Plan:** DHR agrees with the recommendation and will work with DPW to ensure driver enrollment into the Employee Pull Notice Program. DHR will be responsible for enrolling all DPW drivers and will notify DPW, in writing, of any suspensions, revocations, expired licenses, and restrictions.

**Planned Completion Date:** December 31, 2019

**Contact Information for Implementation:** Elena Lepule (858) 505-6375

**OAAS Recommendation 2:** Amend current process to determine if employees with a suspended, revoked, or expired driver’s license are required to operate specialized County vehicles in order to perform their job duties.

**Action Plan:** The Department of Human Resources (DHR) agrees with the recommendation and will amend the current process by informing the departments, in writing, when an employee/volunteer has a suspended, revoked, expired driver’s or restricted license. The job description specifies if driving on County business is required in order to perform the job duties.

Juan R. Perez

Department Response to Audit Recommendations: Risk Management–Loss Prevention Program Audit (A18-014)

May 21, 2019

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**Planned Completion Date:** December 31, 2019

**Contact Information for Implementation:** Elena Lepule (858) 505-6375

**OAAS Recommendation 3:** Enhance its notification process to departments by providing guidance on proper and immediate corrective action to be taken for employees with a suspended, revoked, or expired license who are required to drive specialized County vehicles to perform their job duties.

**Action Plan:** The Department of Human Resources (DHR) agrees with the recommendation to enhance its notification process by revising the Department Notification Letters sent to departments. The revised letter will confirm the supervisor and employee discussed the suspension, revocation, expired license and/or restriction. The letter will not address immediate corrective action, as that is a personnel matter. The issue may be referred to Labor Relations.

**Planned Completion Date:** December 31, 2019

**Contact Information for Implementation:** Elena Lepule (858) 505-6375

**OAAS Recommendation 4:** Notify OEC if departments do not respond to notifications when immediate corrective action is requested.

**Action Plan:** If DHR does not receive the written confirmation from the department that the driver has been notified that his/her authorization to drive on county business has been revoked within 30 days of notification, the appropriate DHR management personnel will be notified to contact the appointing authority to advise them to take appropriate actions in this personnel matter. Due to this being a confidential personnel matter, OEC would not be involved in resolving this matter.

**Planned Completion Date:** December 31, 2019

**Contact Information for Implementation:** Elena Lepule (858) 505-6375

Juan R. Perez

Department Response to Audit Recommendations: Risk Management–Loss Prevention Program Audit (A18-014)

May 21, 2019

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**Finding II:** Enrollment of County Drivers into the Employee Pull Notice Program

**OAAS Recommendation:** Establish a process to notify departments of employee's enrollment in the EPN program upon receipt of the Authorization to Drive form, and to request departments reporting of any necessary changes or updates to previously enrolled drivers.

**Action Plan:** The Department of Human Resources (DHR) agrees with the recommendation. DHR has a process in place that notifies department of employee's enrollment in EPN. DHR will include in the Enrollment Verification email a reminder to departments to report any necessary changes or updates to previously enrolled drivers.

**Planned Completion Date:** December 31, 2019

**Contact Information for Implementation:** Elena Lepule (858) 505-6375

Thank you for the opportunity to provide an Action Plan and Planned Completion Date. If you have any questions, please contact Elena Lepule, at (858) 505-6375.

SB: EL