





June 9, 2021

To: Finance and Administration Committee

From: Darrell E. Johnson, Chief Executive Officer

Janet Sutter, Executive Director
Internal Audit Department 

Subject: Department of Motor Vehicles Employer Pull Notice Program

Overview

The Internal Audit Department of the Orange County Transportation Authority has completed an audit of the Department of Motor Vehicles Employer Pull Notice Program. Based on the audit, controls are in place to ensure compliance with regulatory requirements and policies and procedures; however, recommendations are being made to enhance review controls and documentation, to update policy and job descriptions to reflect current requirements, and to consistently and timely perform monitoring activities.

Recommendation

Direct staff to implement three recommendations provided in Department of Motor Vehicles Employer Pull Notice Program, Internal Audit Report No. 21-508.

Background

The State of California and Orange County Transportation Authority's (OCTA) Employee Qualifications to Drive Motor Vehicles Policy (policy) require the monitoring of employee driving records (pull notice) through the Department of Motor Vehicles Employer Pull Notice Program (Program). A pull notice is automatically generated and mailed to OCTA for newly enrolled drivers, upon an applicable action or activity such as driver's license suspensions or revocations, or annually for currently enrolled drivers. Regulated employees are those required by the California Vehicle Code (CVC) to enroll in the Program, whereas non-regulated employees are not subject to the CVC and include most administrative employees. OCTA monitors pull notices of approximately 1,400 employees using a software system called the Department of Motor Vehicles System (DMVS). The Health, Safety, and Environmental Compliance (HSEC)

Department staff obtains employee pull notices from the Program and administers the DMVS. Operations Division (Operations) staff digitally signs regulated employee pull notices after a review to determine if driver credentials are current and whether licenses have been suspended or revoked, and Human Resources (HR) Department staff performs the same process for non-regulated employees.

Annual base inspections include a review of commercial driver's licenses for a sample of both coach operators and maintenance employees. As an added monitoring control, the Maintenance Department conducts annual mock California Highway Patrol (CHP) inspections that include a review of driver credentials and pull notices for a sample of maintenance employees.

Discussion

HR staff does not monitor pull notices for six non-regulated staff and does not have a mechanism for documenting actions taken when investigating expired driver's licenses or license suspensions. There was also no evidence of follow-up by Operations staff for several regulated Bus Operations supervisors with expired medical certifications. Another 37 employee pull notices were not signed within 30 days of receiving the record, and three employees signed their own pull notices. Recommendations were made to improve review controls and documentation of activities. Management agreed and indicated that recommended actions will be implemented.

OCTA's policy identifies service workers and automotive mechanics as regulated employees; however, they are no longer required to hold commercial driver's licenses. In addition, a couple of job descriptions for positions no longer requiring a commercial driver's license need to be updated. Also, evidence of written notice provided to employees and their manager's confirming opt-out status is not retained. Finally, a few errors/omissions were identified on the No Drive listing maintained by HR. Internal Audit recommended the policy be updated, that evidence of required notices be retained, and that controls for updates to the No Drive listing be enhanced. Management agreed and indicated that recommendations will be implemented.

Thirteen employees were not timely removed from the DMVS upon termination or change in status and system access had not been removed for one terminated employee. In addition, a mock CHP inspection of the Santa Ana Base was not performed in 2020. Internal Audit recommended strengthening of DMVS controls and consistent performance of mock inspections, which serve as a monitoring control. Management responded that the DMVS issues will be addressed, and mock inspections, which were impacted by other priorities due to the pandemic, will be resumed on an annual basis.

Summary

Internal Audit made three recommendations to enhance review controls and documentation, update policy and job descriptions to reflect current requirements, and to consistently and timely perform monitoring activities.

Attachment

- A. Department of Motor Vehicles Employer Pull Notice Program

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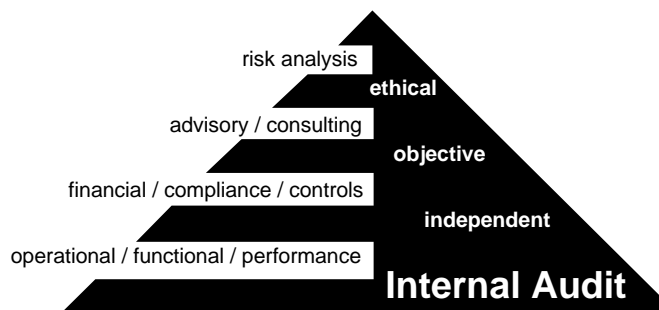
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Department of Motor Vehicles Employer Pull Notice Program

Internal Audit Report No. 21-508

May 19, 2021



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Conclusion

The Internal Audit Department (Internal Audit) of the Orange County Transportation Authority (OCTA) has completed an audit of the Department of Motor Vehicles (DMV) Employer Pull Notice Program (Program). Based on the audit, controls are in place to ensure compliance with DMV requirements and OCTA policies and procedures; however, recommendations are being made to enhance review controls and documentation, to update policy and job descriptions to reflect current requirements, and to consistently and timely perform monitoring activities.

Background

The State of California and OCTA's Employee Qualifications to Drive Motor Vehicles Policy (policy) require the monitoring of employee driving records (pull notice) through the Program. Under California Vehicle Code (CVC) Section 1808.1, the employer of a driver driving a vehicle for an operation requiring a commercial class A or B driver's license must participate in the Program. A pull notice is automatically generated and mailed to OCTA for newly enrolled drivers, upon an applicable action or activity such as driver's license suspensions or revocations, or annually for currently enrolled drivers. Regulated employees are those required by the CVC to enroll in the Program, and non-regulated employees are those not subject to the CVC and include most administrative employees. Minimum qualifications established in the policy include possession of a valid California driver's license, with regulated employees required to possess a valid California class A or B commercial driver's license and a valid DMV medical certification card. OCTA monitors pull notices of approximately 1,400 employees using a software system called the Department of Motor Vehicles System (DMVS). DMVS users are required to sign an Information Security Statement (security) form every year.

The policy defines Program responsibilities. Health, Safety, and Environmental Compliance (HSEC) Department staff obtain employee pull notices from the Program and administer the DMVS. Operations Division (Operations) staff review regulated employee driver records, Human Resources (HR) Department staff review non-regulated employee driver records and enforce driving-related policy rules, and Information Systems (IS) Department staff maintain the DMVS and data transfer links with the DMV. New employees fill out a form that authorizes release of pull notice information, with non-regulated employees being given a choice to opt out of the Program. HR maintains a listing of employees who have selected the No Drive option. Operations and HR staff review pull notices to determine if driver credentials are current, whether licenses have been suspended or revoked, and whether restrictions or points identify any concerns. Staff will perform follow-up, as necessary, and then digitally approve the pull notices.

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Annual mock California Highway Patrol (CHP) inspections include a review of driver credentials and pull notices for a sample of maintenance employees. Annual Chief Executive Officer (CEO) base inspections include a review of commercial driver's licenses for a sample of both coach operators and maintenance employees.

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Objectives, Scope, and Methodology

The objectives were to assess internal controls in place to ensure compliance with DMV requirements and OCTA policies and procedures.

According to Generally Accepted Government Auditing Standards (GAGAS), internal control is the system of processes that an entity's oversight body, management, and other personnel implement to provide reasonable assurance that the organization will achieve its operational, reporting, and compliance objectives. The five components are control environment, risk assessment, control activities, information and communication, and monitoring.¹ The components and principles that were evaluated as part of this audit are:

- Control Environment
 - OCTA demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives.
- Control Activities
 - OCTA selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.
- Monitoring
 - OCTA selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning.

The methodology consisted of reviewing the policy, reconciling individuals in the DMVS to the employee roster and No Drive listing, reviewing the enrollment/No Drive forms for all employees that opted out of the Program, confirming that current security forms are on file for all authorized users of the DMVS, reviewing mock CHP and CEO base inspections, and testing pull notices for evidence of controls and compliance with policy and regulatory requirements.

The scope is limited to internal controls over the Program and compliance with related regulations. The scope included the mock CHP and CEO base inspections for the last three years. The scope also included pull notices for employees with expired driver credentials and/or license suspensions. The judgmental samples were selected to provide coverage of the more recent inspections and pull notices which identify potential issues. Since the samples were non-statistical, any conclusions are limited to the sample items tested.

We conducted this performance audit in accordance with GAGAS. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives.

¹ See U.S. Government Accountability Office publication, "Standards for Internal Control in the Federal Government," available at <http://www.gao.gov/products/GAO-14-704G>, for more information.

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We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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Audit Comments, Recommendations, and Management Responses

Review of Pull Notices

HR does not review pull notices for six Materials Management and Motorist Services non-regulated staff, as indicated in the policy. In addition, HR does not have a tracking mechanism or process for documenting actions taken when investigating and performing follow-up of expired driver's licenses or license suspensions.

There was also no evidence of follow-up by Operations staff for several regulated employees with expired medical certifications, consisting of Bus Operations supervisors and section supervisors.

Additionally, 37 employee pull notices were not signed by HR or Operations staff within 30 days of receiving the record, and three Operations employees signed their own pull notices in the DMVS.

Recommendation 1:

Internal Audit recommends HR review pull notices, as indicated in the policy, for all non-regulated employees. HR should also log comments in the DMVS, or an alternative tracking mechanism, to evidence review of expired driver's licenses and license suspensions, and to evidence regular follow-up, as needed. Internal Audit also recommends that Operations staff review the medical certification card status for Bus Operations supervisors and section supervisors, periodically. Finally, pull notices should be reviewed and signed in a timely manner, and employees should be prohibited from signing their own pull notices.

Management Response (HR):

HR will review pull notices as indicated in the policy for all non-regulated employees. HR will log comments in the DMVS, or an alternative tracking mechanism, to evidence review of expired driver's licenses and license suspensions, and to evidence regular follow-up, as needed. Pull notices will be reviewed and signed within 30 days of receiving the record.

Management Response (Bus Operations):

Previously, reports available to OCTA through the Program had been used to monitor the renewal of credentials and overall compliance with the Program. Since March 2020, the accuracy of these reports has been inconsistent, and in response, in addition to reviewing the DMV reports, Bus Operations staff is now manually reviewing the medical certification card status for coach operators, Bus Operations supervisors, and section supervisors, on a regular basis. To track this manual activity, base staff has been putting comments into DMVS to document when records have been checked; however, the use of comments

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has been mostly limited to coach operator records. To ensure compliance and consistency in checking records, staff has been instructed to use comments when checking credentials for all Bus Operations staff, coach operators, and administrative staff. Additionally, all Bus Operations administrative staff checking credentials using DMVS were reminded that all pull notices should be reviewed and signed in a timely manner, and that each individual is prohibited from signing their own pull notice.

Policy and Compliance

OCTA's policy identifies coach operators, mechanics, service workers, field supervisors, and Operations trainers as regulated employees; however, service workers and automotive mechanics are no longer required to hold commercial driver's licenses. Additionally, the job descriptions of Automotive Mechanic I and Electronic Technicians need to be updated to remove the commercial driver's license requirement.

According to policy, non-regulated employees are assigned to the No Drive provision if they opt out of the program by signing a form or if they do not meet the minimum driver qualifications. Written notice of the No Drive status is then sent to the employee and their manager. Testing found there were no forms on file to support the opt-out status of three employees, and evidence that written notice is sent to employees and their managers is not maintained by HR. Additionally, HR's No Drive listing incorrectly included three employees who are currently enrolled in the Program and omitted two employees who opted out.

Recommendation 2:

Internal Audit recommends that HR update the policy and job descriptions to be consistent with the changes to commercial driver's license requirements. Internal Audit also recommends that controls be established to ensure the timely update of the No Drive listing, as supported by signed forms.

Management Response (HR):

HR will review the policy, along with HSEC, to determine if any updates are needed. Job descriptions are reviewed each time there is an active recruitment for a position, to make any necessary changes. Although there are incumbents in the Automotive Mechanic I classification, it is no longer a position that is recruited for and the job description is no longer used. The Electronic Technician position has not undergone a recruitment since 2017, which was before the requirement for a commercial driver's license was removed. Acknowledging the aforementioned and the discovery in this audit, HR will review the job description for Electronic Technician to remove the commercial driver's license requirement.

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HR will work with HSEC to ensure the timely update of the No Drive listing as supported by signed forms.

System and Monitoring Controls

Thirteen terminated or No Drive employees were not timely removed from the DMVS, and DMVS access had not been removed for one terminated employee.

In addition, Transit Technical Services (TTS) did not perform the annual mock CHP inspection at the Santa Ana Base in 2020. Mock CHP inspections are considered a monitoring control, as TTS reviews driver credentials and pull notices for a sample of maintenance employees.

Recommendation 3:

Internal Audit recommends that HSEC work with IS to develop DMVS user access controls and strengthen internal controls to ensure timely removal of terminated and No Drive employees from the DMVS. Internal Audit also recommends that TTS consistently perform the annual mock CHP inspections.

Management Response (HSEC):

HSEC agrees with the recommendation. Although sufficient user access controls and controls to ensure timely removal of terminated and No Drive employees do exist, the audit did discover a technical “glitch” concerning the DMVS database archive. Inactive data belonging to nine terminated employees and four “No Drive” employees was found within the DMVS archived data that was provided to Internal Audit by the programmer. However, this data was not accessible through the DMVS, nor viewable by DMVS users. HSEC has requested the programmer purge this data and will work with the programmer to remedy the glitch. Anticipated completion within 30 days.

The DMVS is accessed through the OCTA network. Upon termination, IS immediately disables employee access to that network. Subsequently, HSEC removes the employee from the user list during a monthly administrative process. Therefore, the single terminated user discovered during the audit did not have access to the DMVS after termination. However, the user’s name did remain on the list past the administrative cycle. This has been corrected and HSEC will be more diligent during the monthly administrative process.

Management Response (Maintenance):

The Maintenance Department (Maintenance) acknowledges the importance of annual mock CHP inspections as it pertains to a control measure. In 2020, TTS was inundated with high priority projects related to coronavirus mitigation projects which included

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designing, fabricating, and installing driver shields on all OCTA buses as well as hand sanitizer and face mask dispensers. In addition, TTS completed procurements for 299 40-foot buses, 117 paratransit buses, and ten battery electric buses. Due to the heavy workload, the Santa Ana Base mock CHP inspection was deferred and completed on February 17, 2021. Maintenance/TTS will continue conducting mock CHP inspections on an annual basis.