



Transmitted via e-mail

August 5, 2016

Mr. Robert Nelson, Assistant Director of Administration
California Office of Traffic Safety
2208 Kausen Drive, Suite 300
Elk Grove, CA 95758

Dear Mr. Nelson:

Final Report—California Highway Patrol, Traffic Safety Grant Audit

The Department of Finance, Office of State Audits and Evaluations, has completed its audit of the California Highway Patrol's (CHP) grants AL1426 and DD1403, issued by the California Office of Traffic Safety.

The enclosed report is for your information and use.

CHP's response to the report finding is incorporated into this final report. CHP agreed with our finding and we appreciate its willingness to implement corrective actions. This report will be placed on our website.

We appreciate the assistance and cooperation of CHP. If you have any questions regarding this report, please contact Susan Botkin, Manager, or Sherry Ma, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

Jennifer Whitaker, Chief
Office of State Audits and Evaluations

Enclosure

cc: Ms. Judy Dancy, Regional Coordinator, California Office of Traffic Safety
Ms. Trina Nguyen, Associate Accounting Analyst, California Office of Traffic Safety
Mr. Joseph Farrow, Commissioner, California Highway Patrol
Mr. Avery Browne, Assistant Commissioner, California Highway Patrol
Ms. Sue Barsanti, Commander, California Highway Patrol
Mr. Robert Maynard, Chief, California Highway Patrol
Mr. Robert Jones, Chief, California Highway Patrol,
Mr. Roger Ikemoto, Inspector General, California Highway Patrol

California Highway Patrol
Alcohol Enforcement, Reduction, and Traffic Safety
Teen Distracted Drivers Education and Enforcement III
Grant Agreements AL1426 and DD1403

Prepared By:
Office of State Audits and Evaluations
Department of Finance

MEMBERS OF THE TEAM

Susan Botkin, CGFM
Manager

Sherry Ma, CRP
Supervisor

Staff
Catherina Liemola
Erick Ramirez

Final reports are available on our website at <http://www.dof.ca.gov>

You can contact our office at:

Department of Finance
Office of State Audits and Evaluations
915 L Street, 6th Floor
Sacramento, CA 95814
(916) 322-2985

BACKGROUND, SCOPE AND METHODOLOGY

BACKGROUND

The California Office of Traffic Safety's (OTS) mission is to effectively and efficiently administer traffic safety grant funds to reduce traffic deaths, injuries, and economic loss. OTS implements its mission by awarding grants to local and state public agencies from several federal funding sources. The ten priority areas of concentration for grant funding include the following: Alcohol-Impaired Driving, Distracted Driving, Drug-Impaired Driving, Occupant Protection, Pedestrian and Bicycle Safety, Traffic Records, Emergency Medical Services, Roadway Safety, Police Traffic Services, and Motorcycle Safety.¹

The California Highway Patrol (CHP) received a \$6 million grant from OTS to combat fatal/injury collisions attributed to driving under the influence (DUI) by setting up sobriety/driver license checkpoints, DUI task force operations, proactive DUI patrol operations, and a broad public awareness campaign. Additionally, CHP received a \$1.3 million grant from OTS to educate teen drivers on the dangers of distracted driving through broad public awareness, educational, and media campaigns. For this grant, CHP partnered with Impact Teen Drivers to educate teen drivers and to enhance community involvement.²

SCOPE

In accordance with an interagency agreement, the Department of Finance, Office of State Audits and Evaluations (Finance), audited grant agreements AL1426 and DD1403, for the period October 1, 2013 through September 30, 2014.

The audit objectives were to determine whether CHP's grant expenditures claimed were in compliance with applicable laws, regulations, and grant requirements; and whether the grant accomplishments were accurately reported in the Final Quarterly Performance Report (QPR). We did not assess the efficiency or effectiveness of program operations.

CHP management is responsible for ensuring accurate financial reporting and compliance with applicable laws, regulations, and grant requirements. OTS is responsible for the state-level administration of the grant program.

METHODOLOGY

To determine whether grant expenditures were in compliance with applicable laws, regulations, and the grant requirements; and whether the grant accomplishments were accurately reported in the Final QPR, we performed the following procedures:

- Examined the grant files, the grant agreement, and applicable policies and procedures.

¹ Excerpts from www.OTS.ca.gov.

² Excerpts from grant agreements AL1426 and DD1403.

- Reviewed CHP's accounting and personnel (timesheets, overtime activity sheets, daily attendance reports) records.
- Reviewed subcontractor vendor invoices and event activity reports.
- Selected a sample of claimed expenditures and determined whether they were allowable, grant-related, incurred within the grant period, supported by accounting records, and properly recorded.
- Evaluated whether other revenue sources were used to reimburse expenditures claimed for reimbursement under the grant agreement.
- Evaluated whether a sample of grant accomplishments were accurately reported in the Final QPR by reviewing timesheets, overtime activity sheets, daily attendance reports, arrest reports, citations, statistical sheets, subcontractor invoices, and subcontractor event activity reports.

In conducting our audits, we obtained an understanding of CHP's internal controls, including any information systems controls that we considered significant within the context of our audit objectives. We assessed whether those controls were properly designed and implemented. Any deficiencies in internal control that were identified during the audits and determined to be significant within the context of our audit objectives are included in this report.

Except as discussed in the following paragraph, we conducted these performance audits in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audits to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Finance and CHP are both part of the State of California's Executive Branch. As required by various statutes within the California Government Code, Finance performs certain management and accounting functions. Under generally accepted government auditing standards, performance of these activities creates an organizational impairment with respect to independence. However, Finance has developed and implemented sufficient safeguards to mitigate the organizational impairment so reliance can be placed on the work performed.

The grant expenditures claimed complied with the grant agreements' requirements. However, three grant accomplishments were not accurately reported in the Final Quarterly Performance Report (QPR), as noted in Finding 1. The Schedule of Claimed Amounts is presented below.

Schedule of Claimed Amounts

Grant Agreement AL1426	
Category	Claimed ¹
Personnel Costs	\$ 4,989,685
Travel Expenses	12,384
Contractual Services	731,567
Other Direct Costs	31,089
Total Expenditures	\$ 5,764,725

Grant Agreement DD1403	
Category	Claimed ²
Personnel Costs	\$ 284,933
Travel Expenses	1,686
Contractual Services	1,000,000
Other Direct Costs	9,612
Total Expenditures	\$ 1,296,231

Finding 1: Grant Accomplishments Not Reported Accurately

For grant agreement DD1403, the California Highway Patrol (CHP) did not accurately report in the Final QPR all three grant accomplishments reviewed. Reporting problems included no supporting documentation and identified classification reporting errors within the Impact Teen Driver reports as follows:

- Objective 5: CHP reported 591 distracted driving traffic safety presentations were conducted. Documentation to support the verification of occurrence for these presentations was not available.
- Objective 8: CHP reported 156 school presentations were conducted. Review of supporting documentation identified 159 school presentations were conducted from January 2014 through September 2014. No supporting documentation was available for October 2013 through December 2013.
- Objective 9: CHP reported 59 community outreach events were conducted. Review of supporting documentation identified 46 community outreach events were conducted for January 2014 through September 2014. No supporting documentation was available for October 2013 through December 2013.

¹ OTS awarded \$6,000,000 and CHP claimed \$5,764,725.

² OTS awarded \$1,328,987 and CHP claimed \$1,296,231.

Grant Agreement, Schedule A, Phase 3, requires CHP to collect and report actual and appropriate data that supports the progress of each goal and objective. Discussions with CHP indicated that because divisional offices were not following a standardized reporting format during the 2013-14 grant cycle, appropriate supporting documentation was not maintained. However, CHP has stated this process has been corrected for the 2014-15 grant cycle. Accuracy in reporting will assist OTS in determining whether the goals and objectives of the grant were achieved.

Recommendations:

- A. Ensure adequate supporting documentation is maintained to support reported grant accomplishments.
- B. Monitor statistical data provided by subcontractors to ensure activities are classified properly under the terms of the grant agreement.

DEPARTMENT OF CALIFORNIA HIGHWAY PATROL

P.O. Box 942898
Sacramento, CA 94298-0001
(916) 843-3000
(800) 735-2929 (TT/TDD)
(800) 735-2922 (Voice)



July 22, 2016

File No.: 001.09486.A16892.010.2016-07001

Ms. Cheryl L. McCormick, CPA
Assistant Chief
Office of State Audits and Evaluations
California Department of Finance
915 L Street, 6th Floor
Sacramento, CA 95814

Dear Ms. McCormick:

As required, below are responses from the California Highway Patrol (CHP), Enforcement and Planning Division, regarding the Traffic Safety Grant Audit conducted by the Department of Finance (DOF), Office of State Audit and Evaluations in May 2016. The exit conference for the audit was held at the CHP's Headquarters on June 29, 2016. Based on this audit, the DOF findings are listed below.

FINDING 1: DD1403 Grant Accomplishments Not Reported Accurately - Concur

Objective 5: The CHP reported 591 distracted driving safety presentations were conducted. Documentation to support the verification of occurrence for these presentations was not available.

Objective 8: The CHP reported 156 school presentations were conducted. Review of supporting documentation identified 159 school presentations were conducted from January 2014 through September 2014. No supporting documentation could be located for October 2013 through December 2013.

Objective 9: The CHP reported 59 community outreach events were conducted. Review of supporting documentation identified 46 community outreach events were conducted for January 2014 through September 2014. No supporting documentation could be located for October 2013 through December 2013.



The Office of Community Outreach and Media Relations (COMR) is the Office of Primary Interest for DD1403 grant. During the FFY 2013/2014 grant cycle, a completely different COMR staff managed the grant. The current staff researched all available grant coordinator records for the grant to resolve these findings; however, the following was determined:

- Statewide activities were not tracked in a consistent manner.
- Reports from CHP Divisions were at times submitted to the grant coordinator via electronic email or by telephone; therefore, rendering the documents irretrievable.

ACTION TAKEN:

With new grant management staff in place in COMR beginning with the 2014/2015 grant cycle, all grant activities are reported utilizing standardized language and reporting forms which are submitted to COMR through a consistent chain of command. All documentation received from field Divisions are compiled as verification of grant-funded activities and retained by COMR in accordance with Office of Traffic Safety retention guidelines.

If you have any questions or need additional information, please contact Chief Robert Maynard, Enforcement and Planning Division, at (916) 843-3330.

Sincerely,

Original signed by:

J. A. FARROW
Commissioner

cc: California State Transportation Agency
California Office of Traffic Safety
Office of the Commissioner
Office of Assistant Commissioner, Staff
Office of Community Outreach and Media Relations
Office of Inspector General
Administrative Services Division
Enforcement and Planning Division
Special Projects Section