KERN COUNTY Auditor Controller
Aimee X. Espinoza
AUDITOR-CONTROLLER-COUNTY CLERK

July 14, 2026

Board of Supervisors
Kern County Administrative Center
1115 Truxtun Avenue
Bakersfield, CA 93301

DEPARTMENT OF AIRPORTS LIMITED SCOPE AUDIT
FEBRUARY 1, 2025, TO NOVEMBER 3, 2025
Fiscal Impact: None

The Internal Audit Division is filing the Department of Airports Limited Scope Audit as of November 3, 2025. A copy of the audit report, including findings, recommendations, and suggested improvements is attached. The following is a summary of the audit:

Findings and Recommendations: Five
Suggested Improvements: None

Therefore, IT IS RECOMMENDED that your Board receive and file this report.

Sincerely,

Aimee X. Espinoza
Auditor-Controller-County Clerk

AXE/cr/jgy

Attachment

cc: County Administrative Office
Department of Airports

DEPARTMENT OF AIRPORTS
COUNTY OF KERN
LIMITED SCOPE AUDIT

FEBRUARY 1, 2025 TO NOVEMBER 3, 2025

AIMEE X. ESPINOZA
AUDITOR-CONTROLLER-COUNTY CLERK

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AUDITOR'S REPORT

Board of Supervisors
County of Kern

Executive Summary

The Internal Audit Division conducted a limited-scope audit of vehicle home retention (VHR). This limited-scope fraud investigation was initiated following reports of vehicle misuse within the Department of Airports. The audit sought to determine the validity of Vehicle Home Retention (VHR) authorizations and the integrity of related fuel and maintenance expenditures. Our investigation confirmed significant misappropriation of public assets, systematic circumvention of internal controls, and material non-compliance with Kern County Administrative Policy and Procedures Manual (KCAPPM).

Scope

The Scope: The investigation targeted vehicle home retention activities from February 1, 2025, to November 3, 2025, specifically focusing on two identified employees.

Methodology

To verify the allegations, the Internal Audit Division performed the following procedures:

- **Forensic Data Analysis:** Reconciled fuel card transactions against GPS telematics and 110 daily operational logs.
- **Physical Surveillance & Inspection:** Conducted unannounced fieldwork and physical inspections of vehicles to verify odometer readings and undocumented damage.
- **Compliance Verification:** Cross-referenced findings with Risk Management records and California Air Resources Board (CARB) throughout thresholds.

Audit Findings

1. **Lack of Emergency Response Justification:** Vehicle home retention privileges were maintained under the "Emergency Call-Back" justification. However, a review of 110 daily logs revealed that the subject employees did not consistently respond to emergency callouts during the audit period, violating KCAPPM Chapter 11, Section 1117.1.1.

2. **Misappropriation of Fuel Assets:** Two employees accounted for 35% of the total department fuel consumption, despite the lack of consistent business-related emergency activity. Usage patterns were inconsistent with business mileage, which is a waste under KCAPPM Chapter 6, Section 602.5.

3. **Excessive Personal Mileage:** Audit analysis confirmed that 80% or more of total vehicle mileage was for personal use, a direct violation of KCAPPM Chapter 6, Section 1120

4. **Fuel Compliance and Regulatory** Excessive unauthorized mileage caused the airport to exceed the 10,000-

gallon CARB threshold, removing the department's "non-vendor" status, which violates KCAPPM Chapter 11, section 1113.1.

5. **Concealment of Vehicle Accidents:** Physical inspections revealed visible vehicle damage that was never reported. Risk Management confirmed no filings exist for these incidents, which violate KCAPPM Chapter 12, section 1207.2, which requires reporting within 24 hours.

Recommendations

1. **Immediate Revocation:** Immediately re-evaluate and revoke VHR privileges where emergency response is not a frequent, documented requirement.
2. **Recoupment:** Calculate and recover costs for unauthorized fuel and mileage.
3. **Disciplinary Action:** Initiate personnel action for policy violations and failure to report accidents.
4. **Compliance Review:** Conduct a departmental review to ensure fuel usage remains below CARB regulatory thresholds.

Conclusion

Based on the procedures performed, the internal control environment governing the Vehicle Home Retention (VHR) program is deemed Unsatisfactory. The audit identified significant deviations from KCAPPM standards, specifically regarding emergency response justification, personal vehicle usage, and regulatory fuel thresholds. However, it is noted that the Department of Airports proactively identified and reported these inconsistencies, demonstrating a high level of transparency and a commitment to fiduciary responsibility. While the department's cooperation significantly facilitated the investigation, the severity of the findings—including the transition into a higher CARB regulatory tier and unreported vehicle accidents—necessitates immediate corrective action. The auditor has provided targeted recommendations to remediate these deficiencies. Provided that management aggressively implements the suggested oversight and GPS monitoring protocols, the risk to County assets can be effectively mitigated. No further analysis is required currently, pending a six-month follow-up on the implementation of these recommendations.

Audit Disclaimers & Responsibilities

Inherent Limitations: Due to the limitations of any internal control system (human error, management override, or collusion), irregularities may occur and remain undetected. This audit may not disclose all existing weaknesses in the Department's operating procedures.
Management Responsibilities: Management is responsible for maintaining effective governance and internal controls to safeguard assets and ensure regulatory compliance. While internal controls are a safeguard, the prevention and detection of fraud remains management's responsibility.

Summary

This report identifies opportunities to improve controls and increase operational efficiency. The matters raised are those we believe must be brought to the attention of the Board. This report is intended for the information and use of management and the Board of Supervisors; however, it is a matter of public record, and its distribution is not limited.

Casper Rosales
Audit Division Chief

DEPARTMENT OF AIRPORTS
COUNTY OF KERN
FINDINGS, RECOMMENDATIONS, AND SUGGESTED IMPROVEMENTS
FEBRUARY 1, 2025 TO NOVEMBER 3, 2025

Findings and Recommendations:

Findings are issues which present a serious enough risk to require consideration by management as well as a written response. During fieldwork we identified five findings. Our findings and recommendations are outlined below:

1. **Lack of Emergency Response Justification.**
   The two employees did not consistently respond to emergency callouts, despite this being the primary justification for VHR approval. A review of 110 daily logs for July 2025 revealed no instances requiring either employee to return to the airport after hours.
   Recommendation:
   The Management should immediately rescind Vehicle Home Retention (VHR) privileges for both employees. Furthermore, the Department must implement a quarterly audit of VHR permits to ensure that "after-hours callouts" are documented and continue to justify the assignment of a take-home vehicle.

   Department Response:
   The Department concurs with the Auditor's recommendation to re-evaluate the VHR status for these positions. VHR status has been re-evaluated as of January 2026 and the authorization has been revoked from the two employees that were not responding to emergency callouts. Employees will no longer have access to any County vehicle for personal use, only for use on the airfield and other applicable areas on airport property. Management has implemented a monthly review of daily logs, and the Department Head is to sign the log on a monthly basis after mileage and call-out verification.

2. **Misappropriation of Fuel Assets.**
   Both employees demonstrated significantly higher fuel consumption compared to a peer who actively responds to emergency calls. In July 2025, their combined usage accounted for 35% of the airport's total fuel consumption despite no emergency activity.

   Recommendation:
   The Department should perform a forensic review of fuel transactions to identify non-business fueling. Management must also implement automated alerts within the fuel card platform to flag any consumption that exceeds departmental averages by more than 15%.

   Department Response:
   The Department concurs with the Auditor's recommendation to implement an automated tracking system to flag fuel transactions that exceed a vehicle's tank capacity or average MPG. Since the two employees no longer have access to VHR County vehicles, this issue will not persist as the other County employee with VHR lives in Kern County. However, the Finance Manager will continue reviewing the monthly Diesel Fuel Report, which includes a log of County fuel purchases/usage. The Department Head will review both the diesel purchases and verify that the County fuel transactions are accurate and do not exceed any vehicle's tank capacity of average MPG. The department does not utilize fuel cards; rather, fuel is purchased and stored at the airport fuel farm where County vehicles are maintained and filled.

3. **Excessive Personal Mileage**
   Audit analysis indicates that both employees utilized County vehicles for personal purposes for an estimated 80% or more of total mileage. This level of usage constitutes a significant deviation from authorized business activities.

   Recommendation:
   The Management should initiate Financial Recoupment proceedings to recover the costs associated with the estimated 80% personal mileage. Additionally, the Department should transition to GPS-integrated electronic logs to ensure real-time, tamper-proof tracking of business versus personal mileage.

   Department Response:
   The Department concurs with the Auditor's recommendation to issue a department-wide memorandum reaffirming that personal use of County vehicles is strictly prohibited. Global Positioning System (GPS) devices have been installed on all County vehicles as of April 2026 (installations began in March 2025). The GPS system, ZONAR, will alert management when vehicles are used outside of authorized hours or at non-business locations, as well as alert when a vehicle exceeds the posted speed limit. The Finance Manager will continue to notate any unauthorized usage and/or high-speed alerts in a locked spreadsheet to ensure proper tracking of County vehicle usage.

4. **Regulatory Non-Compliance (CARB Threshold Violation)**
   The airport exceeded the 10,000-gallon threshold primarily due to these employees' usage. This jeopardizes the airport's non-vendor status, potentially triggering higher permit costs, quarterly inspections, and mandatory changes to fuel dispensing under California Air Resources Board (CARB) regulations.

   Recommendation:
   The Department must immediately coordinate with CARB to report the overage and develop a mitigation plan. Management should establish a "Fuel Ceiling" policy that triggers an internal review when total dispensing approaches 90% of the regulatory threshold.

   Department Response:
   The Department concurs with the Auditor's recommendation to establish a "usage ceiling" for the department and to implement a quarterly "compliance dashboard" to monitor fuel volumes against the CARB threshold. The department will consider shifting a portion of the fleet to electric vehicles if and when the threshold is nearly reached. However, since the removal of the two employees' authorization for Vehicle Home Retention, the fuel volumes have decreased significantly since October 2025. The department is purchasing less fuel through the County vendor, Schwebel Petroleum. The vendor also stated that they do not anticipate that the department will reach the 10,000-gallon regulatory threshold since fuel volume has decreased over the last 6 months. The department will continue monitoring purchases and usage efficiently.

5. **Concealment of Vehicle Accidents**
   Following a physical inspection of the vehicles, which revealed visible damage, the auditor inquired with the Risk Management Department regarding the status of any related incident filings. Risk Management formally confirmed via email that no reports have been submitted for any of the vehicles identified in this investigation.

   Recommendation:
   Management must initiate formal Disciplinary Action for the failure to report accidents. To prevent future occurrences, the Department should conduct a mandatory physical "Fleet Sweep" inspection of all vehicles

within the next 30 days to identify any other unreported damages.

Department Response:
The Department concurs with the Auditor's recommendation to implement a bi-weekly physical inspection of all take-home vehicles by a supervisor. Currently, only one position, Airports Chief Operations Officer, utilizes a take-home vehicle. The Department Head or Finance Manager will inspect this and all other County vehicles on a bi-weekly basis and ensure that any new damage is reported and cross-referenced again Risk Management filings immediately. A refresher training session will also be discussed for all authorized drivers on the Incident Reporting Workflow to certify that a 24-hour notification is required for Risk Management when a County vehicle is physically damaged. There has been no new damage to any County vehicles since the revocation of Vehicle Home Retention from the previous two employees.

Suggested Improvements:
Suggestions for improvements are for issues the auditor considers not to be of an immediate serious nature and/or for issues the Department is able to correct at the time of the audit. Unlike formal audit findings, written responses are not required for these issues. The auditors did not identify any suggested improvements.