



Consumer and Environmental Protection Agency (CEPA)  
Division of Weights and Measures  
**Audit of Inspection Processes and Devices**

May 19, 2022

Assignment #: 10364

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# Executive Summary

## Background

Internal Audit Division (IAD) performed an assurance audit of the Consumer and Environmental Protection Agency's (CEPA) Weights and Measures (WM) Division operations and inspections process. The audit was selected through our Fiscal Year 2021-22 annual risk assessment and audit planning process.

WM Division is responsible for conducting inspections that ensure businesses and consumers are charged accurately for products and services based on established standards of measurements.

WM also investigates consumer complaints and has authority to levy penalties on businesses for overcharging customers.

## Objective

The audit was performed to (1) provide reasonable assurance that CEPA WM management effectively allocated available resources to meet business goals and objectives, (2) determine if management has an equitable approach to assessing, performing, closing inspections and complaints, and (3) ensure measurement equipment is maintained and operating as intended.

## Scope

The audit scope included WM operations from July 1, 2019 to December 31, 2021 and was limited to the management of inspections conducted by WM.

## What We Found

Consumer and Environmental Protection Agency's (CEPA) Weights and Measures Division (WM) is committed to providing quality services to Santa Clara County residents despite recent challenges facing their operations. We found WM generally complied with applicable regulatory guidance and County policies and a partial equitable approach was implemented in their business practices; however, internal controls could be improved to provide reasonable assurance that resources are allocated effectively.

To further strengthen current controls and improve their effectiveness, Internal Audit Division (IAD) identified four improvements in the areas summarized below and detailed in the **Findings and Recommendations** section of this report.

### **Allocation of Resources has the following 2 findings:**

- Establish goals and objectives specific to WM operations.
- Develop a standardized training program specific to WM operations.

### **Equitable Approach has the following 1 finding:**

- WM partially implemented principles of equity in inspections and complaint processes.

### **Measurement Equipment has the following 1 finding:**

- Test standards equipment is operating as intended, however IT equipment is not operating as intended

We also noted three "Other Observations" submitted for WM management's consideration (See **Appendix 4**).

# Executive Summary

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The chart below summarizes risk categories for each area audited as high, medium, or low.

### Assessment of Risk by Areas Audited

#	Area	High	Medium	Low	Total
1	Allocation of Resources	1	1	-	2
2	Equitable Approach	-	-	1	1
3	Measurement Equipment	1	-	-	1
Total Findings		2	1	1	4

See **Appendix 1** for the definition of each risk category.

Prior to issuance of this report, WM management proactively addressed findings noted in this report and communicated their improvement plan to CEPA management.

We conducted the audit in conformance with the *International Standards for the Professional Practice of Internal Auditing*.

Our report is designed to assist WM and provide constructive recommendations for improving their operations. As a result, the report generally does not address activities reviewed that are functioning effectively. The draft report was discussed with WM management prior to final issuance. Attached herein is their formal responses. In accordance with professional auditing standards, IAD intends to perform a follow-up audit on the recommendations once implemented.

It is anticipated that this report will be submitted to the Finance and Government Operations Committee in Summer 2022. This report is intended solely for the County and its stakeholders. However, this report is a matter of public record, and its distribution is not limited.

We would like to thank the management and staff of WM for their time, cooperation, and assistance during this engagement.



Robyn Rose, CPA, CICA  
Internal Audit Manager  
May 19, 2022

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# Findings and Recommendations

## ALLOCATION OF RESOURCES

<b>FINDING 1: Establish goals and objectives specific to WM operations.</b>	
<b>OBJECTIVE</b>	To provide reasonable assurance that management is effectively allocating available resources to meet business goals and objectives.
<b>CRITERIA</b>	<p>County Internal Control Policy states in part, “Departments...are responsible for establishing a system of internal controls...” and “These systems should provide reasonable assurance about the achievement of their entity’s objectives with regard to the effectiveness and efficiency of operations...”</p> <p>U.S. Government Accountability Office’s <i>Standards of Internal Controls in the Federal Government</i> (Green Book), Principle 6 states, “Management should define objectives clearly to enable the identification of risks and define risk tolerances.”</p>
<b>FINDING</b>	<p>During the audit, IAD was provided the “Memorandum of Understanding (MOU) for Attaining Mutual Objectives”, which is a framework for cooperation between the California Division of Measurement Standards (CA DMS)<sup>1</sup> and the California Agricultural Commissioners and Sealers Association (CACASA). CACASA is an association of counties in California that provides representation of weights and measures programs in the state.</p> <p>The MOU describes how Counties and CA DMS will cooperate for certain activities such as communication between CA DMS and CACASA members, public relations, uniformity of inspections documents, inspector professional development, and establishing program performance goals and objectives. While the MOU covers a wide range of topics, we found areas related to setting efficiency and performance measures for inspections, conducting consumer needs assessments, designing consumer notices/complaint forms, engaging the community, conducting financial analysis of inspections, creating asset security policies, and identifying technology needs are not addressed.</p> <p>As an example, WM provided the Board of Supervisors (Board) with specific metrics related to one full-time WM Supervising Inspector and two full-time WM Inspectors, noting that deleting these three positions would result in not testing:</p> <ul style="list-style-type: none"> <li>• 6,220 weighing and measuring devices annually,</li> <li>• 5,591 items to determine if prices charged at the register are correct, and</li> <li>• 1,108 products to determine if quantity stated is the amount contained.</li> </ul> <p>These metrics could be useful in evaluating WM operational efficiency based on current, available resources and are not addressed in the MOU.</p> <p>Counties are also required to submit monthly and annual inspection reports to CA DMS. Information in these reports are limited to completed inspections totals, percentage of inspections pass/failure results, and WM inspections financial data.</p>

<sup>1</sup> The “Memorandum of Understanding for Attaining Mutual Objectives” is formally between the California Agricultural Commissioners and Sealers Association (CACASA) and the California Department of Food and Agriculture (CDFA) and California Department of Pesticide Regulation (CDPR). However, the California Division of Weights and Measures (CA DMS) within the CDFA is the office that enforces weights and measures laws and works closely with County Weights and Measures offices <https://www.cdfa.ca.gov/dms>. Therefore, we use CA DMS throughout this audit for consistency.

## Findings and Recommendations

<b>FINDING 1: Establish goals and objectives specific to WM operations.</b> <i>(continued)</i>	
<b>FINDING</b> <i>(continued)</i>	<p>We also noted WM management provided regular verbal reports on WM operations to the CEPA Director during status meetings. These meetings were limited in focus, concentrating on strategies for recruiting and retaining inspectors through job reclassification. In June 2021, the reclassification effort was completed and authorized inspectors under the Agricultural Commissioner to conduct WM inspections, and vice-versa. The reclassification increased the total staff available to conduct inspections from 10 to 24 inspectors.</p> <p>Reliance on verbal communication and state guidance could lead to missed opportunities to improve program efficiencies. Furthermore, not establishing goals and objectives specific to WM operations creates the possibility of challenges going unaddressed, an inability to monitor long-term progress, resources allocated inefficiently, and decreased effectiveness of internal control activities.</p>
<b>RECOMMENDATION</b>	<p><b>1.1</b> WM management should establish objectives and performance metrics specific to the County’s operations and consider including the following:</p> <ul style="list-style-type: none"> <li>• Alignment of WM mission, objectives, and critical functions to the County’s organizational mission,</li> <li>• Influence of CA DMS in WM operations,</li> <li>• Industry risks to organizational objectives (e.g., reduced ability for consumers to verify prices when ordering groceries online),</li> <li>• Resource needs for the inspection of new business devices (e.g., costs related to inspecting electric charging devices),</li> <li>• Define and measure equity practices into the inspections and complaint process,</li> <li>• Define safety goals and metrics,</li> <li>• Community engagement and public outreach efforts,</li> <li>• Desired outcomes and other Key Performance Indicators (KPIs) and their related financial analysis, and</li> <li>• IT system efficiency and capabilities to support WM inspections and reports.</li> </ul> <p><b>1.2</b> At least annually, WM management should provide formal performance reports to the CEPA Director and Housing, Land Use, Environment, and Transportation (HLUET) Board Committee. These reports would help raise awareness of WM operations and provide transparency into their activities.</p>
<b>ASSESSED RISK RATING/PRIORITY</b>	<b>High Level/ Priority 1</b>
<b>EXPECTED COMPLETION DATE</b>	<b>Within three months after issuance of the final audit report</b>

## Findings and Recommendations

<b>FINDING 2: Develop a standardized training program specific to WM objectives and operations.</b>	
<b>OBJECTIVE</b>	To provide reasonable assurance that management is effectively allocating available resources to meet business goals and objectives.
<b>CRITERIA</b>	<p>County Internal Control Policy states in part, "...Departments are responsible for establishing a system of internal controls..." and "These systems should provide reasonable assurance about the achievement of their entity's objectives with regard to the effectiveness and efficiency of operations..."</p> <p>Green Book Principle 4 states "Management should demonstrate a commitment to recruit, develop, and retain competent individuals."</p> <p>CA DMS's current Examination Procedures Outline (EPO)-26 for retail motor fuel device inspections (i.e. gas stations) specifically states that inspectors are to "follow employers specific safety procedures" and includes a list of recommended safety equipment such as safety vests. The EPO also states, "It is essential that inspectors or servicepersons... practice their employer's safety policies."</p>
<b>FINDING</b>	<p>During the audit, IAD noted there were no written policies and procedures specific to WM operations, job performance expectations, or professional development opportunities that contributes to the achievement of their goals and objectives. Given recent job reclassifications, staff turnover, and staff activated as disaster service workers (DSW) in response to the COVID-19 pandemic, the need for a well-documented and standardized inspector training program has increased.</p> <p>Training for new inspectors occurs primarily on-the-job in a 1:1, trainer-to-trainee ratio and does not follow a prescribed process. Inspectors have one year within a 15-month probationary period to take and pass a licensing exam before attaining full-time employment with the County. Inspectors prepare for the exam by reviewing CA DMS inspection reference manuals, state regulations and notices, and EPOs adopted by County WM without revision. While these references contain general steps for performing inspections and results of testing procedures completed by inspectors, they do not address County-specific job performance expectations.</p> <p>WM organizational values and expectations were generally understood by inspectors; however, we found there are opportunities to promote consistency amongst inspectors by documenting job performance expectations for specific scenarios. For example, inspectors are aware that complainant information is confidential, but communication guidelines (e.g., scripts for communicating with the public) are not developed which increases the risk of inspectors revealing sensitive complainant information to business representatives.</p> <p>Additionally, IAD noted WM views safety as "very important" and inspectors do take precautions in the field and are aware of various safety measures; however, there are no documented safety procedures for conducting inspections, mandatory safety trainings for staff, or checklist of required personally protective equipment (PPE). IAD also noted WM has not assigned a safety coordinator since early 2020 due to COVID-19 related priorities. The safety coordinator responsibilities included training staff on safety topics.</p>

## Findings and Recommendations

<b>FINDING 2: Develop a standardized training program specific to WM objectives and operations.</b> <i>(continued)</i>	
<b>FINDING</b> <i>(continued)</i>	<p>Without an established training program aligned to organizational mission and objectives, there is a risk of staff deviating from management expectations, ineffective internal control activities, increased job-related injuries, loss of institutional knowledge caused by disruptions in succession planning, and miscommunication internally or with the public.</p>
<b>RECOMMENDATION</b>	<p><b>2.1</b> WM management should establish a formal, written training program for inspections procedures specific to County’s WM operations and consider including the following:</p> <ul style="list-style-type: none"> <li>• Conduct periodic reviews of safety clothing items,</li> <li>• Establish a requirement that at least one inspector within WM participate in a retail motor fuel station safety training as required by EOP-26 (effective 2020),</li> <li>• Create a list of safety equipment for field inspections and personal safety clothing items such as shoes and vests and documenting when they are required or discretionary,</li> <li>• Inspector acknowledgment form for the appropriate storage, care, and use of inspections equipment/tools,</li> <li>• Guidelines for inspectors when communicating with business representatives, especially for complaints, and</li> <li>• Conduct WM Division meeting to review all new EPOs from CA DMS, with particular focus on safety information.</li> </ul>
<b>ASSESSED RISK RATING/PRIORITY</b>	<b>Medium Level/ Priority 2</b>
<b>EXPECTED COMPLETION DATE</b>	<b>Within three to six months after issuance of the final audit report</b>

# Findings and Recommendations

## EQUITABLE APPROACH

<b>FINDING 3: WM partially implemented principles of equity in inspections and complaint processes.</b>	
<b>OBJECTIVE</b>	To determine if WM has an equitable approach to assessing, performing, closing inspections and complaints.
<b>CRITERIA</b>	<p>County Board of Supervisor's Equity Resolution adopted August 25, 2020, states in part, "The County seeks to ensure that principles of equity are incorporated into the policy and budget decision-making process."</p> <p>Green Book Principle 15 states, "Management should externally communicate the necessary quality information to achieve its objectives."</p>
<b>FINDING</b>	<p>During the audit, IAD noted weights and measures consumer protection activities are "the best kept secret" statewide, which is a view shared by WM management. WM inspectors indicate they are mindful of their interactions with the public and business owners; however, WM does not have equity principles and performance metrics specific to their operations that are documented and monitored.<sup>2</sup></p> <p>WM interacts with business owners through conducting field inspections and with the public primarily through the consumer complaints process. Business owners are required to post a "Notice to Consumers" document and WM solicits consumer complaints through an online form.</p> <p>All regularly scheduled and ad hoc consumer complaint inspections are assigned by management based on informally communicated priorities. Responding to consumer complaints is considered the highest priority as it fulfills WM mission of protecting the consumer. Complaints are also prioritized because of the potential disproportionate financial burden to low-income families. A report completed by CACASA in partnership with its members addressed the impact of reduced state funding for County weights and measures program on low-income families.<sup>3</sup> According to this report, "stores in disadvantaged communities were 3.8 times more likely to overcharge their customers."</p> <p>Additionally, a Supplemental Budget Proposal submitted by WM in September 2020 indicated that the reduction of their staff could disproportionately impact lower-income communities. In April 2021, WM also requested the Board to waive registration fees for small business owners stating, "In targeting assistance to our smallest, most vulnerable business owners - many of whom are women, immigrants and [minority groups] – we can address the imbalances that are present in our economic, political, and social structures so that we can continue to work towards a more fair and equitable system." The waiver was approved by the Board on May 25, 2021.</p>

<sup>2</sup> Also see Recommendation 1.1 on establishing objectives.

<sup>3</sup> Advocacy paper titled, "The Value of Statewide Support & Coordination of Weights and Measures in the Marketplace: Necessary Advantages for Disadvantaged Communities." Presented to Secretary Karen Ross California Department of Food and Agriculture Division of Measurement Standards.

## Findings and Recommendations

<b>FINDING 3: WM partially implemented principles of equity in inspections and complaint processes.</b> <i>(continued)</i>	
<b>FINDING</b> <i>(continued)</i>	<p>We believe WM public-facing communications (i.e., consumer complaint form and notices to consumers) and expressed a commitment to remedy disparities in low-income areas are steps towards embedding equity in WM operations, but reliance on outreach efforts and informal priorities are partially effective for reducing the impacts in communities more susceptible to being overcharged.</p> <p>Not formally incorporating and operationalizing equitable principles in WM activities could lead to ineffective engagement with various subgroups in the community and increases the risk of disadvantaged communities being harmed by the disproportionate effects of price overcharges.</p>
<b>RECOMMENDATION</b>	<p><b>3.1</b> WM management should review the level and type of consumer engagement methods and activities and consider the following:</p> <ul style="list-style-type: none"> <li>• Re-designing the consumer complaint form to include an option for photo/file upload, highlighting critical details needed for WM follow-up, and GPS/mapping integration if complaints are submitted at or near the location of the business. (Also refer to Finding 4)</li> <li>• Re-designing the “Notice to Consumer” sticker to include a QR Code/Barcode linked to WM website, WM email address, and increase visual appeal and maintain WM branding consistency.</li> </ul> <p><b>3.2</b> WM management should contact the newly established Office of Diversity, Equity, and Belonging to request technical assistance or training to build their capacity to address some of the following questions:</p> <ul style="list-style-type: none"> <li>• What equity data is the most appropriate to utilize for WM operational planning and reporting?</li> <li>• What trainings on equity should WM provide to inspectors for communicating with consumers and business owners?</li> <li>• How can WM embed an equity lens when re-designing a “Notice to Consumers” the public facing complaint forms?</li> </ul>
<b>ASSESSED RISK RATING/PRIORITY</b>	<b>Low Level/ Priority 3</b>
<b>EXPECTED COMPLETION DATE</b>	<b>Within six to 12 months after issuance of the final audit report</b>

# Findings and Recommendations

## MEASUREMENT-IT EQUIPMENT

<b>FINDING 4: Test standards equipment is operating as intended, however IT equipment is not operating as intended.</b>	
<b>OBJECTIVE</b>	To provide reasonable assurance that inspections equipment is maintained and operating as intended.
<b>CRITERIA</b>	<p>County Internal Control Policy states in part, "...Departments...are responsible for establishing a system of internal controls..." and "These systems should provide reasonable assurance about the achievement of their entity's objectives with regard to the...effectiveness and efficiency of operations..."</p> <p>County Board Policy 5.0, "Policies on Soliciting and Contracting" with particular attention to Board Policy 5.11 "Information Technology (IT) Product and Service Contracts".</p>
<b>FINDING</b>	<p>We noted test standards equipment<sup>4</sup> used for testing business devices (e.g., price scanners, gas pumps, scales) typically requires specialized training. WM relies on the state to certify their inspections equipment and is generally up-to-date with required certifications.<sup>5</sup> As a result, errors occurring with test standards equipment are not a concern of the state or WM management.</p> <p>We also found current IT systems used throughout the inspections process are outdated and have limited capabilities to support the achievement of management objectives. Based on interviews, WM management is concerned about the continued functionality of their outdated IT system called "The Daily", which is used to track inspection data and produce reports. This database is used to compile the monthly and annual reports required by CA DMS and was developed by an IT vendor more than 10 years ago. The development and maintenance of "The Daily" system is time consuming and cost prohibitive. Additionally, handheld data collection devices are beyond "end-of-life", which appear to hinder operational efficiency.</p> <p>WM management is currently evaluating a new inspections database and exploring the capabilities of current mobile devices. In collaboration with other CACASA members, they requested their current IT vendor to build the new inspections database; however, there are no documented business requirements for the new IT system to objectively evaluate its functionalities and performance requirement, specifically related to:</p> <ul style="list-style-type: none"> <li>• Integrate with County website complaint forms,</li> <li>• Integrate inspection forms and inspections results data,</li> <li>• Enable configurable management reports beyond CA DMS reporting,</li> <li>• Enable API (application program interface) integrations, and</li> <li>• Enable email parsing to extract data from email notifications of service agents to the County, after completing repairs or maintenance of business devices.</li> </ul>

<sup>4</sup> "Test Standards Equipment" refers to equipment utilized by weights and measures operation to test business devices. "Business devices" refers to all commercial measurement and weighing devices used to determine product pricing.

<sup>5</sup> According to WM management, all test standards are certified by CA DMS to meet the U.S. Department of Commerce's National Institute of Standards and Technology (NIST) standards for accuracy. NIST's mission is, "To promote U.S. innovation and industrial competitiveness by advancing measurement science, standards, and technology in ways that enhance economic security and improve our quality of life." (<https://www.nist.gov/about-nist>)

## Findings and Recommendations

<b>FINDING 4: Test standards equipment is operating as intended, however IT equipment is not operating as intended.</b> <i>(continued)</i>	
<b>FINDING</b> <i>(continued)</i>	<p>Not establishing business requirements for new IT systems creates the risk that such systems do not meet the needs of the organization, IT decisions are not made objectively, the County does not obtain best value for contracted amount, systems are not aligned to the County IT security and privacy standards, and inefficiencies in inspections processes.</p>
<b>RECOMMENDATION</b>	<p><b>4.1</b> WM management should ensure all future IT systems undergo an appropriate business requirements and technical design review, such as:</p> <ul style="list-style-type: none"> <li>• Submit a requisition in SAP, the County’s Financial System, to the Procurement Department - Technology Solutions team when sourcing IT hardware and/or software to ensure a best value procurement analysis.</li> <li>• Establish a “Business Requirements” document to evaluate the capabilities of future IT systems objectively.</li> <li>• Conduct an operational assessment and document how a new IT system would impact internal controls throughout the inspections process.</li> <li>• Consult an IT Business Relationship Manager to ensure new technology-based systems are fully aligned to County IT security, architecture, and privacy standards.</li> <li>• Request the County Information Security Office (ISO) conduct a security assessment of the new IT system to ensure new software meets current security standards.</li> </ul>
<b>ASSESSED RISK RATING/PRIORITY</b>	<b>High Level/ Priority 1</b>
<b>EXPECTED COMPLETION DATE</b>	<b>Within three months after issuance of the final audit report</b>

**APPENDIX 1: DEFINITION OF RISK CATEGORIES AND PRIORITY LEVELS**

<b>Risk and Priority Rating for Audit Recommendations</b>	
<b>High Level / Priority One (1)</b>	<p>Priority One recommendations are the highest assessed level of risk. For these recommendations, internal controls are considered poor or insufficient, which results in the likelihood of financial loss, waste, misappropriation of assets, or errors for the area(s) evaluated. Priority One recommendations also include issues related to non-compliance with laws, regulations or policies and procedures.</p> <p>Management should urgently implement these recommendations within one to three months after issuance of the final audit report to avoid risk exposure.</p>
<b>Medium Level / Priority Two (2)</b>	<p>Priority Two recommendations are the moderately assessed level of risk. For these recommendations, internal controls provide reasonable assurance that the County program(s) or area(s) evaluated are protected from potential financial loss, waste, misappropriation of assets, or errors; however, additional action is needed to strengthen current practices.</p> <p>Management should promptly implement these recommendations within three to six months after issuance of the final audit report to improve internal control processes.</p>
<b>Low Level / Priority Three (3)</b>	<p>Priority Three recommendations are the lowest assessed level of risk. For these recommendations, internal controls are operating as designed to ensure the County program(s) or area(s) evaluated are protected from potential financial loss, waste, misappropriation of assets, or errors. These recommendations are desired actions to enhance current practices.</p> <p>Management should consider implementing these recommendations within six to 12 months after issuance of the final audit report to provide additional confidence in the internal control system.</p>

# Appendix

## APPENDIX 2: INTERNAL CONTROLS FRAMEWORK

We utilized guidance in the U.S. Government Accountability Office’s *Standards of Internal Controls in the Federal Government* (“Green Book”)<sup>1</sup> to evaluate best practices for internal controls within government entities. Internal controls are processes used by management to help achieve their goals and objectives related to operations, reporting, and compliance.

Standards in the “Green Book” comprise of the following five internal control components and corresponding 17 principles that work together in an integrated framework:

Components	Principles
<b>Control Environment</b>	<ol style="list-style-type: none"> <li>1. The oversight body and management should demonstrate a commitment to integrity and ethical values.</li> <li>2. The oversight body should oversee the entity’s internal control system.</li> <li>3. Management should establish an organizational structure, assign responsibility, and delegate authority to achieve its objectives.</li> <li>4. Management should demonstrate a commitment to recruit, develop, and retain competent individuals.</li> <li>5. Management should evaluate performance and hold individuals accountable for their internal control responsibilities.</li> </ol>
<b>Risk Assessment</b>	<ol style="list-style-type: none"> <li>6. Management should define objectives clearly to enable the identification of risks and define risk tolerances.</li> <li>7. Management should identify, analyze, and respond to risks related to achieving the defined objectives.</li> <li>8. Management should consider the potential for fraud when identifying, analyzing, and responding to risks.</li> <li>9. Management should identify, analyze, and respond to significant changes that could impact the internal control system.</li> </ol>
<b>Control Activities</b>	<ol style="list-style-type: none"> <li>10. Management should design control activities (i.e., policies and procedures) to achieve objectives and respond to risks.</li> <li>11. Management should design the information system and related control activities to achieve objectives and respond to risks.</li> <li>12. Management should implement control activities through policies.</li> </ol>
<b>Information and Communication</b>	<ol style="list-style-type: none"> <li>13. Management should use quality information to achieve its objectives.</li> <li>14. Management should internally communicate the necessary quality information to achieve its objectives.</li> <li>15. Management should externally communicate the necessary quality information to achieve its objectives.</li> </ol>
<b>Monitoring Activities</b>	<ol style="list-style-type: none"> <li>16. Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results.</li> <li>17. Management should remediate identified internal control deficiencies on a timely basis.</li> </ol>

<sup>1</sup> Source: <https://www.gao.gov/greenbook>

## APPENDIX 3: PROGRAM BACKGROUND AND METHODOLOGY

### PROGRAM BACKGROUND

The County of Santa Clara’s WM is a division of CEPA. “The service mission of Weights and Measures is to protect the buyer and seller in all monetary transactions that use weight, measure or count.”<sup>6</sup> WM fulfills its service mission primarily through inspections of business devices and consumer products.

WM Management estimates that staff inspects over 120,000 devices at 3,600 businesses throughout the County. WM operations significantly benefit lower-income residents because they are disproportionately impacted when they are overcharged at the register and receive less fuel at the pump, or receive less product (food, meat, fluids, etc.), and therefore have less to spend on essential items such as shelter, medicine, education.

In February 2022, CEPA underwent a reorganization that moved the Department of Environmental Health out of CEPA and to the Department of Public Health. The CEPA Director also retired at the end of February 2022. The reorganization and retirement do not affect the findings or recommendations contained in this audit report. However, these events may impact the financial analysis and cost considerations because WM is now a more significant percentage of revenue and expenditures of the newly reorganized CEPA. Therefore, the effects of CEPA reorganization are to be determined. In addition, since several finance, administrative, and IT specialists moved over to the Public Health Department, there are new vacancies to fill and shifting roles and responsibilities to meet the needs of the newly formed CEPA.

### METHODOLOGY

To achieve our audit objectives, IAD performed the following procedures:

- Conducted meetings with CEPA and WM Management, WM Inspectors, and state agency representatives.
- Requested and reviewed WM operations, reporting and policies and procedures documents.
- Observed inspections in the field and reviewed applicable manuals and procedures related to County weights and measures inspections and visited the WM office to review files.
- Sent management internal control questionnaire grouped into several areas: 1) Objectives and Goals, 2) Training, 3) Operational Best Practices, and 4) Operations.
- Established criteria for Equity guidance, considering the following:
  - The County is currently developing County-wide standards and believe that guidance and resources to embed equity in WM policies and procedures are available. For example, other departments in the County have established diversity, equity, and inclusion (DEI) policies into their operations.
  - The Board passed an Equity Resolution adopted on August 25, 2020, to establish formal guidelines for departments to promote equity principles throughout their organizations. In response, a new Chief Equity & Inclusion Officer position was hired by the County to develop and promote equity policies and business activities county-wide.
  - The County adopted the Government Alliance on Race and Equity (GARE) framework, which emphasizes the use of data to assess who is benefitting and who is being burdened by County systems and process as they currently exist.

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<sup>6</sup> <https://weights.sccgov.org/home>

## APPENDIX 4: OTHER OBSERVATIONS (OBS)

### OBS 1 - INSPECTIONS EQUIPMENT INVENTORY

**Observation:** IAD noted WM does not have test standards equipment inventory practices that were formally documented.

**Suggestion:** WM management should include equipment inventory policies and procedures in their training program. Conducting regular inventory verifications of assigned equipment is a common internal control practice to safeguard assets and is an implied County responsibility in the CACASA MOU.

### OBS 2 - INSPECTIONS FILE SECURITY

**Observation:** As staff were approved to work from home during COVID, management indicated that some inspections paperwork was removed from County offices.

**Suggestion:** All inspections paperwork, especially documents containing confidential complainant information, should be returned to the office for appropriate safeguarding as soon as practical.

### OBS 3 - CONSUMER COMPLAINTS: PRICE GOUGING VS. PRICE OVERCHARGING

**Observation:** IAD found two County forms identified as “consumer complaint” forms that can be found by consumers through online searches. One form is under authority of WM for price overcharges, and the other form is under authority of the County District Attorney’s (DA) Office related to price gouging. We acknowledge the legal and regulatory difference between overcharging<sup>7</sup> (advertised vs. charged price) and price gouging<sup>8</sup> (increased prices during emergency declarations for essential consumer goods and services); however, the average consumer will likely not understand this difference. Furthermore, how governments advertise consumer rights and complaint procedures protected under these different regulations are indistinguishable, and much of the same data is requested in both forms.

Additionally, the WM complaint form allows online submissions; however, the DA’s price gouging complaint form<sup>9</sup> is a paper-only version that should be considered for integration into WM Price Overcharging form for easier access by consumers and consistency of County marketing efforts.

**Suggestion:** All CEPA complaint forms should be reviewed holistically from a consumer equity, human-centered design perspective with added accessibility and community engagement opportunities. We further suggest WM and the DA’s Office discuss ways to leverage common resources for investigating consumer complaints.

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<sup>7</sup> [https://codes.findlaw.com/ca/business-and-professions-code/bpc-sect-12024-2\(d\).html](https://codes.findlaw.com/ca/business-and-professions-code/bpc-sect-12024-2(d).html)

<sup>8</sup> <https://oag.ca.gov/consumers/pricegougingduringdisasters>

<sup>9</sup> <https://countyda.sccgov.org/consumer-protection/consumer-complaint-form>

# County of Santa Clara

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Weights and Measures Division



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Date: May 31, 2022

To: Internal Audit Division

From: Joseph Deviney, Sealer of Weights and Measures 

Subject: Weights and Measures Management Responses to Internal Audit Report

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The Division of Weights and Measures (WM) responses to the Internal Audit findings report dated May 19, 2022, are as follows:

### **Finding 1 - Establish Goals and objectives specific to WM operations**

Agree and have additional comments: Management agrees with the need to establish a comprehensive matrix of goals for the Division. It should be noted that WM does utilize state guidelines to set inspection frequency interval goals and currently tracks employee performance against those goals through our “Daily” timekeeping system.

Several points listed under Finding #1, 1.1 in the report, have been discussed at recent internal WM meetings, and some agendized at external California Agricultural Commissioners and Sealers Association (CACASA) statewide conferences. WM is aware of these points and will consider them when establishing goals. The points on aligning to the County’s organizational mission and utilizing Key Performance Indicators (KPI) to measure performance, are welcome recommendations and will too be considered when establishing future goals.

Lastly, it is agreed that an annual performance report to HLUET would raise awareness of WM operations and provide transparency to the public.

### **Finding 2 – Develop a standardized training program specific to WM**

Agree and have additional comments: As noted in the report, the Division of WM does view safety as very important and has a history of an extremely low level of injuries and accidents. Our past practice has been for experienced veteran staff to perform safety and procedural inspector training in an “on the job training” format, in the field, per activity. Additionally, WM does use, and provides to all employees, procedural handbooks which are reference specific to devices and include actual inspection steps. Regrettably however, the Division has not developed a formal checklist system to document program training for separate activities or an annual review of safety clothing provided. We agree that developing a standardized training program will ensure expectations are understood, miscommunications and injuries are minimized, and the risk of loss of institutional knowledge when someone leaves employment is

lessened. WM has already placed in motion actions to make whole, per individual, both program and safety training that addresses the noted items on page 7 of the audit report.

Also mentioned in the report, CEPA was fortunate to create an Environmental Health and Safety Compliance Specialist position to aid in developing safety and training plans for CEPA. This position was filled just prior to the pandemic but was immediately deployed to disaster service work. This specialist has since returned to the agency and WM has already met and has plans outlined to further develop our safety program.

Also to note, management does perform an annual performance evaluation on every employee in December of each year where training needs are discussed.

Lastly, in response to an earlier conversation during the audit, we have recently assigned WM staff to attend de-escalation training to help in navigating difficult situations that WM inspectors sometimes encounter.

**Finding 3 – WM partially implemented principles of equity in inspections and complaint processes**

Agree and have additional comments: CEPA has had an active Racial Equity Alliance Leadership (REAL) Team for several years now and they have been meeting regularly, discussing what racial equity looks like, exploring where we can increase equity in our communities as it relates to our work, and presenting at staff meetings to continuously increase our awareness. To that end, WM management recently connected with the Office of Diversity, Equity, and Belonging (ODEB) and a redesign of our brochures, web content, and social media efforts is underway. All content and outreach mediums used are being recrafted collaboratively with input from the ODEB team to communicate more effectively, to a largely unknowing population, exactly what work “Weights and Measures” does to protect our diverse community and that we encourage them to engage with us and pave a way for us to serve them more equitably.

To address specific items mentioned in the report, our work with ODEB will include review of our online complaint forms (both for overcharges and price gouging as noted in Observations OS3) to ensure they are designed holistically from an equity, human-centered, perspective so that our public will understand the differences between the forms. Also working with the ODEB language team to expand our web content to all required languages.

Another recent change to mention relating to equity is that WM achieved a reclassification in June of 2021 which combined the WM Division with the Agriculture Division and resulted in more staff being able to perform WM work. With this increase, WM was able to immediately station two focused WM inspectors at our San Martin Campus to better serve the known underserved communities located in South County.

Lastly, WM has been working with our IT team and exploring tools such as Power BI and using GPS data layers of business types to better understand how we can track our work throughout the county toward the goal of displaying our impact on underserved communities and highlight areas where we need to focus to achieve more equitable service.

**Finding 4 – Test Standards equipment is operating as intended, however IT equipment is not operating as intended**

Agree: WM field testing equipment standards are certified as accurate and our IT related systems need to be replaced. As mentioned in the report, maintaining our current “Daily” time tracking and report generating system is time consuming and cost prohibitive and our scan gun price verification hardware system is obsolete. WM is aware of these issues and has been proactive to replace these systems. Mentioned in the report, an IT vendor (Calico Solutions) has been selected by CACASA and has recently developed a system (CalCATs) that is currently being trialed and used by several counties in the state. Issues discovered during the roll out are being resolved and features are scheduled to be added that will fully replace our current system, add desirable accounting features, and integrate an iPhone-based scanner price verification testing component designed for field application that would replace our obsolete scan gun system. WM has been meeting regularly with our CEPA IT Business Relationship Team and the consensus is that, due to the uniqueness of WM activities and that Calico solutions is creating a single custom solution, CalCATs is the best, and most cost effective, option for WM to take. The CEPA IT Business relationship Team has evaluated the capabilities of this system and feels confident that Calico Solutions is aligned to County IT security, architecture, and privacy standards and has detected no deficiencies. We are hopeful to move forward to obtain this system migrate to using it in FY23.

I would sincerely like to thank Albert Beltran, Internal Auditor in Charge, and Robin Rose, Internal Audit Manager, for their professionalism during this process, for the many positive and productive conversations, and for the many outcomes that are precipitating from this audit.

Sincerely,

DocuSigned by:



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Joe Deviney

Santa Clara County Sealer of Weights and Measures