

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF CODES AND STANDARDS
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December 27, 1993

INFORMATION BULLETIN MH 93-11

**TO: COMMERCIAL COACH MANUFACTURERS
COMMERCIAL COACH DEALERS
TRANSPORTERS
QUALITY ASSURANCE AGENCIES
DIVISION STAFF**

SUBJECT: COMMERCIAL COACH LICENSEE AUDIT OBJECTIVES

This Information Bulletin is in response to requests for clarification of the specific objectives and requests for records when the Department conducts audits of commercial coach manufacturers and dealers. Over the past year, the Department has conducted several audits of commercial coach manufacturers and dealers in order to evaluate compliance with state laws and Department regulations regarding commercial coaches. These audits have revealed numerous violations and misunderstandings of the requirements. Accordingly, the Department recently issued Information Bulletin MH 93-08, dated November 30, 1993, in order to clarify the requirements for inspections, manufacture, reporting sales, leases and rents, and for maintaining current and appropriate registration.

The Department's audit objectives and the records required by Section 5011, California Code of Regulations, Title 25, Division 1, Chapter 4 normally requested by a Department Auditor are listed below. Also indicated are the records that are used by the Department auditor to make a comparisons with the records obtained at the time of the audit.

Audit Objective #1

Determine if all commercial coaches manufactured have been inspected for compliance with the applicable construction plans and standards, and the completed unit was issued a Departmental Insignia of Approval.



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A. Requested Factory Records:

1. Production records of units manufactured.
2. Inspection reports by the HCD Approved Quality Assurance Agency.
3. Manufacturer's Certificate of Origin.
4. Sales Invoices to Dealers.

B. Departmental Records for Comparison:

1. Monthly Activity Reports by the Quality Assurance Agency.
2. Manufacturer's Certificate of Origin.
3. Dealer Report of Sale or Lease of a new unit.

Audit Objective #2

Determine if a Manufacturer's Certificate of Origin has been issued for each new commercial coach manufactured and shipped from the factory.

A. Requested Factory Records:

same as #1A, above.

B. Departmental Records for Comparison:

same as #1B, above.

Audit Objective #3

Determine appropriate licensure of the dealer and salespersons.

A. Requested Dealer Records:

1. Department issued license(s) required to be displayed.
2. Completed Dealer Report of Sale.
3. Employment records.

B. Departmental Records for Comparison:

1. Occupational License Applications and supporting submittals.

Audit Objective #4

Determine if all sold, lease or rented commercial coaches have been reported on Department issued Dealer Report of Sale forms, and the Report of Sale form was completed accurately and truthfully.

A. Requested Dealer Records:

1. Completed Report of Sale forms.
2. Purchase/sale documents.

B. Departmental and Other Records for Comparison:

1. Manufacturer's Certificate of Origin.
2. Manufacturer's Invoice.

Audit Objective #5

Determine if any owned commercial coaches leased or rented to others are currently registered. Determine if units reported as leased or rented to an agency exempt from annual registration, are appropriate.

A. Requested Dealer Records:

1. Fleet inventory records.
2. Lease and rental agreements.

B. Departmental and Other Records for Comparison:

1. Department Registration and Titling records.

This Information Bulletin is intended to provide clarification of the Department's audit objectives; however, in no way do these clarifications place limitations or restrictions on the Department's authority provided by law. Section 5011 of the California Code of Regulations requires a licensee to maintain specific records for a period of at least three years. There is no statute establishing a limitation on the age of records the Department auditor may request once a practice of violation has been discovered.

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The Department suspended commercial coach licensee audits pending release of this Information Bulletin. These audits will now resume.

For additional information or clarifications, please feel free to contact:

**Registration and Titling
Occupational Licensing
Insignia and Standards**

**(800) 952-8356 or (916) 323-9224
(916) 323-9803
(916) 445-3338**


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