

***Clean Truck Fund Performance Audit:
The Program Can Strengthen Oversight of
Management Fees to Increase Funding for Clean
Truck Initiatives***



Independence you can rely on

June 2025

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City Auditor



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Clean Truck Fund Performance Audit: The Program Can Strengthen Oversight of Management Fees to Increase Funding for Clean Truck Initiatives

June 2025

LAURA DOUD

Report Summary

Why This Audit Is Important

The Los Angeles-Long Beach region has historically struggled with poor air quality due to the emissions created by the Port of Long Beach and the Port of Los Angeles (San Pedro Bay Ports). In 2017, the Ports updated the San Pedro Bay Ports Clean Air Action Plan (Clean Air Plan) to improve the air quality in the surrounding areas by addressing emissions generated by diesel powered trucks accessing the port complex.

Effective April 1, 2022, the San Pedro Bay Ports enacted the Clean Truck Fund Rate (Clean Truck Fee), a \$10 fee for every container being imported to or exported from the port complex by a diesel fueled truck. Revenue generated by the Clean Truck Fee funds clean truck initiatives such as charging infrastructure and subsidizing zero emission truck vouchers. The goal of these initiatives is to accelerate the adoption and use of clean trucks to improve the air quality in the port complex and surrounding neighborhoods. As of May 2024, the Port has received a total of \$81 million in net revenue.

Audit Objective

Our audit evaluated the Clean Truck Fee's collection and use of revenue to confirm that all revenues are collected, deposited, and spent as intended. The scope of the audit is from April 1, 2022, to May 31, 2024.

Acknowledgement

We thank management and staff at the Port of Long Beach for their assistance and cooperation during this audit.

What We Found

We found that PortCheck, the vendor contracted to manage the Clean Truck Fee revenue collection, is including additional management fees due to PortCheck's use of multiple levels of subcontractors. One subcontractor charges its own management fee on top of PortCheck's subcontractor oversight fee, and both fees are paid by the Clean Truck Fund. The additional fees reduce the available funding for Clean Truck initiatives and have cost the program an extra \$155,424 in total since inception, half of which is paid by the Port of Long Beach.

Additionally, we found that the Port of Long Beach lacks independent third-party information to verify the total gate activity being reported by PortCheck and therefore has no means of independently confirming the accuracy and completeness of the revenue collected.

What We Recommend

We recommend that PortCheck reimburse the Port of Long Beach \$77,712 for its portion of the additional management fee that was previously charged. Going forward, we recommend that PortCheck refrain from including additional management fees.

We also recommend that the Port of Long Beach explore cost-effective options to verifying the accuracy of the data being reported by PortCheck, including periodic in-person monitoring of the terminal activity or contracting an independent third party to corroborate the data.



Image of the ribbon-cutting ceremony for the Port of Long Beach's new charging depot from the Port of Long Beach press release.



I. Background

The Clean Truck Fee funds clean air projects aimed at improving the air quality in Long Beach.

The Los Angeles-Long Beach region has historically suffered from low air quality due to emissions generated by port operations. Port emissions originate from sources such as ocean vessels, heavy duty equipment, and diesel-powered trucks. The emissions consist of diesel exhaust chemicals, which include nitrogen oxides and sulfur oxides, and can cause potential health issues for residents in the surrounding areas. Addressing the emission levels generated by the port complex is critical to improving the quality of life for Long Beach residents.

In 2017, the Port of Long Beach and the Port of Los Angeles (San Pedro Bay Ports), adopted a Clean Air Plan to take a more aggressive approach to address the sources of air pollution. One of the strategies focuses on reducing emissions generated by diesel-powered trucks entering and exiting the port complex to pick up and drop off shipping containers. On average, the Port of Long Beach (Port) sees 6,400 trucks enter and exit the terminals daily.

To decrease diesel-powered truck emissions, the San Pedro Bay Ports enacted the Clean Truck Fund Rate (Clean Truck Fee) on April 1, 2022, which assesses a \$10 fee per twenty-foot equivalent unit being imported or exported from the port complex by diesel-powered trucks. For example, when a 40-foot shipping container is imported to the United States and arrives at the port complex, the diesel-powered truck picking up and transferring the container to a nearby warehouse is assessed a \$20 fee. Payment of the fee is the responsibility of the cargo owners, not truck operators.

The Clean Truck Fee net revenue is restricted for use in clean truck programs. The Port manages this revenue through an independent fund that does not receive any City or Port funding and cannot be used for purposes beyond what is established in the Clean Air Plan. The Port oversees the fund and assigns Port personnel to administer and manage it.

\$81 million in revenue has been generated through the Clean Truck Fee.

Since its inception, the Clean Truck Fee has generated an average of \$38 million annually in net revenue for the Port. As of May 2024, the Port has received a total of \$81 million in net revenue.

Figure 1.
The Clean Truck Fee has generated an average of \$3.2 million each month in net revenue since its implementation in April 2022.



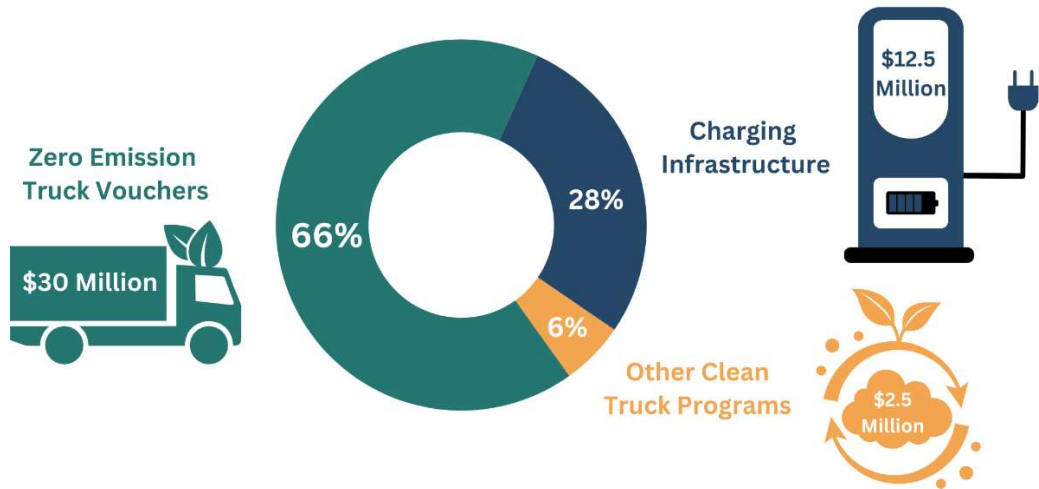
The San Pedro Bay Ports contract with PortCheck LLC (PortCheck) to manage the Clean Truck Fee collection system and oversee the collection and transmission of funds to each port. PortCheck subcontracts a portion of the work to two entities: BRiC-TPS LLC (BRiC) and Advent Intermodal Solutions LLC (Advent). Both BRiC and Advent collaborate in making the containers available online for cargo owners or their agents to claim and pick up, and processing Clean Truck Fee payments. BRiC and Advent reconcile and report the activity to PortCheck, which uses the information to report and remit revenue to each port. PortCheck deducts operating expenses from the revenue generated, with fixed expenses split equally between the two ports and variable expenses allocated based on activity levels.

The Port’s environmental team determines the clean air initiatives that are funded by the Clean Truck Fee.

The Clean Truck Fund aims to reduce port-generated emissions and improve the air quality for residents of the neighboring area. It achieves this by generating revenue to fund various clean truck initiatives that incentivize the adoption of clean truck technology. The Port’s environmental team allocates funds to projects that best advance these goals. As of May 2024, the Port has committed a total of \$45 million in revenue to fund various projects that fall under three main categories:

- Zero Emission Truck Voucher Program
- Zero Emission Vehicle Charging Infrastructure
- Other Clean Truck Programs

Figure 2.
\$45 million dollars of the Clean Truck Fee revenue has been committed to various clean truck initiatives that span from 2022 through 2026.



Zero Emission Truck Vouchers

The Port’s Clean Truck Voucher Program (Voucher Program), funded by the Clean Truck Fee, incentivizes fleet operators to transition to clean air trucks by subsidizing new zero emission truck purchases. The Voucher Program supplements California’s existing Hybrid and Zero Emission Truck and Bus Voucher Incentive Project (State Voucher Program), which combined can offset up to 90% of a new zero emission truck’s cost.



Image of a Zero Emission Truck at a Green Ports environmental event from a Port of Long Beach press release.

CALSTART, Inc. (CALSTART), who is contracted by the state and the San Pedro Bay Ports, collects and reviews applications for both programs. Fleet operators applying to the Voucher Program must service the San Pedro Bay Ports for three years after receiving the funds, with the subsidized zero emission trucks making a minimum of 30 visits per year.

As of May 2024, the Port has committed \$30 million to subsidize zero emission vehicle purchases.

Charging Station Infrastructure

To facilitate the adoption of zero emission trucks, the Port is committing over \$12.5 million in various construction projects to increase accessibility of charging stations. One completed infrastructure project, a charging depot at the Port, can charge up to 200 trucks a day.



Image of the groundbreaking for Forum Mobility's charging depot from the Port of Long Beach press release.

Other Clean Truck Programs

The Port is funding joint projects with the Air Quality Management District, including the deployment of 100 zero emission trucks. The total committed expenses as of May 2024 for other clean truck programs is \$2.5 million.

II. Findings & Recommendations

Finding #1: \$77,712 in additional management fees paid to PortCheck should be refunded to the Port as the fees are a result of pass-through contracting.

Lack of oversight over subcontractor costs can result in the pass-through of additional expenses.

According to the Federal Acquisition Regulation, government agencies should restrict the pass-through of charges from subcontractors when the services provided have negligible value. "Negligible value" refers to services that do not contribute meaningfully to the work being done under the contract. Additionally, a report from the Government Accountability Office notes that without proper guidance or oversight of allowable costs, the expenses of lower-tier subcontractors may be improperly included in the higher-tier subcontractor's and prime contractor's overall costs.

The Port's contract with PortCheck states PortCheck is responsible for developing and operating a collection system specifically for the Clean Truck Fee. The contract allows PortCheck to subcontract multiple vendors to fulfil the contractual obligations. Additionally, it provides a budget for subcontractor expenses, and a 10% subcontractor oversight fee on total subcontractor expenses.

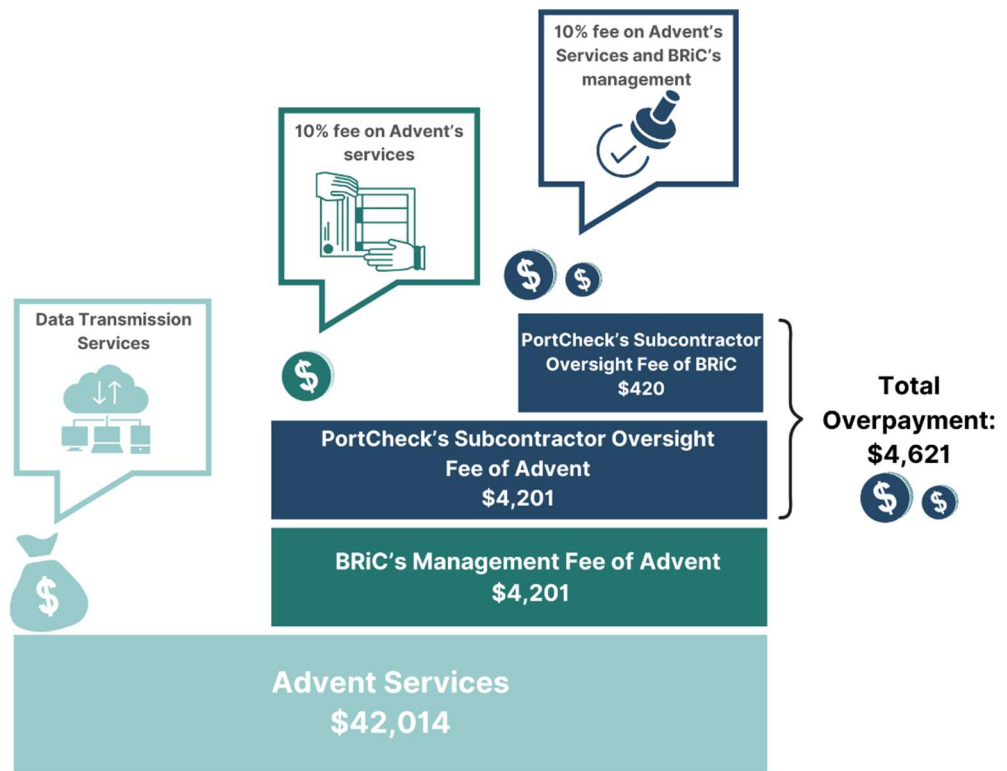
PortCheck subcontracts BRiC to handle certain administrative functions, including accounting, customer billing, and system maintenance. BRiC subcontracts with Advent to provide supporting services, such as data transmission and website administration. Although Advent is BRiC's direct subcontractor, PortCheck stated that they also oversee Advent, and all three entities work closely on a daily basis.

BRiC's management fee of Advent should not have been passed along for the Ports to pay.

When BRiC receives Advent's monthly invoice, BRiC adds a 10% management fee on top of Advent's services and passes the invoice to PortCheck. PortCheck then adds an additional 10% subcontractor oversight fee on BRiC's total invoice and requests reimbursement from the San Pedro Bay Ports. In effect, PortCheck is passing along the 10% management fee assessed by BRiC, and then applies their own 10% subcontractor oversight fee on both Advent's work and BRiC's management fee. PortCheck expressed that these management and oversight fees are legitimate costs to PortCheck since both they and BRiC oversee Advent's work. However, due to the multi-level billing, Advent's body of work is essentially being assessed a 10% management fee twice, once by BRiC and once by PortCheck.

Advent's monthly service charge is \$42,014, with related additional management fees equaling \$4,621 per month, as reflected in the figure below.

Figure 3.
The Ports pay an additional 10% management fee on work performed by a subcontractor.



The inclusion of BRiC's management fee plus the 10% subcontractor oversight fee has resulted in additional costs of \$155,424 to the Ports.

The Port reviews all invoices received from PortCheck. However, the Port's procedures for reviewing and approving expenses claimed by PortCheck are not formally documented. Additionally, during their reviews, the Port did not identify the additional management fees. While the Ports did not dispute the additional fees during their review, the additional fees should be reimbursed by PortCheck.

Allowing PortCheck to include BRiC's monthly management fee of Advent, along with charging PortCheck's own 10% subcontractor oversight fee, results in an additional cost of \$155,424 to the San Pedro Bay Ports, half of which was paid by the Port. On average, the San Pedro Bay Ports pay an extra \$4,647 per month in additional management fees. A detail of all additional management fees can be found in Appendix A.

Figure 4.
The Port incurred an additional \$77,712 in operating expenses due to pass-through subcontractor management fees.

	Advent's Services	BRiC's Management Fee	PortCheck's Subcontractor Oversight Fee	Total Additional Fees
Monthly Service from April 2022 to September 2024	\$ 1,260,433	\$ 126,043	\$ 12,604	\$ 138,647
Additional invoice in August 2023	\$ 20,802	\$ 1,891 *	\$ 189	\$ 2,080
Monthly Services from October 2024 to Present	\$ 133,607	\$ 13,361	\$ 1,336	\$ 14,697
				<u>\$ 155,424</u>
			Port of Long Beach's Portion:	<u>\$ 77,712</u>

* Based on actual invoice amount, which was not calculated using a 10% rate.

Paying additional fees results in less available funds for clean air initiatives, which impacts progress towards the goal of reducing emissions and improving air quality for the residents of Long Beach.

Recommendations

Recommendation 1.1 Request reimbursement from PortCheck for \$77,712 and require that PortCheck no longer include the additional subcontractor management fees as allowable expenses going forward.

Management Response: Agree (See Management Response for details)
 Target Implementation Date: September 30, 2025

Recommendation 1.2 Document formal policies and procedures over the review and approval of Monthly Revenue and Expense Reports from PortCheck.

Management Response: Agree (See Management Response for details)
 Target Implementation Date: September 30, 2025

Recommendation 1.3 Include explicit language in future contracts on the allowable expenses management fees and oversight fee that can be charged or exercise a flat rate for management oversight.

Management Response: Agree (See Management Response for details)
 Target Implementation Date: March 31, 2029

Finding #2: Revenue operations lack segregation of duties, as PortCheck and its subcontractors handle both tracking gate activity and managing revenue collection and remittance.

The Government Finance Officers Association recommends that the best practice for revenue control is to implement internal controls that separate duties by assigning different aspects of a transaction to different individuals, thereby ensuring accuracy and reducing the risk of error or fraud.

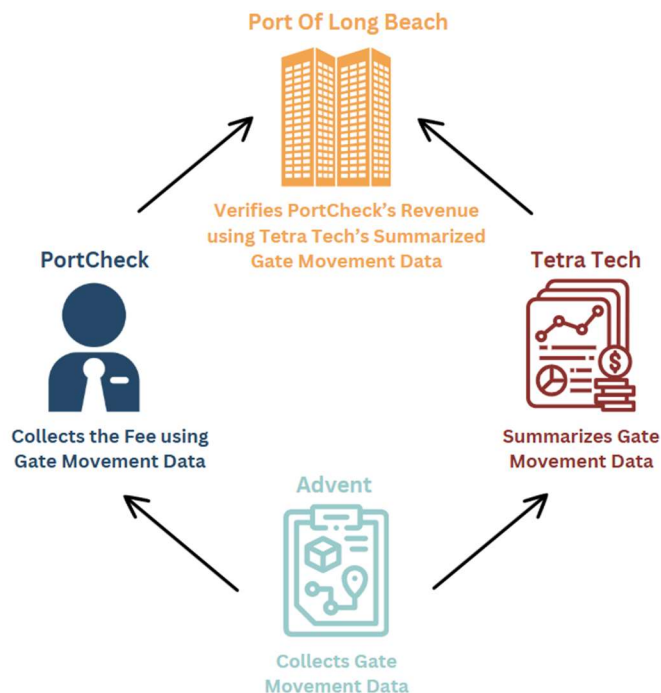
Additionally, the Government Accountability Office states management should obtain relevant data from reliable internal and external sources. Management should determine the reliability of the data by assessing the source of the data and whether the data is reasonably free of error and bias.

The Port lacks independent third-party information to verify the total gate activity being reported and therefore has no means of confirming the accuracy and completeness of the revenue collected by PortCheck. The gate activity is a record of all trucks entering and exiting the Port, and includes details regarding the truck's license plate, and date and time of entry or exit.

The Port verifies the revenue collected by PortCheck by comparing PortCheck's reported data with summary data from the third party, Tetra Tech. Because port intermodal logistics is a specialized industry, Tetra Tech and PortCheck have both contracted with Advent to supply their source data.

The Port does not have independent third-party information to verify revenue data provided by PortCheck.

**Figure 5.
The Port does not have an independent external source to verify the gate movement activity reported by PortCheck.**



Since Tetra Tech and PortCheck’s data originate from the same source, Tetra Tech’s data would not be considered unbiased. Therefore, the Port’s reliance on Tetra Tech’s data does not provide an independent source of information to verify the accuracy of PortCheck’s reporting.

To independently test the accuracy of PortCheck’s reporting, we performed a physical observation of various port terminals and documented the time of entry and exit for trucks accessing the port complex. We then compared the observed trucks to the raw data obtained and provided by Advent and found the trucks activity was recorded at a reasonably accurate rate. Periodic observations and monitoring of the terminal activity can corroborate, on a sample basis, the completeness and accuracy of Advent’s data and of the revenue remitted by PortCheck.

By relying solely on Tetra Tech provided reports, Clean Truck Fee revenue cannot be independently verified by the Port as both sets of data originate from the same source. Therefore, the Port would be unable to detect a mistake in the PortCheck reported data as there is no independent data or outside oversight. This could lead to potential revenue loss, impacting the available funding for clean truck initiatives.

Recommendations

Recommendation 2.1 Explore cost-effective options for verifying the accuracy of the data being reported by PortCheck including periodic in-person monitoring of the terminal activity or contracting an independent third party to corroborate the data.

Management Response: Agree (See Management Response for details)
Target Implementation Date: December 31, 2025

Recommendation 2.2 Consider the feasibility of implementing requirements in future Requests for Proposals for segregation of duties in collecting and remitting the fees, and having a separate entity collect the data which drives revenue.

Management Response: Agree (See Management Response for details)
Target Implementation Date: March 31, 2029

Finding #3: PortCheck effectively reviews and approves new user accounts to ensure the intended party pays the Clean Truck Fee; however, these procedures are not formally documented.

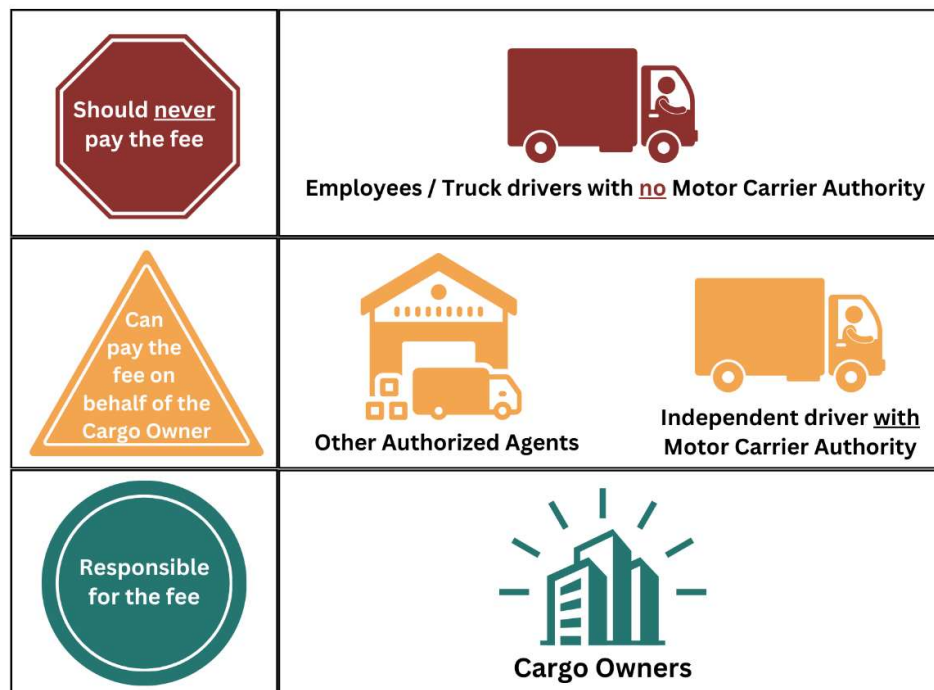
The Government Accountability Office recommends formalizing all control activities in written policies and procedures to ensure accountability and consistent application. Additionally, the Clean Truck Fee program includes specific language explicitly prohibiting truck operators from paying the fee in order to prevent financially burdening individual truck drivers.

Although the Port’s contract with PortCheck does not specifically require PortCheck formally document its process for vetting customers, it does require that PortCheck collect the fee from the appropriate party.

To prevent drivers from paying the fee, PortCheck reviews and approves all new user applications on the PortCheck website. The review process confirms the applicant’s business type and ensures the applicant is in good standing with the California Secretary of State. Only companies meeting these requirements receive account approval to claim containers and pay the fee. If the review process identifies the applicant as an individual truck driver, PortCheck rejects the account application, and the fee cannot be paid. While this process is consistent with the Clean Truck Fee requirements, PortCheck does not formally document this in its policies and procedures.

Controls over collection of the Clean Truck Fee ensure individual truckers do not pay the fee.

**Figure 6.
The Port specifically excludes Truck Operators from paying the Clean Truck Fee.**



While PortCheck's current procedures mitigate the risk of individual truck operators paying the fee, formalizing this procedure will help maintain this control process moving forward.

Recommendations

Recommendation 3.1 Require PortCheck formally document its policies and procedures over the review of user accounts.

Management Response: Agree (See Management Response for details)
Target Implementation Date: December 31, 2025

Recommendation 3.2 Include language in the contract for PortCheck provide a copy of its policies and procedures to the Port and collaborate with Port staff.

Management Response: Agree (See Management Response for details)
Target Implementation Date: March 31, 2029

Finding #4: The Port’s Voucher Request Form does not define the term “Purchaser”, which can lead to confusion over contractual obligations.

The contract between CALSTART and the Port defines the term “vehicle purchaser” as any fleet/end-user that enters into a lease agreement of three or more years. However, the Port does not define the term in their Voucher Request Form.

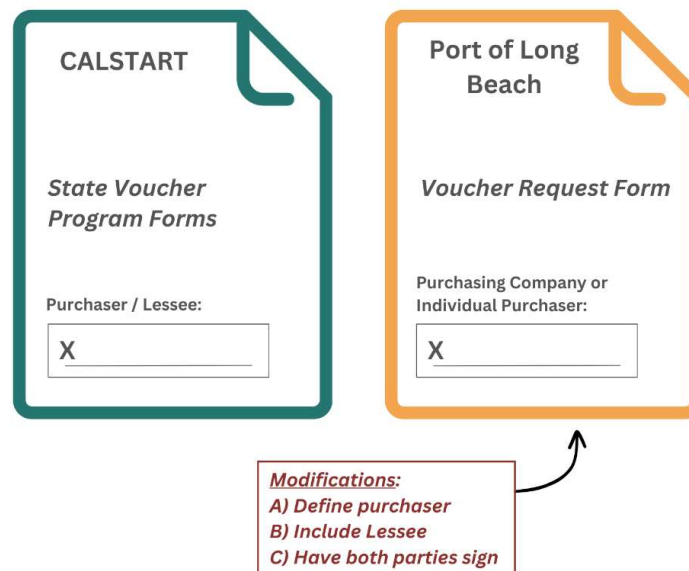
If the party responsible is not accurately represented or defined in the agreement, the Port runs the risk of parties evading the responsibilities that were agreed upon at the time of voucher redemption.

The Port contracts with CALSTART to issue Clean Truck Vouchers as an additional incentive to the state’s voucher program. To receive this additional funding from the Port, applicants must agree to service the port complex for three years after purchasing the zero emission truck. This requirement ensures the zero emission trucks subsidized by the Clean Truck Fee directly service the San Pedro Bay Ports, thereby improving the air quality in the Los Angeles-Long Beach region.

Current vouchers for the Port do not require both lessee and purchaser’s signature as required by the state.

However, the Port’s Voucher Request Form is not consistent with the state’s voucher forms. The state’s voucher forms use the phrase “Purchaser/Lessee” when referring to the applicant, while the Port’s Voucher Request Form refers to the applicant as the “Purchasing Company or Individual Purchaser”. The Port’s Voucher Request Form does not include the term “lessee”, nor does it define the term “purchaser”.

**Figure 7.
The Port’s Voucher Request Form needs to either include the term “Lessee” or define the term “Purchaser” to be consistent with the State Voucher Program forms.**



Not clearly defining the responsible party could lead to the zero emission truck owner receiving the subsidy and using the zero emission truck for business outside of the San Pedro Bay Ports.

Recommendations

Recommendation 4.1 Update the Port's Voucher Request Form to include "Lessee" in the signature line and terms and conditions.

Management Response: Agree (See Management Response for details)
Target Implementation Date: December 31, 2025

Recommendation 4.2 Include the contract definition of purchaser on the Port's Voucher Request Form.

Management Response: Agree (See Management Response for details)
Target Implementation Date: December 31, 2025

III. Objective, Scope, and Methodology

The objective of this audit was to evaluate the Clean Truck Fee's collection and use of revenue to confirm that all revenues are collected, deposited, and spent as intended. The scope of the audit includes all revenue generated from the Clean Truck Fee and the disbursement of Clean Truck Vouchers from April 1, 2022, to May 31, 2024.

To achieve this objective, we performed the following procedures:

- Tested a sample of monthly gate movement reports to verify all movements were captured, correct fees were applied, and the total revenue collected was accurately remitted to the Port.
- Tested a sample of monthly financial reconciliations to verify the Clean Truck Fee revenue is properly reconciled and reviewed by PortCheck staff.
- Inspected PortCheck's gate movement reconciliation process, in which PortCheck confirms all qualified gate movements have a fee collection recorded in their financial system, to ensure PortCheck is collecting all fees in a timely manner.
- Performed a physical observation of terminal activity to ensure gate movement reports are accurate.
- Performed an inspection of the client facing interface PortCheck developed to ensure the interface provides ease of transaction completion for users.
- Tested all monthly reconciliations to verify expenditures claimed are reasonable and allowed according to the agreement.
- Reviewed PortCheck's internal controls to ensure that the Clean Truck Fee is paid by Beneficial Cargo Owners or their authorized agents.
- Interviewed the Port's environmental division regarding the tracking and monitoring of CALSTART's voucher issuing procedures and inspected supporting documents.
- Reviewed Clean Truck Fund spending plan reports to verify the Clean Truck Fund team proactively analyzed the program's performance and adjusted the plan to maximize its efficiency.
- Interviewed the Port's operations division regarding the monitoring of PortCheck's monthly revenue and expenses claimed and inspected supporting documents.
- Reviewed the Port and CALSTART's promotion of the Clean Truck Fund voucher program to verify interested parties would be informed of the available program.
- Reviewed revenue and expense activity recorded in the financial system to verify the accurate and appropriate recording of total revenue and expenses in the Clean Truck Fund.
- Performed a walkthrough of CALSTART's voucher approval process to verify appropriate review of applications and segregation of duties.

- Tested a sample of vouchers issued to verify the recipients were eligible, the amount granted does not exceed the maximum allowed, and the appropriate approvals were received.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards (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 the audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives.

IV. Appendix

Appendix A.

List of additional management fees included in PortCheck's monthly invoices to the San Pedro Bay Ports, from April 2022 to December 2024¹.

Invoice Month	Advent's Services	BRiC's Management Fee	PortCheck's Subcontractor Oversight Fee	Total Impact
April 2022	\$ 42,014.44	4,201.44	420.14	\$ 4,621.59
May 2022	42,014.44	4,201.44	420.14	4,621.59
June 2022	42,014.44	4,201.44	420.14	4,621.59
July 2022	42,014.44	4,201.44	420.14	4,621.59
August 2022	42,014.44	4,201.44	420.14	4,621.59
September 2022	42,014.44	4,201.44	420.14	4,621.59
October 2022	42,014.44	4,201.44	420.14	4,621.59
November 2022	42,014.44	4,201.44	420.14	4,621.59
December 2022	42,014.44	4,201.44	420.14	4,621.59
January 2023	42,014.44	4,201.44	420.14	4,621.59
February 2023	42,014.44	4,201.44	420.14	4,621.59
March 2023	42,014.44	4,201.44	420.14	4,621.59
April 2023	42,014.44	4,201.44	420.14	4,621.59
May 2023	42,014.44	4,201.44	420.14	4,621.59
June 2023	42,014.44	4,201.44	420.14	4,621.59
July 2023	42,014.44	4,201.44	420.14	4,621.59
August 2023	42,014.44	4,201.44	420.14	4,621.59
<i>Additional Invoice in August 2023</i>	20,801.55	1,891.05 ²	189.11	2,080.16
September 2023	42,014.44	4,201.44	420.14	4,621.59
October 2023	42,014.44	4,201.44	420.14	4,621.59
November 2023	42,014.44	4,201.44	420.14	4,621.59
December 2023	42,014.44	4,201.44	420.14	4,621.59
January 2024	42,014.44	4,201.44	420.14	4,621.59
February 2024	42,014.44	4,201.44	420.14	4,621.59
March 2024	42,014.44	4,201.44	420.14	4,621.59
April 2024	42,014.44	4,201.44	420.14	4,621.59
May 2024	42,014.44	4,201.44	420.14	4,621.59
June 2024	42,014.44	4,201.44	420.14	4,621.59
July 2024	42,014.44	4,201.44	420.14	4,621.59
August 2024	42,014.44	4,201.44	420.14	4,621.59
September 2024	42,014.44	4,201.44	420.14	4,621.59
October 2024	44,535.53	4,453.53	445.35	4,898.88
November 2024	44,535.53	4,453.53	445.35	4,898.88
December 2024	44,535.53	4,453.53	445.35	4,898.88
San Pedro Bay Ports Total	\$ 1,414,841.34	141,294.96	14,129.50	\$ 155,424.46
Port of Long Beach's Total	\$ 707,420.67	70,647.48	7,064.75	\$ 77,712.23

¹ The scope was extended to December 2024 to capture the most accurate total dollar value. Management Fees are fixed expenses, which are split equally between the San Pedro Bay Ports.

² Amount reflects actual invoice amount, which did not apply a 10% rate.

V. Management Response

MANAGEMENT RESPONSE AND ACTION PLAN

Port of Long Beach

Clean Truck Fund Performance Audit

No.	Recommendation	Priority	Page #	Agree or Disagree	Responsible Party	Action Plan / Explanation for Disagreement	Target Date for Implementation
1.1	Request reimbursement from PortCheck for \$77,712 and require that PortCheck no longer include the additional subcontractor management fees as allowable expenses going forward.	H	7	Agree	Tenant Services	The audit team made a first attempt to recover the sub-contractor management fee mark-up. We will continue to work in conjunctin with POLA for the re-imbursement of the additional subcontractor management fees found during the audit. Meet, review and agree on path forward with PortCheck.	Q3 2025
1.2	Document formal policies and procedures over the review and approval of Monthly Revenue and Expense Reports from PortCheck.	H	7	Agree	Tenant Services	Staff will document formal procedures . We have already initiated a draft and are finalizing.	Q3 2025
1.3	Include explicit language in future contracts on the allowable expenses management fees and oversight fee that can be charged or exercise a flat rate for management oversight.	H	7	Agree	Tenant Services	Working on collaboration with POLA, detailed management expense language will be included in the next amendment or contactor with PortCheck.	Q1 2029
2.1	Explore cost-effective options for verifying the accuracy of the data being reported by PortCheck including periodic in-person monitoring of the terminal activity or contracting an independent third party to corroborate the data.	M	10	Agree	Tenant Services	Review of the process used duiring the audit and how that can be improved upon. Assess the cost versus benefit of utilizing our Clean Trucks Program Adminstrator for options to verify and coorborate the accuracy of the data from an independent third party perspective.	Q4 2025
2.2	Consider the feasibility of implementing requirements in future Requests for Proposals for segregation of duties in collecting and remitting the fees, and having a separate entity collect the data which drives revenue.	M	10	Agree	Tenant Services	Segregation of duties are noted and will be kept on file for consideration in the next RFP and/or contract amendment.	Q1 2029
3.1	Require PortCheck formally document its policies and procedures over the review of user accounts.	M	12	Agree	Tenant Services	Work in conjunction with POLA to accomplish this item.	Q4 2025
3.2	Include language in the contract for PortCheck provide a copy of its policies and procedures to the Port and collaborate with Port staff.	M	12	Agree	Tenant Services	Upon completion of #7 above, this will also be required for the next PortCheck amendment or contract.	Q1 2029

MANAGEMENT RESPONSE AND ACTION PLAN

Port of Long Beach

Clean Truck Fund Performance Audit

No.	Recommendation	Priority	Page #	Agree or Disagree	Responsible Party	Action Plan / Explanation for Disagreement	Target Date for Implementation
4.1	Update the Port's Voucher Request Form to include "Lessee" in the signature line and terms and conditions.	M	14	Agree	Environmental Planning	Contract with CALSTART will be amended to adjust the structure of the voucher program, add funds, and extend the term of the contract. In the contract amendment staff will include a revised Voucher Request Form including "Lessee" in the signature line and terms and conditions.	Q4 2025
4.2	Include the contract definition of purchaser on the Port's Voucher Request Form.	M	14	Agree	Environmental Planning	Contract with CALSTART will be amended to adjust the structure of the voucher program, add funds, and extend the term of the contract. In the contract amendment staff will include a revised Voucher Request Form including a definition of the purchaser.	Q4 2025

Priority

H – High Priority - The recommendation pertains to a serious or materially significant audit finding or control weakness. Due to the seriousness or significance of the matter, immediate management attention and appropriate corrective action is warranted.

M – Medium Priority - The recommendation pertains to a moderately significant or potentially serious audit finding or control weakness. Reasonably prompt corrective action should be taken by management to address the matter. Recommendation should be implemented no later than six months.

L – Low Priority - The recommendation pertains to an audit finding or control weakness of relatively minor significance or concern. The timing of any corrective action is left to management's discretion.

Yellow areas - to be completed by the department



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