

Office of the City Auditor

City of San Diego

Take-Home Use of City Vehicles:

The City Has Allowed Employees to Take Home More Vehicles Than Necessary to Meet Its Operational Needs

**Presentation to the Audit Committee
July 11, 2011**



Background

Take-Home Vehicles

- The City assigns approximately 347 vehicles to employees who are required to respond to emergencies when not on duty
- SDPD has 277 vehicles or 80 percent of the take-home vehicles in the City and Fire-Rescue has 48 or 14 percent of the take-home vehicles in the City
- SDPD and Fire-Rescue permanently assign take-home vehicles for exclusive use by specific employees. All other City departments assign vehicles to a group of employees on a rotating basis

Background

Take-Home Vehicles

- Fire-Rescue assigns take-home vehicles based on potential call-back responsibilities. The actual frequency of call-backs is not a factor in assigning the vehicles.
- SDPD also assigns vehicles based on potential call-back responsibilities. However, SDPD also assigns many take-home vehicles based upon position. In fact, all SDPD personnel at or above the rank of Lieutenant take home their City vehicles.
- Individual departments have the authority to approve take-home vehicle assignments as well as vehicle acquisition. Departments direct Fleet Services to purchase vehicles and assign fuel credit cards to purchase gas at private stations.

Scope and Methodology

- Assessed the following:
 - ♦ Reasonableness of take-home assignments and potential opportunities to reduce the number of take-home vehicles for FY 2010
 - ♦ Whether the City's internal controls pertaining to the use of take-home vehicles and the City's fuel credit cards are sufficient to reduce the risk of fraud and abuse
 - ♦ Whether the City has adequate procedures in place to recover vehicle-related costs as appropriate
- Reviewed the following:
 - ♦ Laws, policies, and regulations related to take-home vehicle assignments and usage;
 - ♦ Service Level Agreements related to take-home vehicle assignment and usage;
 - ♦ Financial information and management reports;
 - ♦ Current take-home vehicles processes and practices;
- Met with and interviewed:
 - ♦ SDPD, Fire-Rescue, and Fleet Services management
 - ♦ Key staff involved in take-home vehicle assignments and usage
 - ♦ Other City department officials
 - ♦ Other jurisdictions

Finding 1

Take-Home Vehicle Assignments

- SDPD and Fire-Rescue logged approximately 2.5 million commute-only miles during FY 2010, costing the City approximately \$2.1 million
 - ♦ Six drivers in our sample of 72 had a round-trip commute distance of over 100 miles per day, costing the City approximately \$196,000 annually for commuter miles alone
 - ♦ Members of some units within Fire-Rescue (Fire Prevention Bureau) and SDPD (Motorcycle and Canine units) responded to less than 12 emergency calls per year, but all three units combined cost the City about \$613,000 for commuting in FY2010 alone
- **Recommendations: Develop policies and procedures establishing guidelines for a maximum one-way commute distance and develop a process to recover the costs associated with commutes that exceed those guidelines . Increase the use of rotational take-home assignments and the use of pooled vehicles.**

Finding 1

Take-Home Vehicle Assignments

- ♦ We estimated that the City could save up to \$569,000 annually by reducing the quantity of its SDPD and Fire-Rescue take-home vehicles by 76 (23 percent) while preserving the ability to respond to emergencies
- ♦ We also identified an additional 23 take-home vehicles that we recommended SDPD and Fire-Rescue review for potential elimination. This would save the City an additional \$149,000 per year

➤ **Recommendation:** Identify opportunities to eliminate take-home vehicles not regularly needed in emergency responses by taking into consideration the number of actual emergency responses, types of special equipment needed, and response time expectations.

Finding 1

Take-Home Vehicle Assignments

- The City lacks a process of review and accountability for assigning take-home vehicles to City employees
 - ◆ SDPD and Fire-Rescue do not conduct scheduled reviews of take-home vehicle assignments to assess continuing needs
 - ◆ SDPD and Fire-Rescue do not track emergency call-backs in a consistent and uniform manner
 - ◆ SDPD and Fire-Rescue do not have clearly defined response time expectations for drivers to report to an emergency scene
- **Recommendation: SDPD and Fire-Rescue should develop process narratives requiring them to review take-home vehicle assignments annually, maintain accurate records of emergency call-backs, and establish maximum emergency response times.**

Finding 2

Take-Home Vehicles – Internal Controls

- The City failed to seek reimbursement for at least \$212,025 in maintenance, fuel, and accident claim costs incurred on vehicles operated by SDMS
- The City lacks internal controls over the use of the City's fuel cards, and it is not clear which City department holds responsibility for oversight of fuel card use
 - ♦ Our review identified that Fire-Rescue employees used fuel cards to purchase more expensive fuel when cheaper City-operated fuel stations were nearby
 - ♦ Also, the City's fuel card data system has not collected driver identification on approximately 20 percent of purchases made since January 2011, making effective oversight difficult
- **Recommendations: Fire-Rescue should seek reimbursement for SDMS-related expenses. Fleet Services should require departments to review fuel card transactions on a monthly basis and specify in its agreements with customer departments situations in which the use of fuel cards is acceptable.**

Finding 2

Take-Home Vehicles – Internal Controls

- The City does not have adequate processes and procedures to determine vehicle-related fringe benefits and may have failed to report some taxable benefits to the IRS
 - ♦ Our analysis shows that the City may have not reported the personal use of at least 13 take-home vehicles as a taxable fringe benefit on employees' W-2 forms
 - ✦ *This includes the personal use of 2 SDPD vehicles and 11 Fire-Rescue vehicles.*
 - **Recommendations: Require documentation of all take-home vehicle assignments including vehicle descriptions and drivers' law enforcement qualifications. Require all employees with taxable take-home vehicles to complete mileage forms documenting trips made for personal use, consistent with IRS regulations.**

Recommendations

- We made a total of 15 recommendations
- The City Administration agreed with 11 recommendations and partially agreed with 4 recommendations