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Highlights

Highlights of OCA-11-026

Why OCA Did This Study

Faced with diminishing resources, the City needs to analyze and determine whether the steep cost of routine commuting for take-home vehicles assigned to City employees is justified by operational and emergency response needs. This audit was conducted in accordance with the City Auditor's Fiscal Year 2011 Audit Work Plan to: (1) assess the reasonableness of current practices and identify potential opportunities to reduce the number of take-home vehicles; (2) assess 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 pertaining to those practices; (3) assess whether the City has adequate procedures in place to recover vehicle-related costs as appropriate. To do this, OCA analyzed financial data; reviewed best practices for take-home vehicle assignments; and reviewed and evaluated policies and procedures for take-home vehicle assignments.

What OCA Recommends

To reduce the City's costs associated with commuting in take-home vehicles, OCA made 15 recommendations, including establishing guidelines for maximum one-way commute distance and response time; maintaining accurate records on the number of emergency call-backs; identifying opportunities to eliminate take-home vehicles not regularly needed during emergency call-back responses; and revising current City policy to require that a complete listing of take-home vehicles be provided to the City Administration yearly with a justification for the assignments. Also, to improve the City's internal controls pertaining to the use of the City's fuel cards and the reporting of taxable fringe benefits, we recommend strengthening departmental review of fuel cards usage and requiring all employees with taxable take-home vehicles to complete mileage forms documenting trips made for personal use, consistent with IRS regulations.

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Take-Home Use of City Vehicles

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

What OCA Found

The City of San Diego (City) owns a fleet of about 4,200 vehicles and other motive equipment, including transport, special purpose, and police and fire vehicles. The City assigns approximately 347 vehicles to employees to take home with them on a nightly basis, including 277 San Diego Police Department (SDPD) and 48 San Diego Fire-Rescue Department (Fire-Rescue) vehicles. These vehicles are assigned to personnel who are responsible for responding to after-hours emergencies.

During our audit, we found that the City lacks a review process for take-home vehicle assignments and associated costs, and many units do not have clearly defined response time expectations. In fact, the City assigns take-home vehicles to some employees who rarely respond to emergency call backs, who do not have any special skills, or do not require any special equipment when responding to emergencies. As a result, during fiscal year 2010, SDPD and Fire-Rescue take-home vehicles logged about 2.5 million commute-only miles, with an estimated annual cost to the City of $2.1 million. We believe that the City could save up to $569,000 annually, while maintaining the ability to respond to emergencies, by reducing the quantity of its SDPD and Fire-Rescue take-home fleet by 76 vehicles (23 percent). We identified an additional 23 vehicles that we recommend SDPD and Fire-Rescue review for potential elimination based on employees' self reported information. Eliminating the take-home use of these 23 vehicles would save the City an additional $149,000 per year.

In addition, we found that the City does not have processes and procedures in place to review fuel card transactions and does not collect driver identification information on some purchases. As a result, Fleet Services, SDPD, and Fire-Rescue do not review fuel card purchases consistently. While we did not identify any specific cases of fraud and abuse, we found that Fire-Rescue employees use fuel cards excessively at private gas stations when less expensive City fuel stations are located nearby, costing the City $2,685 in fiscal year 2010.

Furthermore, we found that the City's established procedure to determine and report vehicle-related taxable fringe benefits is inadequate. As a result, 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, even though it appears that personal use of these vehicles should be considered a taxable fringe benefit under the Federal Internal Revenue Code.

Finally, we found that the City paid approximately $212,000 to maintain, fuel, and insure 15 vehicles operated by a City partner, San Diego Medical Services. The City has failed to seek reimbursement for these costs.