

## MEMORANDUM OF TRANSMITTAL

**To:** Michelle McCrimmon, Deputy Chief Financial Officer

**From:** George J. McGowan, CPA  
Director, Office of Audit Services and Management Support

**Dates:** February 2, 2022

**Subject:** Take-Home Vehicles (Report No. 22-05)

The Office of Audit Services and Management Support performed an audit of the controls over the use of the City take-home vehicles. The audit objectives were to ensure that City-wide use of take-home vehicles are in accordance with City Policies and Procedures.

We conducted this performance audit in conformance with the International Standards for the Professional Practice of Internal Auditing. 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 our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The scope of this audit focused on the business case justification, oversight of licensing and insurance requirements, and the reasonableness of miles driven. In addition, the scope included IRS Publication 15-B "Employer's Tax Guide to Fringe Benefits" compliance. The audit period reviewed was January 2019 through June 2021.

Fleet Management Division (Fleet) is responsible for preventative maintenance, repairs, and replacement for over 2,600 assets. These assets include, but are not limited to, Police vehicles, Fire apparatus, Solid Waste trucks, motorcycles, and other City equipment. FASTERAsset Solutions is used to track vehicle inventory as well as to facilitate day-to-day operations and maintenance of the City fleet of vehicles. The Fuelman and Fuel Key systems are utilized to assign and monitor gas cards and monitor access to fuel stations located at City owned and/or operated premises, respectively.

Orlando Police Department (OPD) "take-home" vehicles are tracked by OPD personnel and include many vehicles that are leased rather than owned by the City and maintained by Fleet. In a previous report on OPD leased vehicles, we recommended that leased vehicles be comprehensively tracked and managed in a "system of record" similar to the FASTER system used by Fleet. This tracking should include a description of the vehicle usage (i.e., whether it is a "take-home" or 24-hour use vehicle). A follow-up on the progress towards implementing this recommendation will occur later this year.

We obtained a "Take-Home Driver" list (dated June 3, 2021) from Fleet which had a total of 52 take-home vehicle drivers listed. This listing included personnel of Water Reclamation, Economic Development, as well as Orlando Fire Department (OFD) and OPD administrative personnel. As

noted above, a separate listing of OPD sworn Officers who are assigned to a take-home vehicle is maintained by OPD administrative management personnel.

We met several challenges with obtaining up-to-date documentation of vehicles and vehicle assignments during the audit which led to a decision to increase the number of interviews conducted to understand the controls over vehicle usage and decrease the number of substantive tests performed of information contained in documentation of the same. In total we spoke with fifteen individuals from Water Reclamation, Fleet, Budget, Payroll, OPD and OFD. Based on the interviews and tests we performed, our work is summarized as follows:

- We requested the business case justification for use of the take-home vehicles for a sample of the drivers listed on the take-home driver list we received from Fleet. However, our request was not satisfied. Since the business case justifications were not provided, we decided to meet with a few managers from OPD, OFD, and Water Reclamation who we found were responsible for some aspect of vehicle usage. We documented their understanding of the policy and procedure requirements for assigning a take-home vehicle. All the managers stated that the take-home vehicles in their areas are assigned to a *position* so there are no formal approvals or re-justification for the continuation of the vehicle being allowed to be taken home by its current *user*. Two managers from Water Reclamation added that a former CAO approved the use of a take-home vehicle, however, due to the lapse in time they weren't able to locate the email approving the request.

During this process, we also learned that the Lift Station section currently has an extra vehicle that was assigned as a take-home vehicle but that the division has not submitted information to the required decision-makers in accordance with City Policy 900.5 to determine if this vehicle should continue to be used by the Division.

In general, while City Policy exists and has provisions designed to monitor take-home vehicle assignment and use, we found that it is not being followed or properly enforced. In addition, any documentation of approvals of a vehicle being used on a "take-home" basis usually existed as emails rather than official forms or documents showing approvals by the CAO and others.

### RECOMMENDATIONS

We recommend that a needs survey be conducted periodically on existing take-home vehicle assignments to determine whether such use is still warranted. Perhaps this survey can be triggered when each department's/division's fixed assets are being confirmed by Property Control, so that this process can take place throughout the year.

We recommend that the needs survey include documenting both the business cases and the required approvals (i.e., signatures) of the arrangement on a standardized form or other document, either written or electronic.

Management Response:

Concur. Fleet's existing policy 900.5 *Assignment of City Vehicles on a Twenty-Four-Hour Basis*, addresses the criteria that must be met. We agree that better documentation needs to be retained and confirmed to justify that take-home vehicles are appropriately assigned. We will work on formalizing the request, approval, and annual review process.

Estimated completion date: June 2022

- During our review we found discrepancies between the information tracked on the take-home driver listing and the information generated on reports from the FASTER and Fuelman systems which show when vehicles are refueled. There were 15 instances where the FASTER reports indicated that the vehicle was either not assigned to the noted driver, assigned to different driver or one driver was assigned to two vehicles. There was also an instance where the vehicle details (make, model, year, etc.) on the take-home driver list did not correspond with either the FASTER or Fuelman reports.

It must also be noted that the take-home vehicle driver list we reviewed also listed seven employees who had retired prior to the date of the report (June 2021).

RECOMMENDATIONS

We recommend that the Fleet Division lead a process to determine the best procedure for ensuring that an accurate listing of take-home vehicles and users is maintained.

We recommend that the Fleet Division compare the take-home vehicles listing to the other vehicle usage reports generated by the division to periodically check its accuracy and investigate any irregularities.

Management Response:

Concur. Fleet has historically been provided updates from departments regarding employees assigned take-home vehicles. Fleet then provides that list of employees assigned a take-home vehicle to Payroll for them to evaluate and identify qualifying taxable events and record all applicable taxable fringe benefits. Payroll then reaches out to those employees to confirm information and would then update the list accordingly. Payroll has not consistently shared those changes with Fleet. Without updates from departments or Payroll, the list maintained by Fleet may be outdated or incorrect. As such, each quarter, Fleet will confirm the listing with departments and if Payroll notes any changes, they will notify Fleet.

Estimated completion date: March 2022.

- During the review we were informed that Fleet management does not monitor vehicle usage. In effect, the responsibility of monitoring use is with the departments/divisions but the tools they have been given to perform this review are somewhat limited. Nonetheless, we attempted to conduct a review of the reasonableness of miles driven by the employees listed on the take-home drivers list for the first half of 2021. Our efforts were not successful as the fleet fueling systems do not have controls in place to ensure the correct odometer reading is entered prior to fueling. We found several instances where the driver entered a lower odometer reading than what was entered in prior months.

In addition, we learned that Water Reclamation vehicles are often re-fueled onsite at the division facilities using the Fuel Key system and while this system requires an employee to enter his/her employee ID in order to fuel, even after two unsuccessful attempts to enter the ID number, the Fuel Key system allows the employee to fuel the vehicle.

#### RECOMMENDATION

We recommend that the appropriate management convene to consider implementing a system to periodically obtain reliable information to be able to review the miles driven by each take-home vehicle driver. This will allow management to determine the ongoing cost of this vehicle classification and this information can be used during the annual needs assessment recommended above.

We recommend that management work with the fuel system vendors to develop system controls to prohibit or limit the entering of inaccurate odometer information at the fueling stations.

#### Management Response:

Concur. There are several ways in which Fleet can determine mileage on City owned vehicles. Those include (a) inputs from drivers when they purchase fuel with their fuel card, (b) mileage is recorded when the vehicle is serviced at Fleet, and (c) activate the feature within our driving cameras that allows GPS to measure mileage (only for vehicles that have such cameras).

With respect to the fuel card, Fleet is currently working with Procurement on a formal solicitation for a new fuel card vendor. We will ensure the requirement for stronger controls around erroneous inputs are included within the scope of service.

Estimated completion date: January 2023

- Our review of the quarterly motor vehicle reports generated by ProScreening and filed with the state revealed several instances where an employee license could not be verified and/or was identified as "Invalid." We learned from discussion with staff that most of these cases were due to employees continuing to have out-of-state motor vehicle licenses (or not updating the information timely). We should note that per the

U.S. Department of Labor, every employer covered under the Fair Labor Standards Act must keep basic employee records and the information should be accurate.

#### RECOMMENDATION

We recommend that the department managers work with their staff and Human Resources to ensure employee licenses are up to date in all City information systems.

#### Management Response:

Partially concur. For any City employees, Risk Management will work with Human Resources and the Workday team to ensure alerts are put in Workday to notify employees to update any licenses that are out of state or that have incomplete information. HR does not require employees to update licenses that are expired within Workday. This is because when the list of employees are licenses are submitted to the state, the state reports any expired or suspended licenses based on license numbers alone.

On a quarterly basis, Risk Management will confirm with departments that any employees that do not have drivers licenses within Workday (because they provided an alternative identification to HR such as passport) are not driving City vehicles.

Estimated completion date: April 2022

We would like to thank the employees and managers consulted during this review for their assistance. Senior Auditor Joanne Cambridge performed this review.

c: The Honorable Buddy Dyer, Mayor  
Jody Litchford, City Attorney  
Christopher Mccullion, Chief Financial Officer  
Kevin Edmonds, Chief Administrative Officer