

**Audit of
Take-Home
Assigned District Vehicles
April 22, 2003**

Report 2003-6



MISSION STATEMENT

The School Board of Palm Beach County is committed to excellence in education and preparation of all our students with the knowledge, skills, and ethics required for responsible citizenship and productive employment.

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Audit of
Take-Home Assigned District Vehicles
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Executive Summary

The primary objectives of the audit were to determine whether take-home District vehicles assigned to staff were based on justifiable needs and operated cost-effectively. As of June 30, 2002, five District departments assigned a total of 58 take-home vehicles to staff. Total cost for these 58 vehicles was \$1,019,839 (average \$17,583 per vehicle), with a total average annual operating cost of \$72,732 (\$1,254 per vehicle) for maintenance, fuel, repairs, and parts.

Department	Number of Take-Home Vehicles*	Cost of Vehicles	Average Annual Operating Cost
Building	10	\$141,825	\$12,540
Food Service	20	368,654	25,080
Maintenance & Plant Operations (M&PO)	13	241,051	16,302
Program Management	2	26,784	2,508
Transportation	13	241,525	16,302
Total	58	\$1,019,839	\$72,732

**Did not include the pool vehicles and the 15 take-home vehicles assigned to school police supervisors.*

This audit produced the following major conclusions:

1. **Take-home Vehicles Assigned To Staff Without Proof Of Justification.** There was no documented justification for assigning the 58 take-home vehicles. As a result, some of these take-home vehicles could have been assigned to staff without a valid basis. Moreover, of the total mileage consumed by staff, during three selected months for 47 vehicles with utilization records, 54% was for commuting from home to office, and the other 46% was for commuting to multiple work-sites. Based on the average life-cycle cost per vehicle, the District spent an average of \$65,719 per year for work-related travel but \$78,094 per year for staff's personal travel needs. However, if the other 11 undocumented vehicles were included in the calculation, using the same 54% for take-home mileage, the employee subsidy portion became \$96,371 per year.
2. **Preventive Maintenance Not Performed According to Schedules.** Although Transportation notified the all the departments, including School Police, when their vehicle inspection and routine maintenance was due, drivers from these departments did not always respond accordingly. Of the 73 assigned take-home vehicles (15 for School Police, and 58 for the other five departments), maintenance work for 30 (41%) vehicles were overdue by more than 30 days. The tardiness in responding to maintenance schedules increases the chance for mechanical breakdown and reduces the useful life of vehicles. Most importantly, it could increase the chance of traffic accidents.

3. **Utilization Logs Not Maintained.** The review of Transportation's Utilization Log records indicated that, 21 (36%) of the 58 take-home vehicle drivers did not prepare the utilization logs for each month during fiscal year 2002. In particular, Program Management's two assigned drivers did not prepare the logs at all; and 12 of Maintenance & Plant Operation's 13 assigned drivers did not prepare utilization logs for at least one month.

Vehicle Utilization Log provides crucial information for Transportation Director's annual review of vehicle assignments for justification and preventive maintenance. To ensure District vehicles are (1) cost-efficiently utilized and (2) properly maintained and are safe for operations, Vehicle Utilization Logs should be prepared by drivers and provided to Transportation for review, as required by School Board Policy.

4. **Driving Records Not Monitored.** Information for 19 (33%) of the 58 take-home vehicle drivers was never entered into Transportation's Driver Records System. Therefore, when a driver commits a moving/traffic infraction, the School District will not be alerted unless the driver self-reports the incident. In addition, drivers of non take-home District vehicles were not monitored for traffic citations and vehicle accidents.
5. **Self-disclosures Not Found.** *School Board Policy 3.13* requirement for self-reporting in writing of moving violation was not being enforced. Fifteen (26%) of the 58 take-home vehicle drivers had committed one or more traffic violations in the past three years. However, eight (53%) of the 15 drivers did not turn in their self-disclosure form, while another four (27%) of them only verbally informed their supervisors of the violations. The District subjects itself to unwarranted liability if its employees continue to operate District vehicles after committing moving violations.
6. **No Annual Review of Vehicle Assignments.** Although it is required by *School District Directive 2.28 (3)*, the Director of Transportation did not perform an annual review of the use and assignment of District vehicles. Without the annual review of the use of assigned District vehicles, vehicles might be assigned to staff but not warranted.
7. **Vehicle Replacement Policy.** As part of our audit, we also reviewed the District's vehicle disposal records. We noted that the actual mileage and useful life for disposed vehicles far exceeded the disposal mileage set forth in *School Board Policy 2.291*. Apparently, the useful life of vehicles has significantly increased during the last decade due to advancement in technology and improvement in quality control. The School District may want to update its policy in disposal mileage and service years in order to reflect the changes in the industry.



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LUNG CHIU, CPA
DISTRICT AUDITOR

ARTHUR C. JOHNSON, Ph.D.
SUPERINTENDENT

MEMORANDUM

TO: Honorable Chair and Members of the School Board
Arthur C. Johnson, Ph.D., Superintendent of Schools
Chair and Members of Audit Committee

FROM: ^{KLC} Lung Chiu, CPA, District Auditor

DATE: April 22, 2003

SUBJECT: Audit of Take-Home Assigned District Vehicles

PURPOSE AND AUTHORITY

In accordance with the *District's Audit Plan of 2002-2003*, we have audited the Take-Home Assigned District Vehicles for fiscal year ended June 30, 2002. The primary objectives of the audit were to determine whether take-home District vehicles were:

- Assigned to staff based on justifiable needs.
- Utilized and operated in accordance with School Board Policies and District Directives.
- Reassigned or disposed properly when the needs no longer exist.
- Maintained efficiently and operated cost-effectively.

SCOPE AND METHODOLOGY

The audit was performed in accordance with *Government Auditing Standards* by Cher Ragge, CPA, and supervised by Randy Law, CIA, during November 20, 2002, through February 10, 2003. This audit included a review of:

- District procedures for assigning take-home vehicles.
- Department of Transportation's (Transportation) files for Vehicle Utilization Logs and Maintenance Vehicle Inspection Records.
- Vehicles Disposal Reports with corresponding Bill of Sales (dated May 10, 2002, and September 29, 2001).
- Transportation's District Employees Assigned Take-Home Vehicle Listing (dated June 5, 2002).

- Capital Assets Report for Rolling Stock (dated November 20, 2002).
- Internal Revenue Service Publication 15-B (Employer's Tax Guide to Fringe Benefits 2002).
- Driver records from Florida Department of Education School Bus Driver Records System.

This audit did not include (1) those pool vehicles used by staff, and (2) the 15 take-home vehicles assigned to the School Police Department because of the requirements for school police to respond to emergency are unique and different from those for other departments.

Draft findings were sent to Financial Management Division and Transportation Department for review and comments. Management response is included in Appendix. We appreciate the courtesy and cooperation extended to us by staff during the audit. The final draft report was presented to the Audit Committee at its April 22, 2003, meeting.

BACKGROUND

As of June 30, 2002, five departments assigned a total of 58 take-home District vehicles to employees. Based on District vehicle life-cycle cost information provided to us on April 14, 2003, total purchase cost of these 58 vehicles was \$1,019,839 (@\$17,583/vehicle), with a total average annual cost of \$72,732 (58 vehicles @\$1,254/year) for preventive maintenance, fuel, repairs, and parts.

Department	Number of Take-Home Vehicles	Cost of Vehicles	Average Annual Maintenance and Operating Cost
Building	10	\$141,825	\$12,540
Food Service	20	368,654	25,080
Maintenance & Plant Operations (M&PO)	13	241,051	16,302
Program Management	2	26,784	2,508
Transportation	13	241,525	16,302
Total	58	\$1,019,839	\$72,732

According to the District's vehicle disposal records, vehicles are disposed at an average of 99,936 miles. Total average maintenance cost is \$1,254 per year for each vehicle, while utilization of vehicles average 13,568 miles per year. Therefore, total life-cycle cost to purchase and operate District vehicle is estimated \$0.2684 per mile.

Driver License Record Monitoring. Currently, Transportation monitors safety records for drivers for school bus and Transportation's own vehicles. However, Transportation has a very limited role in monitoring safety records for drivers of take-home vehicles and pool-vehicles in the other five departments. Transportation uses the Florida Department of Education Driver Records System to monitor driver history by adding its employees to this system. By entering information of drivers from other departments into the system, reports of employees' driving records (such as traffic/moving violations and adjudication withheld) will be generated automatically by the system.

CONCLUSIONS

1. **Take-home Vehicles Assigned To Staff Without Proof Of Justification.** All the five departments with assigned take-home vehicles did not document the justification for their vehicle assignments. Vehicles assigned to staff, but not warranted, results in unnecessary expenditures to the District. *School Board Policy 2.28, (2&4)*, specifies the justification of assigned vehicles for employee: 1) high mileage reimbursement, 2) on-call/emergency response duties, or 3) multiple work sites.

To determine whether the District provided take-home vehicles to staff in the most cost-effective manner, we analyzed the mileage staff commuted from their home to office and the mileage they commuted to multiple work sites. Of the 58 take-home vehicles assigned to staff, only 47 of them were accompanied with Vehicle Utilization Logs for the three selected months (July 2001, October 2001, and April 2002). Consequently, we were not able to analyze the take-home mileage and work-related mileage for the other 11 undocumented vehicles.

Although some of the staff with take-home vehicles need to travel to multiple work sites, our review found that their commuting mileage from home to office was higher than the mileage they travel to and from multiple work sites. For the three months selected for review, these 47 vehicles consumed a total of 133,954 miles, with 72,740 miles (54%) for staff commuting from home to office, and 61,214 miles (46%) for commuting to multiple work locations. The average life-cycle cost to maintain these 47 vehicles is \$143,813 per year; which includes \$65,719 for work related mileage, and the other \$78,094 simply becomes a subsidy for staff's personal use of District vehicles. However, if the other 11 undocumented vehicles were included in the calculation, using the same 54% for take-home mileage, the employee subsidy portion became \$96,371 per year.

	Total For 3 Selected Months			Estimated Total Per Year		
	Work	Home to Office	Total	Work	Home to Office	Total
Mileage	61,214	72,740	133,954	244,856	290,960	535,816
Total Cost	\$16,430	\$19,523	\$35,953	\$65,719	\$78,094	\$143,813
Percentage	46%	54%	100%	46%	54%	100%

To avoid subsidizing staff for their personal commuting expenses, the District should consider providing pool vehicles for staff who need to travel to multiple work sites. Staff should use their own personal vehicles for commuting from home to work.

Additionally, most take-home vehicles for Transportation and M&PO were assigned to staff on the on-call/emergency response criteria. However, staff did not maintain documentation for response to emergency calls, if any.

Management's Response: Each department with assigned take-home vehicles (except School Police) will re-evaluate take-home vehicle assignments to ensure compliance with the provisions of School Board Policy 2.28 and sound business practices. Department head recommendations for take-home vehicle assignments will be forwarded to the Director of Transportation for approval by the District's Chief Operating Officer. Vehicles currently assigned as take-home vehicles that are not required for continuing assignment as a take-

home vehicle, will be placed in a vehicle pool for use at the direction of the respective department head. (Please see page 7.)

2. **Preventive Maintenance Not Performed According to Schedules.** According to *School Board Policy 2.28 (6)*, "Preventive maintenance inspection of each vehicle will be made as scheduled by the Transportation Department". Although Transportation notified the other five departments (including School Police) when their vehicle inspection and routine maintenance was due, drivers from these departments did not always respond accordingly. Of the 73 assigned take-home vehicles (15 for School Police, and 58 for the other five departments), maintenance work for 30 (41%) vehicles were overdue by more than 30 days. The tardiness in adhering to maintenance schedules increases the chance for mechanical breakdown and accident, and reduces the useful life of vehicles.

# of Days Overdue for Preventive Maintenance	# of Cases
On time / Within 30 Days	43 (59%)
31 – 60 Days	5 (7%)
61 – 90 Days	10 (14%)
> 90 Days	15 (20%)
Total	73 (100%)

To ensure all District vehicles are properly maintained and safe for use, drivers of assigned District vehicles must adhere to School District maintenance schedules.

Management's Response: Transportation will continue to schedule required vehicle maintenance and notify departments when the schedule is not being followed. When a vehicle is more than 30 days overdue for scheduled maintenance, the Director of Transportation will notify the department head to ensure compliance. The Director of Transportation will notify the Chief Operating Officer of any non-compliance. (Please see page 7.)

3. **Utilization Logs Not Maintained.** Utilization logs for take-home vehicles were not always maintained as required by *School Board Policy 2.28 (3)*, that "Vehicle utilization logs will be maintained by all employees assigned District-owned vehicles." The review of Transportation's utilization log records indicated that, 21 (36%) of the 58 take-home vehicle drivers did not prepare the utilization logs for each month during fiscal year 2002. In particular, Program Management's two assigned drivers did not prepare the logs at all; 12 of M&PO's 13 assigned drivers did not prepare utilization logs for at least one month.

Department	Number of Vehicles	Missing Vehicle Utilization Logs for One or More Months
Building	10	3 (30%)
Food Service	20	1 (5%)
Maintenance & Plant Operations	13	12 (92%)
Program Management	2	2 (100%)
Transportation	13	3 (23%)
Total	58	21 (36%)

Vehicle Utilization Log provides crucial information for Transportation Director’s annual review of vehicle assignments for justification and preventive maintenance. To ensure District vehicles are (1) cost-efficiently utilized and (2) properly maintained and are safe for operations, Vehicle Utilization Logs should be prepared by drivers and provided to Transportation for review, as required by School Board Policy.

Management’s Response: The department head will continue to collect and review Vehicle Utilization Logs and forward to Transportation to maintain. The Director of Transportation will notify department heads of departments not in compliance to ensure District-wide compliance with policy. The Director of Transportation will notify the Chief Operating Officer of any non-compliance. (Please see page 7.)

4. **Driving Records Not Monitored.** Transportation needs to improve its monitoring of driving records for staff who operate a District vehicle. Information for 19 (33%) of the 58 take-home vehicle drivers was never entered into Transportation’s “Florida Department of Education School Bus Driver Records System.” Therefore, when a driver commits a moving/traffic infraction, the School District will not be alerted unless the driver self-reports the incident. In addition, drivers of non take-home District vehicles were not monitored for traffic citations and vehicle accidents. *District Directive D-2.36 (5b)*, states “the District shall request Motor Vehicle Reports two (2) times each year for employees who drive board vehicles...in accordance with State Board of Education Rule 6A-3.36”. The District needs to monitor driving records for drivers of take-home and pool vehicles.

Management’s Response: The Transportation Department will include all district staff who drive district vehicles in the Florida Department of Education School Bus Driving Records System. Once an employee is enrolled in that system, the Transportation Department will receive a motor vehicle record on that employee and receive weekly exception reports showing enrolled employees who receive traffic citations. The Transportation Department will forward motor vehicle reports and citation reports to affected department heads upon receipt for appropriate action. (Please see page 8.)

5. **Self-disclosures Not Found.** *School Board Policy 3.13* requirement for self-reporting in writing of moving violation was not being enforced. Assigned vehicle drivers did not always self-report their traffic accident or moving violation. Fifteen (26%) of the 58 take-home vehicle drivers had committed one or more traffic violations in the past three years. However, eight (53%) of the 15 drivers did not turn in their self-disclosure form, while another four (27%) of them only verbally informed their supervisors of the violations. The District subjects itself to liability if its employees continue to operate District vehicles when they have committed numerous moving violations.

Staff Committed Traffic Violations			
School Board Policy On Self-Reporting	Self-reported In Writing	Verbally Informed Supervisor	# of Staff
Complied	Yes	Not Applicable	3 (20%)
Not Complied	No	No	8 (53%)
	No	Yes	4 (27%)
Total			15 (100%)

School Board Policy 3.13 (2), states, "All District employees will self-report in writing with the appropriate documentation any arrests and/or criminal charges, including criminal traffic violations, to the employee's immediate supervisor/designee within forty-eight (48) hours of said arrest and/or criminal charges...". **School Board Policy 3.13 (3)**, states, "District employees who drive district-owned /operated or controlled vehicles, or are required to hold a valid driver's license or a commercial driver's license, are required to report minor traffic violations when they occur with any vehicle." The District should enforce **School Board Policy 3.13** on self-reporting of moving violation.

Management's Response: Department heads will remind all staff who drive district vehicles of the requirement for self-reporting. Enrollment of all staff who drive district vehicles in the DOE records system (#4) will ensure that department heads are advised of staff motor vehicle citations so that appropriate disciplinary action can be taken should our policy on this subject be violated or ignored by any individual. (Please see page 8.)

6. **No Annual Review of Vehicle Assignments.** **School District Directive 2.28 (3)**, states, "An annual review of the use and assignment of District owned vehicles will be performed by the Director of Transportation." The Director of Transportation, however, did not perform an annual review of the use and assignment of District vehicles. Without the annual review of the use of assigned District vehicles, vehicles might be assigned to staff but not warranted. The Director of Transportation should review vehicle assignment justification annually.

Management's Response: The Director of Transportation will perform an annual review of the use of assignment of district vehicles and report findings to the Chief Operating Officer. The initial district-wide review will be completed prior to June 30, 2003. (Please see page 8.)

7. **Vehicle Replacement Policy.** As part of our audit, we also reviewed the District's vehicle disposal records. We noted that the actual mileage and useful life for disposed vehicles far exceeded the disposal mileage set forth in **School Board Policy 2.291**. Apparently, the useful life of vehicles has significantly increased during the last decade due to advancement in technology and improvement in quality control. The School District may want to update its policy in disposal mileage and service years to reflect the changes in the industry.

Vehicle Type	Disposal Mileage			Service Years		
	Actual (Average)	Board Policy	Mileage Above Board Policy	Actual (Average)	Board Policy	Years Above Board Policy
Car	99,936	60,000	39,936	10.7	6	4.7
Light Duty Trucks	117,292	70,000	47,292	12.4	7	5.4
Heavy Duty Trucks	135,009	100,000	35,009	14.7	10	4.7

Management's Response: School Board Policy 2.291 permits the Director of Transportation to keep vehicles in service when mileages exceed Board Policy recommendations. The useful life of properly maintained vehicles has significantly increased during the last decade due to advancements in technology and procedures. The Transportation Department will draft an updated Board Policy that reflects current capabilities and school district standards. (Please see page 8.)

- End of Report -

Management's Response

Chief Operating Officer

William F. Malone

MEMORANDUM

TO: Lung Chiu
District Auditor

FROM: William F. Malone
Chief Operating Officer

DATE: March 31, 2003

RECEIVED
MAR 31 2003

DISTRICT AUDITOR

SUBJECT: Draft Management Responses for Audit of Assigned Vehicles

Below please find management's response to the audit of district assigned vehicles. Should you need any further information, please feel free to contact me.

1. **Finding:** Consider pool vehicles for staff that need to travel to multiple work sites. Staff should use their own personal vehicles for commuting from home to work. Staff should maintain documentation for response to emergency calls.

Response: Each department with assigned take-home vehicles (except School Police) will re-evaluate take-home vehicle assignments to ensure compliance with the provisions of School Board Policy 2.28 and sound business practices. Department head recommendations for take-home vehicle assignments will be forwarded to the Director of Transportation for approval by the District's Chief Operating Officer. Vehicles currently assigned as take-home vehicles that are not required for continuing assignment as a take-home vehicle, will be placed in a vehicle pool for use at the direction of the respective department head.

2. **Finding:** Drivers of assigned district vehicles must adhere to School District Maintenance schedules.

Response: Transportation will continue to schedule required vehicle maintenance and notify departments when the schedule is not being followed. When a vehicle is more than 30 days overdue for scheduled maintenance, the Director of Transportation will notify the department head to ensure compliance. The Director of Transportation will notify the Chief Operating Officer of any non-compliance.

3. **Finding:** Vehicle Utilization Logs should be prepared by drivers and provided to Transportation for review.

Response: The department head will continue to collect and review Vehicle Utilization Logs and forward to Transportation to maintain. The Director of Transportation will notify department heads of departments not in compliance to

Management's Response

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ensure District-wide compliance with policy. The Director of Transportation will notify the Chief Operating Officer of any non-compliance.

4. **Finding:** Monitoring driving records

Response: The Transportation Department will include all district staff who drive district vehicles in the Florida Department of Education School Bus Driving Records System. Once an employee is enrolled in that system, the Transportation Department will receive a motor vehicle record on that employee and receive weekly exception reports showing enrolled employees who receive traffic citations. The Transportation Department will forward motor vehicle reports and citation reports to affected department heads upon receipt for appropriate action.

5. **Finding:** Self-Reporting Moving Violations

Response: Department heads will remind all staff who drive district vehicles of the requirement for self-reporting. Enrollment of all staff who drive district vehicles in the DOE records system (#4) will ensure that department heads are advised of staff motor vehicle citations so that appropriate disciplinary action can be taken should our policy on this subject be violated or ignored by any individual.

6. **Finding:** Director of Transportation review assignments annually

Response: The Director of Transportation will perform an annual review of the use of assignment of district vehicles and report findings to the Chief Operating Officer. The initial district-wide review will be completed prior to June 30, 2003.

7. **Finding:** Policy on vehicle replacement

Response: School Board Policy 2.291 permits the Director of Transportation to keep vehicles in service when mileages exceed Board Policy recommendations. The useful life of properly maintained vehicles has significantly increased during the last decade due to advancements in technology and procedures. The Transportation Department will draft an updated Board Policy that reflects current capabilities and school district standards.

WFM:JMM:gv

cc: Joseph Moore
Joseph Sanches
Robert Riley
Joan Smith
Thomas Johns
Martin Mets

PX 48510