

Department of Development and Environmental Services Assigned Vehicles

Report No. 93-1

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INTRODUCTION AND BACKGROUND

The management audit of the Department of Development and Environmental Services (DDES) assigned vehicles was included in the Auditor's Office 1992 work program.

At the inception of the audit, DDES was assigned 124 vehicles. Eight (8) of these vehicles were assigned to the DDES motor pool and available for check-out by authorized employees. Twelve

(12) vehicles were assigned to employees who have emergency response duties. The remaining vehicles (104) were assigned to other employees. Generally, assigned vehicles were also used for commuting.

All 124 vehicles were "leased" by DDES from Fleet Administration (Motor Pool), a section of the Department of Public Works. The monthly lease amount included operating, maintenance, and replacement cost. The 1992 BALD budget for vehicle lease was about \$536,000.

In January 1993, the Department of Development and Environmental Services (DDES) was established. The new department is composed of the Building and Land Development (BALD) Division and the Environmental Division. BALD and the Environmental Division were divisions of the Department of Parks, Planning and Resources (PP&R).

OBJECTIVE AND SCOPE

The objective of the audit was to determine whether vehicles were managed to meet employee work-related transportation needs and to minimize vehicle expenditures.

The audit reviewed vehicle assignment justification, utilization, and motor pool records maintained by DDES. Vehicle use and cost information was obtained from Fleet Administration.

To determine whether vehicles were efficiently and effectively managed to meet employee work-related transportation needs and to minimize vehicle expenditures, audit staff identified control elements which would provide reasonable assurance of effective and efficient management. Control elements considered by audit staff included:

- Policies and procedures regarding vehicle assignment and use
- Vehicle assignment justification
- Vehicle assignment approval or authorization
- Documentation of vehicle use (business and commuting)
- Motor pool availability for irregular need
- Evaluation of motor pool size
- Authorization of motor pool use and check-out procedures
- Annual review of vehicle assignments

Audit staff then examined and evaluated whether each control element was present and met.

SUMMARY STATEMENT OF FINDINGS

The general audit conclusion was that the County should consider discontinuation of assigned take-home vehicles since their value to the County is questionable. The audit recommended paying employees mileage for the use of their personal vehicles or providing department motor pool vehicles for conducting County business after regular working hours, instead of providing permanently assigned take-home vehicles. The audit also recommended that the department consider providing emergency personnel with cellular telephones which may not be available in their personal vehicles or in motor pool vehicles. In addition, the audit recommended some procedural changes in the department's motor pool to improve management and strengthen accountability and vehicle use control.

MAJOR FINDINGS AND RECOMMENDATIONS

Finding II-1. Policies and procedures regarding vehicle use and assignment were adopted by BALD, and were generally in conformance with King County Administrative Policies and Procedures.

The Vehicle Policy for the Building and Land Development Division (BALD) and Environmental Division was adopted on September 8, 1992. The purpose of the policy was to establish uniform practices for the use, assignment and dispatch of vehicles assigned to BALD and the Environmental Division.

Our review indicated that the policies and procedures were generally in conformance with King County administrative policies and procedures regarding the use of King County-owned vehicles.

Finding II-2. The value to the County of DDES providing assigned take-home vehicles to some employees is questionable.

Economic Justification: The economic justification analysis provided to justify assigned take-home vehicles cannot be relied on because: (1) the purpose of the analysis may not have been clearly explained to employees, e.g., some employees have never seen the form because they were filled out by their supervisors, (2) lack of definition of terms used could result in inconsistent interpretation of regular, remote, and central work site locations which impact the cost-benefit analysis, (3) projected savings may be overestimated because most inspectors do report daily to DDES although the analysis assumes that they go directly to their field work locations, (4) per-mile cost used did not reflect current or vehicle type cost, (5) there was no indication whether economic justification worksheets were reviewed by employees or supervisors, (6) economic analysis allows almost anyone to justify a take-home vehicle, e.g., an employee with 100-mile round trip commute (which costs the County about \$27.00) needs only to show an increase in productive time of less than 1 hour to justify the assigned take-home vehicle, assuming a compensation rate (including benefits) of \$30 per hour.

Work-Related Mileage: DDES considered 500 miles per month as the minimum work-related

mileage for assigned vehicles. Analysis of the break-even mileage using a mileage reimbursement rate of 23 cents per mile shows that a compact car must be used 1,132 miles per month to equal the monthly lease cost of \$260.35 per month. That is, for compact car use below 1,132 miles per month, it would be to the County's benefit to pay mileage rather than lease a car from Fleet Administration.

After Hours Vehicle Use: Some vehicles were predominantly used for commuting since there was a low frequency of use after working hours.

The audit recommended that the County (1) consider discontinuation of assigned take-home vehicles; (2) pay mileage for use of personal vehicles or provide motor pool vehicles for after hours vehicle needs; and (3) consider providing emergency personnel with motor pool vehicles and alternate access to cellular phones.

Finding II-3. Policy regarding assigned take-home vehicles may not be in conformance to K.C.C. 3.04.020.

The King County Code section 3.04.020, states in part that:

"A. Use of Public Property. No county employee shall request or permit the use of county-owned vehicles, equipment, materials or property or expenditure of county funds for personal convenience or profit. Use or expenditure is to be restricted to such services as are available to the public generally or for such employee in the conduct of official business."

The primary issue with current policy is whether the assignment of vehicles results in a personal convenience to employees.

This issue has been referred to the County Board of Ethics.

Finding II-4-1. Motor Pool has been established to meet periodic vehicular needs; optimum fleet size needs to be determined; some procedures could be improved to strengthen accountability and controls.

In June 1992, BALD started operation of a motor pool. The motor pool included 8 vehicles formerly assigned to other sections under the supervision of Administrative Services.

The size of a motor pool depends on the frequency and length of time vehicles are used. Given the demand for vehicles per hour and length of use (hours) of vehicles, the number of vehicles needed can be estimated, given an assumed acceptable waiting time.

Application of queuing analysis indicated that the number of vehicles in the motor pool could be reduced. However, the appropriate size for the motor pool should not be determined until the reorganization is completed.

The audit recommended that DDES (1) consider establishing a vehicle inventory and assignment log to document and monitor vehicle assignment, (2) consider a simple manual or computer-assisted system to record vehicle information and assignment, and (3) at least annually evaluate vehicle usage to determine whether utilization rate (break-even mileage) is still consistent with policy.

Finding II-4-2. Control and monitoring of motor pool vehicles appeared to be reasonable. However, the optimum fleet size needs to be determined and some procedures could be improved to strengthen accountability and controls.

The audit recommended that DDES (1) strengthen and improve motor pool use information and collection system, and (2) as part of the 1994 budget process evaluate its transportation needs to determine the appropriate motor pool size, given need and use experience.

Finding II-4-3. Procedures are in place for an annual review of vehicle assignments. However, the data collection system could be improved.

The audit recommended that DDES require (1) employees indicate an estimated return time when reserving vehicles. This would allow other employees to plan their vehicle use in case other vehicles were not available; (2) the Motor Pool Coordinator ascertain that all information on the Motor Pool Use form is completely filled out; (3) a vehicle reservation form in calendar format, such as the one shown in Appendix 6, be used to reserve motor pool vehicles to facilitate planning; and (4) each DDES section manager provide the Motor Pool Coordinator with a list of employees authorized to use motor pool vehicles.

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