

Internal Audit Report

**DEPARTMENT OF POLICE
TAKE-HOME VEHICLE PROGRAM AUDIT
MAY 2018**

Office of the County Auditor





OFFICE OF THE COUNTY AUDITOR

Craig Glendenning, CPA
County Auditor

May 2018

The Honorable Members of the County Council
The Honorable Allan Kittleman, County Executive

Pursuant to Section 212 of the Howard County Charter and Council Resolution 22-1985, we have conducted an audit of the take-home vehicle program at the Department of Police. This report contains recommendations we believe will improve accountability and compliance with applicable policies.

This report has been reviewed by the Chief Administrative Officer and we have included the Administration's response. We wish to express our gratitude to the Department of Police for the cooperation and assistance extended to us during the course of this engagement.

Craig Glendenning, CPA
County Auditor

EXECUTIVE SUMMARY

We conducted a performance audit of the take-home vehicle Program (Program) of the Department of Police (Police). The objectives of our audit were to:

1. Determine if vehicle assignments agree with the Police's Departmental Vehicle Policy (Policy) and union agreements.
2. Determine if monthly reporting requirements are being met.
3. Determine if employees are charged with a taxable fringe benefit in accordance with Internal Revenue Service guidance.
4. Determine if the Police perform an analysis to determine the efficiency and effectiveness of the Program.

Conclusions

For the audit objectives, we found:

1. The Police did not retain applications related to vehicle assignments and had no process to periodically review assignments. We also found several instances where vehicle assignments did not meet Policy criteria.
2. Monthly reports were not always submitted and the reported data was sometimes questionable.
3. In accordance with Internal Revenue Service guidance, the financial benefits of Program participation are excluded from employees' wages.
4. The Police did not prepare an analysis to determine Program costs and benefits. Our analysis found that one-quarter of the vehicles tested were used more for off-duty driving (including commuting) than for on-duty use. We also found that most of the officers tested did not report responding to any off-duty incidents during fiscal year 2017.

BACKGROUND

The Department of Police (Police) is responsible for the operation and enforcement of the laws and rules and regulations concerning the preservation of the public peace, the prevention of crime, the apprehension of criminals and the protection of the rights of person and property.

The Police assign take-home vehicles under three programs:

- Patrol Vehicle Saturation Program (PVSP) - A marked vehicle assigned to sworn officers who live in Howard County. The PVSP is designed to have marked patrol vehicles assigned to eligible officers for on and off duty use inside of Howard County.
- Special Assignment Vehicle Program (SAV) - An unmarked vehicle assigned to sworn officers residing inside Howard County or any vehicle assigned to sworn officers residing outside of Howard County, based upon their assignment, on-call status, or rank.
- Personally Assigned Vehicle Program (PAV) - A marked or unmarked vehicle assigned to eligible officers residing outside of Howard County.

According to Police records as of December 31, 2017, Police assigned over 300 vehicles to officers including 69 under the PVSP program, 181 under the SAV program, and 54 under the PAV program.

The Police issued a Departmental Vehicle Policy (Policy) that provides detailed procedures for the use of all Police vehicles. The Policy includes eligibility requirements for participating in the assigned take-home vehicle programs, recordkeeping and other relevant operation guidance.

The County's agreements with Police unions state that the present take-home vehicle Policy will remain in effect unless circumstances make the Policy economically unfeasible. Under the agreements, should these circumstances occur, the County may modify or terminate the Policy after giving the unions notice.

FINDINGS AND RECOMMENDATIONS

Finding 1

The Police could not provide vehicle assignment applications.

The Department of Police (Police) could not provide us with all vehicle assignment applications for participants in the take-home vehicle Program (Program). These applications document that officers meet Program criteria and that Police supervisory staff approved the assignment.

Our test of 12 officers assigned take-home vehicles under the PVSP and PAV programs found that the Police could not provide the applications for 10 of the officers. In addition, the Police had no applications for 18 officers assigned vehicles under the SAV program. The Police's Departmental Vehicle Policy (Policy) requires a completed application for all assignments under the PVSP and PAV programs. Although the Policy does not require an application for SAV assignments, officers assigned these vehicles must still meet certain criteria.

Because of these conditions, we could not ensure that the Police verified that officers met the program requirements or that assignments were approved prior to officers being assigned a vehicle. We also found that the Police had no requirement to periodically review take-home vehicle assignments including when officers assumed new roles.

We recommend that the Police:

- ***Review applications for all take-home vehicle assignments and retain support for the decisions.***
- ***Update the Policy to require an application to document vehicle assignment under the SAV Program.***
- ***Periodically review vehicle assignments (such as annually) or when employees change roles or responsibilities.***

Administration's Response:

The Administration concurs with the finding. The failure to retain past applications is a valid issue. There has been significant turnover in the Support Services Commander position due to retirement, promotion, transfers, etc. An electronic database was retained for PVSP and PAV operators reflecting when vehicles were issued, but the database did not indicate the approving authority, mileage calculations, etc. There was not a similar database for SAVs, but members of MSB met with Computer Operations to develop an SAV database. That project is still pending completion.

A system has since been put in place to capture all applications. A Policy update to ADM 23 will follow to ensure any status changes to the program will be captured. Status changes to the program

will require the submission of a separate application. For example, if a PVSP member transfers to CIB the member would be required to submit another application for a SAV. This would ensure accurate record keeping and approval.

The new Fleet Coordinator has updated the application form that now enables members to fill out electronically. Once approved departmentally, the new form will be sent to all program members, enabling the Management Services Bureau to update their records. The new Fleet Coordinator will retain a file for each individual member in the program. Updates to the file will occur over the course of the member's career.

Finding 2

Take-home vehicle assignments did not always meet Policy requirements.

Officers assigned take-home vehicles did not always appear to meet the criteria established in the Policy regarding residential locations. Our test of 18 officers assigned vehicles under the SAV Program found that three officers lived more than 45 minutes from a district station. One of these officers lived more than 25 miles from the County border. The Policy requires that officers participating in the SAV Program must be able to respond to the scene of a call out or district station within 45 minutes. The Policy further requires that Sergeants and Lieutenants must reside within 25 miles of the County border.

The Policy is silent regarding the distance requirement for officers below the rank of Sergeant. Ninety-six of the 181 vehicles assigned in the SAV program as of March 2017 were assigned to officers below the rank of Sergeant.

Our test of five officers participating in the PAV program found that one officer did not reside within five miles of the border, as required by the Policy.

We recommend that the Police ensure that all officers with take-home vehicles meet the time and distance requirements contained in the Policy.

Administration's Response:

The Administration concurs with the finding. The 45-minute criteria is subjective. One internal recommendation under consideration is adjusting the General Order to reflect response times to the County line, which would clear up some of the ambiguity. Officers below the rank of Sergeant should not be participating in the SAV program, unless their status is designated as on-call. On-call status is documented on the vehicle assignment application.

As noted, only one member the rank of Sergeant or higher resides outside the 25-mile limit. The Lieutenant in question serves as the Traffic Management Commander and is always on-call; as such, that Lieutenant is provided a SAV. The Department intends to adjust Policy to permit exceptions for members in critical assignments, such as the Traffic Management Commander. Future Policy will authorize a Deputy Chief for the respective command to make exceptions based on operational need.

The Department will continue to monitor to ensure that participants in the PAV program are within the five-mile limit, as required by the Policy.

Finding 3

Officers did not always complete monthly reports as required by the Policy.

The Policy requires that all officers assigned vehicles under the Program complete a monthly log that includes beginning and ending mileage, daily on and off-duty mileage, off-duty time, and other information. Our test of 90 monthly logs found that the Police could not provide us with seven logs. In three instances, the officer we tested was a Major. We were advised that officers ranked Captain and above were exempt from the reporting requirement, although the Policy does not include this exemption. In three other instances, the Police advised that the officer did not use the vehicle for the month tested due to being on leave or light duty. In the remaining instance, the officer simply did not submit a log.

We recommend that the Police ensure that monthly logs are completed each month by all officers unless specifically exempted under the Policy.

Administration's Response:

The Administration concurs with the finding. Currently, there is nothing in Policy exempting Captains and above from submitting reports. A review of Policy regarding this issue is on-going.

Among the responsibilities of the Fleet Coordinator will be to ensure monthly logs are submitted in a timely manner. The Fleet Coordinator and the MSB Commander will address members failing to comply with the Take-Home Vehicle Policy. The Fleet Coordinator will conduct random audits on the monthly logs to ensure proper completion.

Finding 4
Monthly reporting of mileage was often inaccurate.

Our review of the monthly logs disclosed that off-duty mileage reported by officers was often inaccurate. Reporting instructions specify that commuting miles are included as off-duty miles. However, our test of 80 monthly logs found that commute miles exceeded total off-duty miles for 38 logs. Off-duty mileage should either equal or exceed the commute mileage. We reviewed this with the Police who did not have a ready explanation for what might cause this situation.

We recommend that the Police review monthly logs to ensure the logs are being completed accurately in accordance with the Policy. We further recommend that the Police take action as needed to ensure compliance with reporting requirements.

Administration's Response:

The Administration concurs with the finding. A plan is in place to rectify this and other issues more broadly. As previously noted, all members in the Take-Home Vehicle Program will receive a new program application. Included with this application will be a list of instructions/expectations, to include how to properly fill out the monthly log; this should clear up any ambiguity. Future applicants/members will receive the same information upon applying to the program.

As previously noted, the Department's new Fleet Coordinator will be responsible for spot checking monthly logs to ensure compliance with Policy.

Finding 5
The Police did not analyze the programmatic or financial benefits of the take-home vehicle program.

The Police has not performed any type of analysis to show the costs and benefits of operating the Program. Additionally, Central Fleet (Fleet) has not prepared an evaluation of the County's take-home vehicle program, including Police. County policy requires Fleet to perform a semi-annual evaluation of the program and make recommendations for adjustments.

According to the Police, one of the benefits of the Program is the ability to respond to incidents while off-duty. Officers report off-duty incident responses on their monthly logs. Our review of the fiscal year 2017 data for 163 officers assigned vehicles under the SAV and PAV programs disclosed:

- 38 officers reported responding to a total of 217 off-duty incidents.
- Four of these 38 officers reported responding to 10 or more incidents. These four officers accounted for 135 (or 62%) of all incidents reported for the period.

We also reviewed mileage driven by these 163 officers in fiscal year 2017. We did not include the PVSP program in our test as the main purpose of the Program is to provide increased visibility in the County.

- We reviewed on-duty miles, which are defined as miles incurred during working hours. For fiscal year 2017, 39 officers (or 24 percent) drove 5,000 or less on-duty miles, including 4 officers who drove less than 1,000 on-duty miles.
- We compared total off-duty mileage to total mileage for the 163 officers. We found that for fiscal year 2017, off-duty mileage totaled 50 percent or more of the all mileage driven for 42 (or 26 percent) of the officers tested.

According to the Police, the benefits of the Program include providing greater police visibility, increased citizen security, enhanced responsiveness to calls for service, providing a more efficient police service, and use as a recruitment tool.

We recommend that the Police analyze the costs and benefits of the current take-home vehicle Program. We also recommend that Fleet evaluate the County take-home vehicle program as required by County policy.

Administration's Response:

The Administration concurs with the finding. What cannot be quantified is the effect of the omnipresence of off-duty Police vehicles being driven around the County. Crime deterrence, reduced traffic offenses, and arguably collisions are prevented by the presence of these extra patrol vehicles in the community. Residents also feel a sense of added security when Police vehicles are parked in Howard County neighborhoods where officers reside.

There are many sworn members living outside the County. The PAV program was negotiated during the 2007 contract negotiations with the Howard County Police Officer's Association. For the Department, it was a recruiting tool; members were arguably attracted to Howard County with the knowledge that their residency in more affordable areas of the region would not prevent them from being assigned a take-home vehicle.

The Department believes many more officers are involved in off-duty incidents than the monthly logs reflect. The importance of careful documentation of monthly logs is being reinforced.

Collecting complete and accurate data will be the first step in being able to analyze the cost benefit of the program. The Department's new Fleet Coordinator will work on preliminary research related to completing the recommended cost benefit analysis.

Central Fleet was without a take-home vehicle coordinator from October 2016, until the position was filled in May 2017. Now that Central Fleet has filled this role, compliance will be assured moving forward. Central Fleet is in the process of updating Take-Home Vehicles Policy 300.6c.

ADDITIONAL COMMENTS

Internal Revenue Service (IRS) guidance specifies that transportation (commuting) benefits are generally taxable and should be included in an employee's pay. However, products and services provided to employees so the employee can perform his or her job are excluded from wages. The guidance specifically excludes qualified nonpersonal use vehicles as a taxable benefit. A qualified nonpersonal use vehicle is any vehicle the employee isn't likely to use more than minimally for personal purposes because of its design. These vehicles include (among other examples):

- Clearly marked, through painted insignia or words, police, fire, and public safety vehicles.
- Unmarked vehicles used by law enforcement officers if the use is officially authorized.

Our analysis of the Police's take-home vehicles found that all assigned vehicles met one of these two criteria and as a result, the transportation (commuting) benefit was properly excluded from employee wages.

AUDIT SCOPE, OBJECTIVES AND METHODOLOGY

We conducted a performance audit of the Department of Police (Police) take home vehicle program. The audit reviewed take home vehicles as of March 2017.

We conducted our audit in accordance with generally accepted government auditing standards prescribed by the Comptroller General of the United States, except for the requirement to obtain an external peer review at least once every three years. We have not contracted for a peer review due to our recent conversion to the use of government auditing standards. We believe that not complying with this requirement had no impact on the audit or the findings contained in this report.

Government auditing standards require us to 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 we obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The objectives of our audit were to:

1. Determine if vehicle assignments agree with the Police's Departmental Vehicle Policy (Policy) and union agreements.
2. Determine if monthly reporting requirements are being met.
3. Determine if employees are charged with a taxable fringe benefit in accordance with Internal Revenue Service guidance.
4. Determine if the Police perform an analysis to determine the efficiency and effectiveness of the Program.

To accomplish our objectives, we met with Police staff responsible for the oversight of the take-home vehicle program. We reviewed County and Police policies and the union agreement. We reviewed documentation related to the assignment of take-home vehicles and monthly reporting of mileage. We performed tests designed to determine if Police adheres to its policies.

Police management is responsible for establishing and maintaining effective internal control. Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate.

We conducted our field work from February 2017 to August 2017. The Police responses to our findings and recommendations are included in this report.

AUDIT TEAM

Edward L. Shulder, CPA
Deputy County Auditor

James J. Meyd, CPA
Senior Auditor