



City of Albuquerque

Office of Internal Audit

FOLLOW-UP OF THE CITYWIDE TAKE-HOME VEHICLES AUDIT

FOLLOW-UP #14-12-108F

August 27, 2014

INTRODUCTION

The Office of Internal Audit (OIA) performed a follow-up of Audit No. 12-108, Take-Home Vehicles during fiscal year (FY) 2014. The purpose of this follow-up is to report on the progress made by the Chief Administrative Officer (CAO) and Fleet Management Division (FMD) of the Department of Finance and Administrative Services (DFAS) in addressing our findings and recommendations. Our follow-up procedures rely on the departments providing the status of the recommendations.

Our follow-up is substantially less in scope than an audit. Our objective is to report on the status of corrective action in regard to our findings and recommendations.

We limited our scope to actions taken to address our audit recommendations from the final audit report dated December 12, 2012, through the submission of actions taken memo completed by the CAO and FMD dated June 11, 2014.

BACKGROUND INFORMATION

The City of Albuquerque spends a significant amount of resources on acquiring and maintaining a fleet of vehicles that enable employees to perform their duties. The City and its employees have a fiduciary responsibility to use these resources wisely, effectively, safely, and in conformance with federal, state, and city laws, statutes, ordinances, rules and regulations.

An employee requesting a vehicle must complete the City of Albuquerque Take-Home Assigned Vehicle Application (Application) and obtain approval from his or her department director. The director submits the approved Application to the CAO for final approval or disapproval. The original approved Application is forwarded to, and maintained by, FMD.

In FY 2012, the City of Albuquerque assigned approximately 198 vehicles for the exclusive use of a particular employee, including 62 take-home vehicles; 111 semi-take-home vehicles; and 25 temporary, seasonal, or rotating vehicles.

SUMMARY

The CAO and FMD have partially implemented both of the recommendations provided by OIA during the Take-Home Vehicles audit. Although significant progress has been made, there is still opportunity for improvement in the monitoring of controls surrounding the annual take-home vehicle application process, and updating the Administrative Instructions (AI) to include documentation requirements for after-hour call outs and meetings.

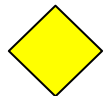
The status of the recommendations is identified by the symbols in the following legend:



Recommendation #1: The CAO should revise and update AI 4-5 to ensure that the use of the City's vehicles is efficient, effective, and provides accountability while meeting the public health and safety needs of the City.

Response: AI 4-5 has been revised and updated effective December 3, 2012.

Status Reported by the CAO as of June 11, 2014: The CAO has revised and updated AI 4-5. The Fleet Division has reviewed the AI 4-5 which was effective as of December 10, 2012. They have determined that the policy addresses the use of City vehicles for take home purposes. The policy also addresses the audit recommendations.



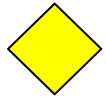
Partially Implemented – Recommendation #1 was substantially completed; however, it does not address the matter of ensuring employees with take-home vehicles maintain records describing the need for the after-hour call outs and after-hour meetings.

Recommendation #2 The CAO should ensure that department directors comply with AI 4-5.

Response: Agreed. The revised AI 4-5 includes: 1) Vehicle application and submission due dates and specific instances requiring renewal; 2) required periodic reviews by department directors; 3) requirements for after-hour call outs or meetings and which call outs are considered as mitigation of public health or safety emergencies; and 4) provisions enforcing applicable Internal Revenue Service (IRS) fringe benefit procedures for employer-provided vehicle use.

Status Reported by the CAO and FMD as of June 11, 2014: The CAO has identified the Fleet Division of the Department of Finance and Administrative Services as the executive agency in charge of administering the provision in this AI. The Fleet Division has taken an active role in administering the vehicle take-home program by reminding Departments of the periodic and annual review of take home AI 4-5 and take home records, annual renewal of take home forms and maintain a spreadsheet to account for the forms that have been received by Departments.

In addition, the Finance and Administrative Services Director is informed when a Department is not in compliance with AI 4-5 and he addresses the issue directly with the appropriate Department Director.



Partially Implemented – FMD has taken an active role in trying to ensure that all departments are in compliance with AI 4-5 by sending out an annual notice to department directors reminding them that they must submit all Applications for their department on or before January 1st of each year. FMD tracks the submission of Applications, by department, on an Excel spreadsheet, so they are able to monitor the outstanding Applications. At the beginning of each calendar year the Director of DFAS reminds department directors that they must submit all Applications annually. While these reminders and the take-home vehicle application tracking spreadsheet are good controls to have in place, FMD is not ensuring all Applications are turned in before January 1st of each calendar year as required by AI 4-5. Upon review of the take-home vehicle application spreadsheet, OIA noted four of the 70 Applications had not been turned in to FMD for calendar year 2013. In addition, as of June 2014, 42 of the 75 Applications for calendar year 2014 had not been turned into FMD.

Follow-Up
Take-Home Vehicles - Citywide
Date: August 27, 2014

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Principal Auditor

REVIEWED:

Internal Audit Manager

APPROVED:

APPROVED FOR PUBLICATION:

Debra Yoshimura, CPA, CIA, CGAP, CICA
Director, Office of Internal Audit

Chairperson, Accountability in
Government Oversight Committee