

**FOLLOW-UP OF
MANAGEMENT AUDIT
CITY OPERATORS PERMITS
CITYWIDE
REPORT NO. 10-06-111F**



**City of Albuquerque
Office of Internal Audit and Investigations**



City of Albuquerque
Office of Internal Audit and Investigations
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Accountability in Government Oversight Committee
City of Albuquerque
Albuquerque, New Mexico

Follow-Up: City Operators Permits - Citywide
10-06-111F

FINAL

INTRODUCTION

The Office of Internal Audit and Investigations (OIAI) performed a follow-up of Audit No. 06-111, City Operators Permits, issued May 30, 2007. The purpose of our follow-up is to report on the progress made by the City of Albuquerque (City) in addressing our findings and recommendations.

Administrative Instruction (AI) No. 4-11: City Operator's Permit (COP) Policy incorporates by reference the City COP Policy contained in the Chief Administrative Officer's (CAO) Risk Management Manual.

The COP Policy defines the minimum requirements for all City employees, temporary workers, and volunteers who drive on official City business. The COP Policy applies to all drivers and motor vehicles regardless of the type of vehicle driven or whether it is operated on or off road, on public or private property or roadways.

The Department of Finance and Administrative Services (DFAS) - Risk Management Division - (RM) - Loss Prevention Section (Loss Prevention), issues COPs and maintains records for each employee who has been issued a COP.

The DFAS – RM – Tort Claims Section (Tort Claims) maintains information regarding insurance claims against the City for vehicle accidents.

The Risk Manager maintains a COP program for all drivers of motor vehicles while on City business. The Fleet Safety Officer is the City employee designated by the Risk Manager to be responsible for managing the COP Policy.

SCOPE, OBJECTIVES, AND METHODOLOGY

Our follow-up procedures consist of interviews of City personnel and review and verification of applicable documentation to assess the status of our audit recommendations. Our follow-up is substantially less in scope than an audit. Our objective is to ensure management has taken meaningful and effective corrective action in regards to our findings and recommendations.

We conducted this performance audit in accordance with generally accepted government auditing standards. 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 the follow-up did not include an examination of all the functions and activities related to COPs. We limited our scope to actions taken to address our audit recommendations from the date of our final report, May 30, 2007 through December 11, 2009.

INTRODUCTORY STATEMENT FROM PRIOR CAO

The following statement was made by a prior CAO in the report of Audit No. 06-111, City Operators Permits, issued May 30, 2007.

“The CAO respectfully notes that the Loss Prevention Manager during the audit period of January, 2005 through June, 2006, resigned on July 14, 2006 and the new Fleet Safety Officer did not begin work until December 15, 2006. The CAO believes that the resultant lack of transition, plus the implementation of the automated enforcement program during that time period, were significant contributing factors to several of the findings. The CAO also respectfully submits the following responses to the recommendations.”

RECOMMENDATION NO. 1

The COP Policy required employees to:

- Have a valid State of New Mexico (NM) driver’s license,
- Pass the City’s Defensive Driving Course to obtain a COP, and
- Have a COP to drive a motor vehicle on official City business.

OIAI examined a statistically selected sample of 60 COPs from a population of 3,830 to determine if Loss Prevention had documentation to substantiate that the employees had met the applicable requirements of the COP Policy. Loss Prevention could not provide documentation to substantiate that:

- Nineteen employees (32%) had completed the required defensive driving course.
- Seven employees (12%) had a valid NM driver's license at the time that the COP was issued.

Loss Prevention:

- Experienced turnover in the personnel who maintained COP records.
- Did not have procedures to specify what documentation should be maintained for each employee issued a COP.
- Did not have procedures to ensure that documentation was maintained to substantiate each City employee issued a COP met the applicable requirements of the COP Policy.

OIAI recommended that DFAS maintain documentation to substantiate that employees who have been issued COPs meet all of the applicable requirements.

DFAS responded that it concurred with the recommendation and that:

- While there were inconsistencies with internal policies and procedures, it submitted that alternative procedures were often used that might be more effective and efficient than the internal policies and procedures in place under the prior Fleet Safety Officer.
- It recognized that some records and files were incomplete and was taking steps to redefine the file specifications and to reorganize the files to make searching them a more productive venture. File reorganization and final specifications for content of an individual file would be completed by July 2007.

ACTION TAKEN

The audit recommendation has been partially implemented. Loss Prevention informed OIAI that it had taken the following actions to ensure that it maintained documentation to substantiate that employees who had been issued COPs met the applicable requirements of the COP Policy:

- In January 2007 the Fleet Safety Officer developed a plan of action and audited the COP database and files.

- In June 2007 a temporary employee was brought in to reorganize the file cabinets containing COP records. This individual also reported on differences between the paper records and the COP database.
- In December 2007 DFAS – Information Systems Division (ISD) created a directory on the City computer network and Loss Prevention converted all of the paper files to digital.
- The Fleet Safety Officer revised the COP Request Form and worked with the departmental COP Liaisons to facilitate electronic submission of COP documents.

Loss Prevention provided a listing as of October 7, 2009 which showed 6,876 employees, temporary workers and volunteers had COPs. OIAI selected a sample of 10 and reviewed documentation provided by Loss Prevention to substantiate they met the applicable requirements of the COP Policy. One of the 10 sampled (10%) did not attend the required defensive driving class (DDC), and should not have been issued a COP.

RECOMMENDATION

DFAS should not issue COPs until all of the applicable requirements of the COP Policy are met.

RESPONSE FROM DFAS

- ***“DFAS disagrees with the finding because it is based on incomplete information, and offers the following explanation.***
- ***“The employee in question was originally issued a COP when he was working as a temporary contract worker on 11-21-06. It appears that this COP was issued in error as he is listed as a “No Show” on the roster for the 11-15-05 class.***
- ***“When he became a permanent employee in 2007 he attended a driver safety class on 3-8-07 and was issued a new COP.***
- ***“There are two COP records for the employee because we are unable to edit the identification number in a record or delete a record from the database.”***

RECOMMENDATION NO. 2

The COP Policy included the following requirements in the cases of accidents involving City vehicles:

- Departments shall investigate, review and classify all vehicle accidents occurring on official City business as minor or major. A major accident is defined as an accident that results in an injury that requires immediate medical attention and/or results in vehicle or property damage of \$2,500 or more.
- Department accident review committees shall report their accident findings to the Fleet Safety Officer.
- Departments shall submit all major accident documentation to the Fleet Safety Officer.
- For all major accidents, the Fleet Safety Officer shall classify the accident as preventable or non-preventable. For preventable accidents, the Fleet Safety Officer will place points on the driver's City driving record.

From January through June 2006, 470 accidents were reported to Tort Claims. OIAI selected a sample of 13 of these accidents and reviewed them to determine if the investigations complied with the requirements of the COP Policy. The review determined that for 11 of the 13 accidents (85%) the department that operated the vehicle had not submitted accident documentation to the Fleet Safety Officer:

- Nine involved Albuquerque Police Department (APD) vehicles.
- Two involved Transit Department (Transit) vehicles.

As a result, the Fleet Safety Officer could not determine if the accidents were preventable.

One of the accidents which involved an APD vehicle occurred on January 17, 2006. According to APD's Traffic Analyst, the APD officer who drove the vehicle did not turn in the required internal documentation to report this accident to APD management until October 2006. The APD Traffic Analyst stated that as of October 2006, this accident had not been reviewed by the APD Accident Review Board, due to a lack of internal notification.

According to Loss Prevention, Solid Waste Management Department (SWMD) was the only department which consistently provided vehicle accident documentation. Since the documentation was not provided by other departments, the Fleet Safety Officer was unable to assess points against drivers' records for preventable accidents.

The Fleet Safety Officer and the departments discussed above did not have procedures in place to ensure compliance with the COP Policy. If Loss Prevention could not review accidents for the assessment of points against employees' COPs, unsafe drivers might not have been identified.

OIAI recommended that:

- DFAS ensure that the Fleet Safety Officer assesses points against a driver's City record for preventable accidents, as required by the COP Policy.
- The Fleet Safety Officer ensure that departments report all vehicle accidents to Loss Prevention. Tort Claims has information available regarding insurance claims against the City for vehicle accidents. The Fleet Safety Officer could use this data to follow-up on vehicle accidents.
- APD and Transit submit accident documentation to the Fleet Safety Officer, as required by the COP Policy.

DFAS responded that it concurred with the recommendation and that:

- The Fleet Safety Officer had met with the Parks and Recreation Department (PRD), Transit and the Department of Municipal Development (DMD) and had started to receive accident information on a timely basis from those departments. The Fleet Safety Officer anticipated that each department would be participating in the required Vehicle Accident Review Process by December 2007.
- The Fleet Safety Officer had distributed an abstract of the accident review/reporting requirements to several departments. He also prepared a binder for each Accident Review Committee that contained guidelines for committee operations, and the detailed requirements for review and reporting.
- As the result of a Memorandum of Understanding (MOU) expanding the provisions of the union contracts with American Federation of State, County, and Municipal Employees (AFSCME) Locals 624, 3022, 1888 and 2962, all points assigned against an employee's COP were considered to be advisory until January 1, 2008. During this period, the Fleet Safety Officer would consult with representatives of those unions to develop a method of applying points that was consistent with the COP Policy and that could be effective on January 1, 2008.
- The Fleet Safety Officer was receiving a monthly report of vehicle accidents from the Tort Claims Administrator. He was developing a system to use this and other sources of accident data to ensure that the required review and reporting was occurring.

Both APD and Transit responded that they concurred that accident documentation should be submitted to the Fleet Safety Officer, as required by the COP Policy, and had implemented procedures to do so.

ACTION TAKEN

The audit recommendations have been partially implemented.

According to Loss Prevention, the Fleet Safety Officer consulted with departments to rework the accident review and reporting process. The fiscal year (FY) 10 Approved Budget Performance Plan shows Loss Prevention's progress in improving the percentage of accidents reviewed:

Measure of Merit	FY06	FY07	FY08	FY09
# Auto accidents reviewed to determine preventability	60	75	401	432
% Auto accidents reviewed to determine preventability	6%	8%	40%	46%

According to Loss Prevention, the expiration of the MOU which expands the provisions of the union contracts with AFSCME Locals 624, 3022, 1888, and 2962 was extended, but the Fleet Safety Officer stated he did not have signed evidence of the action. Points assigned against all employee COPs are still advisory.

The MOU includes a process for terminating employees who reach the number of points which results in the loss of the employee's COP. This process was incorporated into the AFSCME Local 624 contract dated July 1, 2008.

According to a listing provided by Loss Prevention, 445 accidents were reported by departments to the Fleet Safety Officer in FY09. The listing indicated:

- 227 (51%) were preventable.
- 94 of the 227 preventable accidents (41%) did not have advisory points assessed against the drivers' City records. All of these accidents involved APD vehicles.

The other 133 preventable accidents involved departments other than APD, and had points assessed against the drivers' City records. Fifteen of the 94 accidents (16%) involving only APD vehicles were major preventable accidents. According to the Fleet Safety Officer, APD has not consistently provided Loss Prevention with the required detailed information to evaluate whether points should be assessed against the drivers' City records.

OIAI selected a sample of 20 of 584 claims relating to accidents involving City vehicles reported by individuals/businesses to Tort Claims during FY 09 to determine if departments are reporting accidents to Loss Prevention:

- Three accidents (15%) were not reported to Loss Prevention. The Fleet Safety Officer was not aware of these accidents until OIAI inquired about them. These accidents involved Albuquerque Bernalillo County Water Utility Authority (ABCWUA) employees. According to an MOU dated March 21, 2007 between the City and ABCWUA, the City provides risk management services to ABCWUA.
- Seventeen accidents (85%) were properly reported to Loss Prevention as required by the COP Policy. Three of these accidents (18%) involved Transit. Since Transit submitted the accident documentation to the Fleet Safety Officer, it is now complying with the COP Policy.

RECOMMENDATION

DFAS should:

- Assess points against all drivers' City records for preventable accidents.
- Consider using the vehicle claims information maintained by Tort Claims to follow-up on accidents involving City vehicles.

APD should submit major accident documentation to the Fleet Safety Officer, as required by the COP Policy.

RESPONSE FROM DFAS

"1. Assess points against all drivers' City records for preventable accidents.

- ***"DFAS agrees***
- ***"The legal situation as regards 'points' under COP Policy has not changed since our original audit response in 2007.***
- ***"In 2006 AFSCME filed an action to dispute the enforcement of certain sections of the COP Policy. One of the areas of dispute is the "points system" applied to accident review. As a consequence no***

formal points have been assigned since early 2007 and all previous points are voided.

- *“The Fleet Safety Officer participated in ‘consultations’ with the unions and has developed a points matrix that, at the time of the consultations, was acceptable to all parties. Since 2007 the Fleet Safety Officer has recorded the results of the accident review process and has assigned ‘advisory points’. It is understood among all the parties that when the union dispute is settled the ‘advisory’ points will be deleted and everyone will start with a clean record.*
- *“The Fleet Safety Officer consulted with departments to rework the accident review and reporting process. We have achieved substantial compliance with the reporting and review requirement. The table below shows the progress in improving the percentage of accidents reviewed and updated through December of 2009.*

Risk Management /Loss Prevention - Measures of Merit						
		FY 06	FY 07	FY 08	FY 09	FY 10 ½ yr
# Auto accidents reviewed to determine preventability ³	Output	60	75	401	432	264
% Auto accidents reviewed to determine preventability	Output	6%	8%	40%	46%	53%

- *“Subsequent to the audit Risk Management met with the safety committee of the ABC/WUA to train them in the accident reporting and review requirements of the COP Policy. He also demonstrated a review process that is currently yielding fair and consistent results for other departments.*
- “1. Consider using the vehicle claims information maintained by Tort Claims to follow-up on accidents involving City vehicles.*
- *“DFAS agrees in principle, but maintains that the Risk Management Division does not currently have the resources to perform this task. We will rely on improved communication with departments to achieve compliance on the part of departments with the reporting and review requirements.*

“2. APD should submit major accident documentation to the Fleet Safety Officer as required by the COP Policy.

- ***“Risk Management has also met with APD and the department has begun providing the necessary data to properly record accidents and apply provisional points for preventable accidents.”***

RESPONSE FROM APD

“Concur with the findings. Effective February 17, 2010, APD will complete the Accident Reporting and Review Form as provided by the Fleet Safety Office and forward to Risk Management. The APD conducts monthly Accident Review Board meetings with representation from APD and Risk Management. The Department Fleet Safety Officer will be responsible for completion of the form on a monthly basis.”

RECOMMENDATION NO. 3

AI No. 4-12: Civil Penalties under Safe Traffic Operations Program (STOP) required that:

- The Risk Manager notify departments of STOP citation notices received by the City for that department’s vehicles.
- The notified department determine the driver of the cited vehicle and inform the Risk Manager.
- The Risk Manager review the incident as potential driver misconduct under the COP Program for the assessment of points.
- The employee-driver reimburse the department for the civil penalty paid by the City.

STOP citation notices were issued to vehicles when automated monitoring equipment determined that a vehicle ran a red light at a monitored intersection, or was speeding in a school zone. All STOP citations issued to City vehicles were sent to RM, who paid the civil penalty and notified the department of the STOP Citation. From March 20 through May 12, 2006, 11 STOP citations were issued to City vehicles as follows:

- Six Transit vehicles, but Transit was reimbursed for only one of them.
- Two SWMD vehicles, but SWMD was reimbursed for only one of them. SWMD personnel could not identify the driver of the second vehicle, because it was used by more than one employee-driver, and there was no documentation of who was driving the vehicle.

- One Department of Family and Community Services (DFCS) vehicle. DFCS personnel indicated that they could not identify the driver of the vehicle, because the vehicle was used by more than one employee, and there was no documentation of who was driving the vehicle.
- One Department of Senior Affairs vehicle.
- One DMD vehicle

Loss Prevention and the departments discussed above did not have procedures in place to ensure that the employee-driver reimbursed the department for the civil penalty paid by the City.

The Risk Manager delegated the responsibility to the Fleet Safety Officer to review STOP citations for the assessment of points. However, the Fleet Safety Officer did not review any STOP citations for the assessment of points against employees' COPs. Departments did not notify the Fleet Safety Officer which employees were driving the vehicles that received STOP citations. The Fleet Safety Officer did not have a follow-up process in place to ensure that he received this information.

OIAI recommended that:

- DFAS ensure the Risk Manager review STOP citations as potential driver misconduct under the COP Program and assess points.
- DFAS ensure Loss Prevention implement a follow-up process to ensure that it received notification from departments regarding which employees were driving the vehicles that received STOP citations.
- The CAO should require departments to notify Loss Prevention which employees are driving the vehicles that receive STOP citations, and keep records of who is driving City vehicles.

DFAS responded that it agreed with the recommendations, and stated that:

- RM served as a clearinghouse for STOP violations issued against City-owned vehicles to avoid the issue of delinquencies and defaults and to determine which department was the owner of the vehicle.
- Various proposals were under consideration to ensure that departments notify the Fleet Safety Office of the actual driver.

The CAO responded that it concurred with the recommendations, and stated that:

- AI No. 4-12 was issued in March 2006; however, it did not include a penalty for failure to comply.
- Ordinance changes were under consideration by the City Council to the automated enforcement program. The Administration had deferred modifying the AI until ordinance

changes had been finalized to ensure that City policies did not conflict with ordinance provisions.

ACTION TAKEN

The audit recommendations have been partially implemented.

Assessing Points

DFAS informed OIAI that:

- Points are not assessed against employee COPs for STOP violations.
- AI No. 4-12 (Revised) states that issuance of a Warning or Citation Notice may result in the assessment of points against the driver's COP, but it is not required.
- The COP Policy states that points assigned against a COP because of citation will mirror the points imposed by the NM Motor Vehicle Division (MVD), but the MVD does not impose points for STOP violations.
- They never consulted with unions about a points matrix related to STOP violations.

Reissuing Citations

Loss Prevention said that it implemented a follow-up process to ensure that it receives notification from departments indicating which employees were driving the vehicles that received STOP citations.

From July through October 2009, 43 City vehicles received STOP citations. OIAI selected a sample of 10 these vehicles, and determined that Loss Prevention received notification from each of the departments indicating which employees were driving the vehicles. Loss Prevention had the STOP citations reissued in the employees' names.

Revising AI

AI No. 4-12 was revised in March 2008. This revision requires departments to notify Loss Prevention which employees are driving the vehicles that receive STOP citations.

Maintaining Records

AI No. 4-12 requires departments to keep records of who is driving City vehicles.

From July 2008 through June 2009, 221 City vehicles received STOP citations. OIAI reviewed these citations and identified:

- Three cases (1%) in which the driver could not be identified by the department. All of the drivers were PRD employees.
- 219 cases (99%) in which the driver was identified by the department and communicated to RM.

RECOMMENDATION

DFAS should consider proposing a revision of the COP policy to the CAO that allows for points to be assessed against COPs for STOP citations.

PRD should develop procedures to ensure that it can identify which employees are driving City vehicles that receive STOP citations.

RESPONSE FROM DFAS

- ***“DFAS agrees with Recommendation 3.***
- ***“Risk Management has developed a comprehensive revision of the Policy that has undergone informal review. The proposed changes include a points matrix for accident review and we will address a similar matrix for S.T.O.P. Violations in the discussion.”***

RESPONSE FROM PRD

- “1. All Parks and Recreation Divisions will track and retain work orders which identify the vehicle number, the driver, date and work site. Work orders will be retained for a period of two years.***
- “2. Parks and Recreation Department will institute a policy requiring a sign in/out form where a vehicle is shared. This form will indicate vehicle number, the driver, date and destination.”***

RECOMMENDATION NO. 4

The COP Policy required employees utilizing their personal vehicle for City business to be reimbursed for mileage upon submitting an approved request for reimbursement and proof of insurance for the vehicle driven.

According to DFAS – Accounting Division (Accounting) payroll records, 534 employees received reimbursement for mileage driven in their personal vehicle while on City business in 2005. OIAI selected a sample of 20 of these employees, and determined that departments could not provide proof of insurance on their personal vehicles for 18 of the employees (90%).

OIAI discussed the proof of insurance requirements with the designated departmental COP liaisons. Some of the COP liaisons were not familiar with the proof of insurance requirements.

OIAI recommended that the CAO:

- Require departments to ensure that employees provide the required proof of insurance for personal vehicle usage on City business when receiving mileage reimbursement.
- Ensure departments review employee proof of insurance information and verify the insurance policy does not include an exclusion relating to the use of the personal vehicle for business purposes.

The CAO responded that it concurred with the recommendations, and stated that it:

- Would again remind department directors of their responsibility for compliance with administrative provisions related to daily operations.
- Was rarely presented with a request for mileage reimbursement so it would have to delegate compliance with this provision to the department directors.

ACTION TAKEN

The audit recommendations have not been implemented.

The previous CAO said that a review and update of the City Travel Regulations was necessary to require that departments ensure that employees provide the mandatory proof of insurance for personal vehicle usage on City business. The review and update was to be completed by December 2009.

As of January 27, 2010, the City Travel Regulations have not been updated.

According to Accounting payroll records, 309 employees received mileage reimbursement during FY09. OIAI selected a sample of 15 of these employees, requested the corresponding department to provide a copy of the employee's proof of insurance applicable to the time period of the reimbursement, and determined that for:

- Four employees (27%), the department provided a copy of the employee's insurance certificate; but the insurance certificate covered a time period subsequent to the date of the mileage reimbursement.
- One employee (7%), the department said that the employee had retired, and it was not able to obtain the requested insurance certificate.
- One employee (7%), the department obtained an insurance certificate from the employee at the time of the audit request; not when the mileage was reimbursed. The insurance certificate covered a time period subsequent to the date of the mileage reimbursement.
- One employee (7%), the department was not able to provide a copy of any insurance certificate from the employee.
- Eight employees (53%), the department was able to provide a copy of the employee's insurance certificate which was applicable to the time period covered by the mileage reimbursement.

None of the 13 insurance cards reviewed indicated if the employee had notified his/her insurance carrier of the business use of the vehicle and secured the appropriate endorsement to the policy. The COP Policy requires employees who frequently drive their personal vehicle for City business to notify their insurance carrier of the business use of their vehicle and to secure the appropriate endorsement to the policy.

FOLLOW-UP RECOMMENDATION

The CAO should:

- Ensure that the review and update of the City Travel Regulations relating to employee insurance certificates for personal vehicle usage on City business is completed.
- Require departments to ensure that employees provide the required proof of insurance for personal vehicle usage on City business when receiving mileage reimbursement.
- Require departments to implement a process to ensure that employees who frequently drive their personal vehicle for City business notify their insurance carrier of the business use of the vehicle and secure the appropriate endorsement to the policy.

RESPONSE FROM CAO

- *“CAO agrees with Recommendation No. 4*
- *“The current administration was unaware of these audit findings prior to receiving the findings of the follow-up audit.*
- *“Department directors will be reminded of their responsibility for compliance with administrative instructions related to daily operations.*
- *“The mileage reimbursement process is an accounting function and not within the purview of Risk Management so the commitment to have Risk Management train department personnel is being re-evaluated.*
- *“The policy requirement for submission of an insurance certificate will not satisfy the need to examine policy endorsements and we may need to revise the policy to require more documentation.”*

RECOMMENDATION NO. 5

The COP Policy prohibited any person from driving a motor vehicle on official City business without a valid NM driver’s license and a COP. Accounting provided a listing of the 42 employees who had taxable income in 2005 relating to their use of a City take-home vehicle. According to Loss Prevention’s records three of these employees (7%) did not have a current COP.

AI No. 4-5: City Vehicle Usage Policy, required that employees driving take-home vehicles must submit an annual application to their department director with prior review and concurrence by their division manager in July of each FY. OIAI requested departments to provide evidence that the required annual application for a take-home vehicle had been submitted by the 42 employees in July 2005. Only one of the 42 employees (2%) had completed the form.

Ten departments sampled provided a listing of 371 of their employees who had a City vehicle assigned to them. These vehicles were either take-home vehicles or vehicles that the employee only used during their work day. According to Loss Prevention’s records, seven of these employees (2%) did not have a current COP. These employees’ departments did not ensure that the drivers had a COP before they were assigned a City vehicle.

OIAI recommended that the CAO:

- Ensure that departments require employees who have been assigned vehicles have a COP.
- Require departments to ensure that employees who have been assigned take-home vehicles comply with the requirements of AI No. 4-5, and submit an annual application for take-home vehicles in July of each fiscal year.

The CAO responded that it concurred with the recommendations, and stated that it would:

- Again remind department directors of their responsibility for compliance with administrative provisions related to daily operations.
- Request that RM take a more proactive role in training appropriate department personnel to ensure compliance with the provisions of AI No. 4-5.

ACTION TAKEN

The audit recommendations have been partially implemented.

According to a listing provided by Accounting, 33 employees had taxable income relating to the use of a City take-home vehicle during calendar year 2008.

AI No. 4-5 requires that employees driving take-home vehicles submit an application to their department director for recommendation. The department director submits the application, with his/her recommendation, to the CAO for approval or disapproval. Under the February 2008 revision of AI No. 4-5, DFAS maintains the original applications.

OIAI requested that DFAS provide a copy of the take-home vehicle application for each of the 33 employees. DFAS did not have an application for three of the 33 employees (9%). The other 30 employees (91%) had approved applications. The take-home vehicle application requires that a copy of the employee's COP be attached:

- Twenty-nine of the 30 applications (97%) had a copy of their current COP attached.
- One of the 30 applications (3%) was approved by the CAO on August 16, 2007, but the employee did not have a COP because he did not attend and complete the DDC course until September 5, 2007.

FOLLOW-UP RECOMMENDATION

The CAO should:

- Require departments to ensure that employees who have been assigned take-home vehicles comply with the requirements of AI No. 4-5, and submit an application for take-home vehicles.
- Ensure that departments require employees who have been approved for a take-home vehicle have a COP.

RESPONSE FROM CAO

- ***“CAO agrees with Recommendation No. 5***
- ***“The CAO will remind the departments of the need to comply with the requirements of the take-home vehicle policy.***
- ***“The take-home vehicle application form has been modified to eliminate the need to attach a copy of the applicant’s COP, and making it the responsibility of the department to assure COP validity prior to submission.***
- ***“DFAS also audits each application to assure COP validity prior to approval.”***

RECOMMENDATION NO. 6

Departments could have used ReportNet/COGNOS to generate reports that listed the status of all departmental employees who had COPs. During the audit, OIAI and Loss Prevention determined that when a report was generated, it did not list all of the department’s employees who had COPs. Upon further research, Loss Prevention determined that a complete listing of employees who had COPs could only be obtained if the report was run by division, rather than by department.

Each department had a COP liaison that interacted with Loss Prevention. COP liaisons were not trained by Loss Prevention on what was necessary to obtain a complete listing of COPs in their department. If departments did not generate complete reports, they could not properly monitor the status of employees who had a COP. Departments might have been unaware of employees whose COP had expired.

OIAI recommended that DFAS provide training to COP liaisons in the departments on how to correctly run the COP reporting application.

DFAS responded that it concurred with the recommendations, and stated that the Fleet Safety Officer:

- Regularly received calls from the COP liaisons about how to access the reports and worked with them to facilitate their use of the system.
- Was working with ISD to make several crucial modifications to the COP database and with the COGNOS administrators to make the COP reports more useful to the user departments.

ACTION TAKEN

The audit recommendation has been fully implemented.

In 2007 the Fleet Safety Officer updated the list of COP liaisons and established consistent communications with the group on new developments. The COP liaisons receive individual assistance by telephone, e-mail and/or at their work place to familiarize them with the COP reports. When there is a new COP liaison, the Fleet Safety Officer sends an e-mail message with forms and informational documents.

The COP liaisons were consulted about the ReportNet/COGNOS reports and the Fleet Safety Officer has worked with DFAS - ISD to modify the COP reports.

The COP liaisons receive weekly e-mails from Loss Prevention reminding them to look at the Suspension/Revocation Report and take appropriate action.

ADDITIONAL FINDING NOTED DURING THE FOLLOW-UP

The following finding was noted during our test work and was not part of the original audit. The finding concerns an area that we believe could be improved by the implementation of the related recommendations.

1. THE CAO SHOULD REQUIRE DEPARTMENTS TO ENSURE OPERATORS OF VEHICLES AND EQUIPMENT ON CITY BUSINESS HAVE VALID CREDENTIALS.

OIAI's review of the October 7, 2009 Loss Prevention COP listing, which consisted of 6,876 drivers, identified the following:

- 346 had expired COPs (5%).
- 371 had expired DDC certifications (5%).
- 732 COPs had a Commercial Driver's License (CDL) endorsement with medical physical dates older than the four year maximum (11%).

Loss Prevention does not know if individuals with expired credentials are operating vehicles or equipment on City business. The departments have this information and are responsible for ensuring that drivers who operate vehicles or equipment on City business have valid credentials.

OIAI selected 10 departments with a large number of vehicles/equipment and drivers from the COP listing. At least three drivers with expired COPs and/or DDC certifications were selected from each department resulting in a sample of 59. OIAI contacted each of the 10 departments to determine whether or not the drivers were operating vehicles or equipment on City business, and identified the following:

- Thirty-nine of the 59 drivers (66%) continue to operate vehicles or equipment on City business even though their COPs and/or DDC certifications are expired.
- Two of the 59 drivers (3%), the department believes the COPs and/or DDC certifications are not expired and the COP database is incorrect.
- Eighteen of the 59 drivers (31%) had valid COPs and/or DDC certifications.

OIAI also selected two departments with a large number of City vehicles/equipment operated by drivers with COPs requiring a CDL endorsement. A sample of 48 drivers in which the dates of their CDL medical physicals exceeded four years was selected from the two departments. OIAI contacted both departments to determine if the individuals continued to operate vehicles or equipment on City business and identified the following:

- Twenty-eight of the 48 drivers (58%), the department believed the dates of the CDL physicals recorded in the COP database were incorrect; however, it could not provide documentation of the correct dates.
- Eight of the 48 drivers (17%), the department acknowledged the date of the CDL physicals exceeded four years; however, the employees continue to operate vehicles or equipment on City business
- Twelve of the 48 drivers (25%) performed job functions that did not require a COP with a CDL endorsement.

The COP Policy requires that employees:

- Must have a valid NM driver's license.
- Pass the City's Defensive Driving Course to obtain a COP.
- Must have a COP to drive a vehicle on City business.
- Must have a current physical with COPs that have a CDL endorsement.

The individual department's COP liaisons and Loss Prevention are not monitoring the expiration dates of City driver's COPs, DDC certifications, NM driver's licenses, and CDL physicals.

If drivers are operating vehicles or equipment with expired credentials on City business, they will not be in compliance with the COP Policy and the City may have increased legal exposure.

RECOMMENDATION:

The CAO should require departments to ensure that operators of vehicles and equipment on City business have valid credentials.

DFAS should develop a collaborative monitoring process with the individual departments' COP liaisons to ensure that drivers who operate vehicles or equipment on City business have valid credentials.

RESPONSE FROM CAO

- ***“CAO agrees with this additional Recommendation.***
- ***“1. Department directors will be reminded of the need to assure compliance with the COP Policy.***
- ***“2. Risk Management has been directed to meet with the directors to brief them on COP procedures and to report to them individually on their departments' compliance.”***

RESPONSE FROM DFAS

- ***“DFAS agrees in principle but we doubt the accuracy of the number of CDL drivers with expired physicals.***
- ***“This additional finding in the follow-up audit illustrates three conditions:***

- “1. There are a significant number of COP holders who don’t drive in the course of their work. Many of these COP holders had expired years ago and the departments saw no need to renew their credentials. Risk Management has taken steps to identify and these individuals and purge them from the reporting list. Immediately after the audit Risk Management asked the COP liaisons to audit the list of their COP holders and identify non-drivers. We then asked that each department director certify a list of COP holders to be purged from the database. By this process we can document the removal of 81 employees, temporary workers and volunteers who do not drive from the list of active COP holders.***
- “2. At the time of the follow-up audit there were apparently 371 COP holders who’s DDC was expired. Part of the effort described above included increased reminders to COP liaisons and others in the departments to bring drivers into compliance.***
- “3. Whatever the number of expired physicals was at the time of the audit, it appears that the number is 266 now. And, because the database for tracking physicals is not linked to the COP database or PeopleSoft the list includes many terminated employees who have never been purged. There are approximately 900 COP holders with CDL endorsement who are required to have a current DOT physical certification. The database lists 1178 so there may be as many as 278 drivers on the list who are either terminated or who no longer need the CDL endorsement. Risk Management is continually working to improve record keeping and has recently paid to upgrade the record keeping software in the Employee Health Center to simplify recording and reporting for this issue.”***

CONCLUSION

One of the six recommendations noted in the initial audit report has been fully implemented. Five of the six recommendations have been partially implemented. One additional finding was noted during this follow-up. The CAO should require departments to ensure that operators of vehicles and equipment on City business have valid credentials. DFAS should work with the individual COP liaisons to ensure City-wide compliance with the COP Policy and related AIs.

We appreciate the assistance and cooperation of City personnel during the audit.

Principal Auditor

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