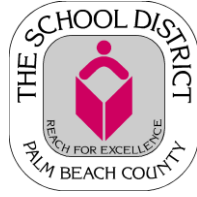


**Audit of
District's Take-Home Vehicles**

April 21, 2017

Report #2017-02



MISSION STATEMENT

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**Audit of
District's Take-Home Vehicles
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**Audit of
District's Take-Home Vehicles**

EXECUTIVE SUMMARY

Pursuant to the *Office of Inspector General's (OIG) 2015-16 Work Plan*, we have audited the District's Take-Home Vehicle Program. The primary objectives of this audit were to determine (1) the extent of compliance with relevant *School Board Policies*, and (2) if the take-home vehicle program was operating efficiently during Fiscal Years 2015 and 2016. This audit produced the following major conclusions.

1. Circumvention of Take-Home Vehicle Policy by Parking District Vehicles at District Facilities Nearest to Employees' Homes

As disclosed by the OIG Survey results, 48 District non-take-home vehicles assigned to staff were parked at District facilities nearest to their residences. Employees parking the non-take-home vehicle at a District facility nearest to their home in reality circumvents *School Board Policy 2.28* for assigning take-home vehicles to staff who were otherwise not eligible for a take-home vehicle. As a result, the District had to absorb an estimated annual expenses of \$123,216. Moreover, there was no *Take Home Vehicle Assignment Registration Form (PBSD 2436)* with these 48 vehicles. Form PBSD 2436 is to provide information for compliance with the Internal Revenue Service (IRS) income tax withholding on *W-2 Form* for tax reporting.

Management's Response: Management concurs and is in the process of implementing procedures to ensure employees who are assigned take-home vehicles comply with all the directives listed in *School Board Policy 2.28*. Four regional parking lots with proper security will be designated for overnight parking by on-call and regional staff who are assigned vehicles.

2. No Take-Home Vehicle Assignment Registration Forms (PBSD 2436)

School Board Policy 2.28 requires employees assigned with take-home District-owned vehicles must complete the *Take-Home Vehicle Assignment Registration Form (PBSD 2436)* annually. However, during Fiscal Year 2016, none of the five employees assigned with take-home vehicles filled out the *Take-Home Vehicle Assignment Registration Form*.

Failure to fill out the *Take-Home Vehicle Assignment Registration Form (PBSD 2436)* by employees who are assigned with take-home District vehicles results in inaccurate filing of personal income tax withholding with the Internal Revenue Service (IRS). This could subject the District to IRS fine and penalty for inaccurate tax withholding, and employees' underreporting taxable incomes.

Management's Response: Management concurs and will implement a procedure to ensure all employees assigned a *Take Home Vehicle* complete *PBSD Form 2436*.

3. No Vehicle Utilization Log (PBSD 2040)

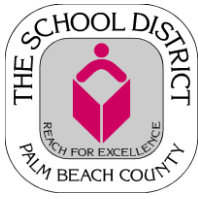
School Board Policy 2.28 requires employees assigned with District-owned vehicle to complete the *Vehicle Utilization Logs* monthly for their supervisor review. As of April 13, 2016, 129 District vehicles were assigned to employees in 15 departments. OIG surveyed the 15 departments and found that seven departments did not require their staff (94 employees in total) who were assigned with non-take-home District vehicles to complete the required monthly *Vehicle Utilization Log (PBSD 2040)*.

Management's Response: *Management concurs and will implement a procedure to ensure all employees assigned a district-owned vehicle complete Vehicle Utilization Log PBSD Form 2040 monthly.*

4. No Automobile Liability Insurance Coverage

Pursuant to *School Board Policy 2.28(7)(b)*, “*Liability Insurance Requirements. Prior to the issuance of a take home vehicle to a District employee, the employee must present a copy of the insurance as required by this section to his or her supervisor.*” We surveyed four sample departments that had a total of 191 District’s vehicles assigned to their employees. The survey results revealed that only five or 2.6% of the 191 employees provided their supervisors with the proof of liability insurance, as required by *School Board Policy 2.28, School District Owned Vehicles*. The lack of insurance coverage for District vehicles could subject the District and the employees to unwarranted liability if such vehicles are involved in accidents that cause injuries and damages after work hours.

Management's Response: *Transportation will implement procedures to ensure all employees assigned a take-home vehicle have provided proof of insurance prior to issuance of a vehicle, as required by PBSD Policy 2.28. (Please see page 16.)*



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MEMORANDUM

TO: Honorable Chair and Members of the School Board
Robert M. Avossa, Ed. D., Superintendent of Schools
Chair and Members of the Audit Committee

FROM: Lung Chiu, CPA, Inspector General

DATE: April 21, 2017

SUBJECT: Audit of District's Take-Home Vehicles

PURPOSE AND AUTHORITY

Pursuant to the *Office of Inspector General's (OIG) 2015-16 Work Plan*, we have audited the District's Take-Home Vehicle Program. The primary objectives of this audit were to determine (1) the extent of compliance with relevant *School Board Policies*, and (2) if the take-home vehicle program was operating efficiently during Fiscal Years 2015 and 2016.

SCOPE AND METHODOLOGY

The audit was performed in accordance with *Generally Accepted Government Auditing Standards* promulgated by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain sufficient and 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 audit included:

- Interviewing staff.
- Conducting a survey of operators for District vehicles.
- Reviewing relevant *School Board Policies*, including *#2.28 School District Owned Vehicles*, and *#6.01 Authorized Travel Expense Reimbursement*.
- Reviewing department procedures for District's vehicle assignment.
- Reviewing *Vehicle Utilization Logs*.

Draft audit findings were sent to staff for review and comments. Management response is included in the Appendix. We appreciate the courtesy and cooperation extended to us by District staff during the audit. The final draft report was presented to the Audit Committee at its April 21, 2017, meeting. During the Audit Committee Meeting, staff provided an update on the status of management's actions in response to the audit findings. (Please see Appendix B on page 17.)

BACKGROUND

School Board Policy 2.28, School District Owned Vehicles, sets the criteria for assigning District-owned vehicles. District-owned vehicles may be assigned to employees on the basis of their job duties and responsibilities, for use either solely during normal working hours or beyond working hours as take-home. *School Board Policy 2.28* requires the following criteria be considered when assigning a District-owned Take-Home Vehicle to an employee:

- The employee is on-call and/or has emergency response duties during off duty hours.
- The employee is assigned duties at multiple work sites.
- There is a need for the employee to have access to a specially equipped vehicle in order to fulfill departmental missions.
- If it will be more effective to the District to provide the employee with a vehicle, because the employee's mileage reimbursement consistently averages more than the cost of assigning a District-owned vehicle to that employee.
- The employee's collective bargaining agreement provides for the employee to be provided with a District vehicle.

According to Transportation Services Department (Transportation), as of April 13, 2016, 836 District vehicles, with total purchase cost of \$16,080,919, were assigned to various schools and departments. The following exhibit summarizes the types of vehicles assigned to schools and departments as of April 13, 2016.

District Vehicles Assigned to Schools and Departments As of April 13, 2016

Vehicle Type	# of Vehicles
Cargo Vans	279
Pick-up Trucks	137
Cars	135
Sports Utility Vehicles (SUVs)	129
Utility Trucks	102
Other	30
Passenger Vans	24
Total	836

Source: Transportation Services' AssetWorks System

These 836 District's vehicles included 174 vehicles assigned to School Police Department, and 662 vehicles assigned to various schools and departments. District vehicles assigned to schools and departments for District businesses are being utilized in the following manners:

- (1) Take-Home-Vehicle is assigned to specific staff person and is only available for that staff person's use during the workday, and is driven home by that staff person at the end of the workday.
- (2) Vehicles are assigned to a department/school but not assigned to a specific staff person in that department. Any staff person in that department/school can use the vehicles for District business if they are available.

- (3) Vehicles are assigned to a specific staff person and is only for business use during the workday. These vehicles are parked at the staff’s primary worksite at the end of the workday, or parked at a District facility near the staff person’s home. Consequently, these staff persons have the exclusive use of these vehicles.

2016 OIG Survey Results. As of April 13, 2016, there were 533 vehicles assigned to departments/schools and 129 vehicles assigned to individual staff members. As part of the survey, OIG followed-up with the 129 staff who had exclusive use of the District vehicles. OIG noted that at the end of each work day:

- (1) Five vehicles were parked at the employees’ homes;
- (2) 76 vehicles were parked at the employees’ primary work locations; and
- (3) 48 vehicles were parked at District property near the employees’ homes.

**Vehicle Assigned to Schools and Departments
As of April 13, 2016**

School/Department	3 Manners How Vehicles Were Parked After Work Day				Pool-Vehicles (E)	Total (D) + (E)
	Parked at Primary Work Sites (A)	Parked at District Sites Near Homes (B)	Take-Home Vehicles (C)	Total # of Assigned Vehicles (D) = (A)+(B)+(C)		
Maintenance & Plant Operation	7	9	0	16	339	355
School Food Service	14	21	0	35	62	97
Transportation Services	0	5	1	6	50	56
Information Technology-Operations	35	1	0	36	7	43
Purchasing-Warehouse	0	0	0	0	25	25
Building Code Services	4	3	0	7	6	13
Program Management	6	2	0	8	4	12
Environmental & Conservation Services	8	0	0	8	3	11
Education Network	0	0	0	0	6	6
Migrant	0	0	0	0	5	5
Maintenance –Fulton Holland	0	0	0	0	4	4
Inspector General Office	0	0	0	0	3	3
Library Media Service	0	0	0	0	3	3
Superintendent	0	0	1	1	2	3
Area 1	1	1	0	2	1	3
Area 2	0	1	1	2	0	2
Area 3	0	1	1	2	0	2
Area 4	0	2	0	2	0	2
Area 5	0	2	0	2	0	2
Assessment	0	0	0	0	2	2
Safe Schools	0	0	0	0	2	2
Inlet Grove High	0	0	0	0	2	2
Village Academy	0	0	0	0	2	2
New School Construction	0	0	0	0	1	1
Student Services Equity Assessment	0	0	1	1	0	1
Transformation- DA	1	0	0	1	0	1
Atlantic High	0	0	0	0	1	1
Indian Ridge School	0	0	0	0	1	1
Jupiter High	0	0	0	0	1	1
Pine Jog Elementary	0	0	0	0	1	1
Total	76	48	5	129	533	662

Sources: Transportation Services, Schools, and Departments.

CONCLUSIONS

The audit included the 662 vehicles assigned to various schools and departments, and did not include the 174 vehicles assigned to School Police Department¹. The audit produced the following major conclusions.

1. Circumvention of Take-Home Vehicle Policy by Parking District Vehicles at District Facilities Nearest to Employees' Homes

As disclosed by the OIG Survey results, 48 District non-take-home vehicles assigned to staff were parked at District facilities nearest to the employees' homes at the end of the work days. According to the departments that responded to the survey, these 48 District vehicles were not take-home vehicles. However, parking these District vehicles at a District facility nearest to the employees' homes in reality circumvents the requirements for assigning take-home vehicles to staff who were otherwise not eligible for a take-home vehicles pursuant to **School Board Policy 2.28**. As a results, the exclusive use of these 48 vehicles:

- Increased operating expenses to the District, with an estimated average of \$123,216 per year. (Please see next paragraph.)
- Did not have the required *Take Home Vehicle Assignment Registration Form (PBSD 2436)* (please see Exhibit 1 on page 11).
- Resulted in noncompliance with the Internal Revenue Service (IRS) income tax withholding and inaccurate reporting on *W-2 Form* for tax reporting and **School Board Policy**. That could subject the School District to IRS penalty and interests for non-reporting.

Moreover, six of the eleven departments with District assigned vehicles did not require staff to complete the *Vehicle Utilization Logs* for vehicles parked at the primary work location or at the District facilities nearest their homes. Based on the available *Vehicle Utilization Logs*, we reviewed *Logs* for five sample employees during Fiscal Years 2015 and 2016. We found that 63% to 99% (average 82%) of the days the employees used the District vehicle for (a) commuting to the primary work locations, or (b) passing their primary work location en-route to a work site.

Personal commuting miles incurred by employees are not reimbursable. Specifically, **School Board Policy 6.01 (3)** states,

“In-County reimbursable miles shall be computed on a daily basis by summing all business miles driven and subtracting commuting miles, which are not reimbursable. Commuting miles are the round trip miles between the traveler’s residence and assigned headquarters.”

¹ According to the Internal Revenue Service (IRS) Publication 15, both marked and unmarked police vehicles are “qualified nonpersonal use vehicles.” Take-home police vehicles provide the appearance of additional police presence in the community. As such, findings #1 through #3 do not include the 174 vehicles assigned to School Police Department.

Based on the District's reimbursement rate of \$0.445 per mile for using personal vehicle for District business, the personal commuting miles incurred by these five sample employees had an estimated total value of \$12,837, with an average of \$2,567 per vehicle per year. (Estimated total cost for using these 48 vehicles for personal benefits = \$2,567 x 48 = \$123,216 per year.)

**District's Vehicles Used for Sample Employees
Commuting Between Home and Primary Work Location
During Fiscal Years 2015 and 2016**

Employee	Distance from Employee's Home (Miles)		# of Days District's Vehicle Was Used		Estimated Commuting Miles With District's Vehicle		
	Nearest District's School (A)	Primary Work Location (B)	Total # of Days Used	To Primary Work Location ⁽¹⁾ (C)	Daily Commuting Miles (D)=[(B)-(A)]x2	Total Commuting Miles During 2015 & 2016 (E)=(C)x(D)	Estimated Value ⁽²⁾ During 2015 & 2016 \$0.445 x (E)
1	0.8	18.9	401 (100%)	251 (63%)	36.2	9,086.20	\$4,043.36
2	3.7	23.4	341 (100%)	257 (75%)	39.4	10,125.80	4,505.98
3	3.0	19.8	376 (100%)	372 (99%)	33.6	12,499.20	5,562.14
4	1.3	25.8	460 (100%)	453 (98%)	49.0	22,197.00	9,877.67
5	2.3	8.7	406 (100%)	296 (73%)	12.8	3,788.80	1,686.02
Total			1,984 (100%)	1,629 (82%)		57,697.0	\$25,675.17
						Average Per Vehicle	\$2,567.52/Year

Notes: (1) The employee reported duty at the primary work location, or passed the primary location en-route to a work site.

(2) Based on District's reimbursement rate of \$0.445 per mile.

(3) The reimbursement rate of \$0.445 per mile represents the average cost per mile to operate a vehicle, including maintenance, wear-and-tear, fuel, insurance, and other incidental costs.

Recommendation

Although some employees who operated the District vehicles parked the vehicles at the District facilities nearest to their homes after work instead of their homes, these 48 vehicles were effectively take-home vehicles for their exclusive usage. Assignment for each of these 48 vehicles should be reviewed and approved by respective supervisor to ensure full-compliance with **School Board Policy 2.28** for take-home vehicles.

The District should ensure full compliance with IRS rules in tax reporting and withholding.

Management's Response: Management concurs and is in the process of implementing procedures to ensure employees who are assigned take-home vehicles comply with all the directives listed in School Board Policy 2.28. Eligible employees will be offered the choice of utilizing an assigned take-home vehicle and complying with all the appropriate registration forms, insurance and IRS requirements OR, utilizing a district pool vehicle, that will require a key checkout process. Vehicle allocation decisions will reside with the department director and will be dependent on the needs of the department. Four regional parking lots with proper security will be designated for overnight parking by on-call and regional staff who are assigned vehicles. (Please see page 15.)

2. No Take-Home Vehicle Assignment Registration Forms (PBSD 2436)

Based on Transportation records, five employees were assigned with District-owned Take-Home Vehicles during Fiscal Year 2016. However, none of these five employees filled out the *Take-Home Vehicle Assignment Registration Form (PBSD 2436)* as required by **School Board Policy 2.28**. This form is to be approved by their supervisors (please see Exhibit 1 on page 11.)

Department	# of District-Owned Take-Home Vehicles
Transportation Services	1
Area 2	1
Area 3	1
Superintendent	1
Student Services Equity Assessment	1
Total	5

Employees authorized to take home District-owned vehicles must complete the *Take-Home Vehicle Assignment Registration Form (PBSD 2436)* annually. Specifically, **School Board Policy 2.28, Section 7.a.**, states,

“Completion of Form. Any employee authorized to take a vehicle home shall complete and sign the Take Home Vehicle Form (PBSD 2436) as required by the Department of Transportation. Such form shall be completed and signed by the employee and his or her supervisor. The original form shall be provided to the Director of Transportation, with a copy to the Department of Accounting to report such authorization and to supply all related information required by IRS Regulations, and a copy to Department of Risk and Benefits Management with proof of insurance as required herein.”

Failure to fill out the *Take-Home Vehicle Assignment Registration Form (PBSD 2436)* by employees who have take-home District vehicles results in inaccurate filing of tax withholding with the IRS and the lack of proper insurance coverage. This could also subject the District to IRS fine and penalty for improper tax withholding, and employees’ underreporting taxable incomes.

Recommendation

To ensure full compliance with **School Board Policy 2.28** and the related IRS Regulations and employees’ proof of vehicle insurance coverage, all employees with District-owned Take-Home Vehicles must complete the *Take-Home Vehicle Assignment Registration Form*. Moreover, as required by **School Board Policy 2.28**, *“By January 15 of each year, an updated Take Home Vehicle Authorization Assignment Form must be completed and approved and submitted to the employee’s Division Director and the Superintendent.”*

Management’s Response: Management concurs and will implement a procedure to ensure all employees assigned a Take Home Vehicle complete PBSD Form 2436. The process will be owned by the director of each department. Once the need for a take-home vehicle is identified, PBSD Form 2436 will be filled out and routed to the employee supervisor, department director, Superintendent/Designee, Transportation and finally to Accounting. Form 2436 must be resubmitted each year by January 15th to ensure compliance with School Board Policy 2.28. (Please see page 15.)

3. No Vehicle Utilization Log (PBSD 2040)

School Board Policy 2.28,

3.c.(ii). Monthly Vehicle Usage Review states “Supervisors of employees assigned District-owned vehicles shall review monthly the vehicle utilization logs of the employees’ use of District assigned vehicles.” and

4.h. Vehicle Utilization Logs Maintenance states “Vehicle utilization logs will be maintained by all employees assigned District-owned vehicle and shall be submitted monthly to the employees’ supervisors for review.”

As of April 13, 2016, 129 District vehicles were assigned to employees in 15 departments. OIG surveyed the 15 departments and found that:

- All departments required their staff with take-home vehicles to complete the *Vehicle Utilization Log (PBSD 2040)* monthly (please see Exhibit 2 on page 13).
- Seven departments did not require their staff (a total of 94 employees) who were assigned with non-take-home District vehicles to complete the required monthly *Vehicle Utilization Log (PBSD 2040)*.

**Vehicles Assigned to Employees
Without Monthly Vehicle Utilization Logs**

School/Department	Vehicles Assigned to Employees				Employee Fills Out Vehicle Utilization Logs (PBSD 2040)?
	Vehicle Parking Location After Work Hours			Total	
	Primary Work Site	District Property Nearest to Employees’ Residences	Take-Home		
Information Technology-Operations	35	1	0	36	No
School Food Service	14	21	0	35	Completed the monthly mileage log, instead of PBSD 2040.
Environmental & Conservation Services	8	0	0	8	No
Building Code Services	4	3	0	7	No

School/Department	Vehicles Assigned to Employees				Employee Fills Out Vehicle Utilization Logs (PBSD 2040)?
	Vehicle Parking Location After Work Hours			Total	
	Primary Work Site	District Property Nearest to Employees' Residences	Take-Home		
Transportation Services	0	5	1	6	Only for Take-home vehicles
Area 3	0	1	1	2	Only for Take-home vehicles
Area 4	0	2	0	2	No
Total	61	33	2	96	

Recommendation

As required by *School Board Policy 2.28*,

- All employees with assigned District vehicles should maintain the monthly *Vehicle Utilization Log (PBSD 2040)*.
- Supervisors of employees with assigned District vehicles should review employees' monthly *Vehicle Utilization Log* to ensure the assigned vehicles were used exclusively for District business.

Management's Response: *Management concurs and will implement a procedure to ensure all employees assigned a district-owned vehicle complete Vehicle Utilization Log PBSD Form 2040 monthly. Directors will be responsible for reviewing their department utilization logs. The Transportation Director will acknowledge transmittal of the logs and will retain all records. The process will be owned by the Transportation Director, who will ensure Form 2040 is received from each assigned employee by the 15th of each month. (Please see page 16.)*

4. No Automobile Liability Insurance Coverage

Pursuant to *School Board Policy 2.28(7)(b)*,

"Liability Insurance Requirements. Prior to the issuance of a take home vehicle to a District employee, the employee must present a copy of the insurance as required by this section to his or her supervisor. Employees provided with take home vehicles shall be required to obtain maintain an automobile liability insurance policy with limits of \$100,000/\$300,000 bodily injury and \$50,000 in property damage. This provision is required because an employee is personally liable for damages resulting from the employee's own negligence, misuse or abuse while operating a take home vehicle outside of the scope of the District's employment."

We surveyed four sample departments that had a total of 191 District’s vehicles assigned to their employees. The survey results revealed that only five or 2.6% of the 191 employees provided their supervisors with the proof of liability insurance, as required by *School Board Policy 2.28, School District Owned Vehicles*.

School/Department	Employees Assigned With District Owned Vehicles				
	Vehicle Parking Location After Work			Total	# of Employees with Proof of Liability Insurance Provided to Their Supervisor
	Primary Work Site	District Property Nearest to Employees’ Residences	Take-Home		
1. School Police	5	0	99	104	None
2. School Food Service	14	21	0	35	None
3. Maintenance & Plant Operation	7	9	0	16	5
4. Information Technology-Operations	35	1	0	36	None
Total	61	31	99	191	5

According to the District’s Risk & Benefits Management Department, the automobile liability insurance coverage is required for District staff at their own expense, regardless of where they park the vehicle, either at District property or District facility nearby their homes. Moreover, the vehicles are not covered by the District’s insurance until the employees’ workday starts. Therefore, employee traveling from home, school site, or other District facility to the primary work location is not considered starting the workday. If there were an automobile accident involving the District vehicle while traveling from a District property/employee’s home to the primary work location, the accident would not be covered by the District insurance and would not be represented by the District’s insurer.

Recommendation

According to the Department of Risk & Benefits Management, a new form *Agreement for the Use of District Owned Vehicles (PBSD 2562)* has been developed (see Exhibit 3 on page 14) but has not been implemented as of December 31, 2016, because the related procedures for how the form should be used have not been determined. The new form is to make District staff aware of the insurance requirement and responsibility of having the proper automobile liability insurance. To avoid uninsured liability, the District should immediately develop the procedures for implementing this form, and monitor its compliance.

Management’s Response: *Management concurs that procedures and oversight need to be improved. Transportation will implement procedures to ensure all employees assigned a take-home vehicle have provided proof of insurance prior to issuance of a vehicle, as required by PBSD Policy 2.28. (Please see page 16.)*

Management's Additional Comments: Meetings scheduled with all take-home vehicle drivers and supervisors of district owned vehicles, to walk through the procedures of registration/re-registration, utilization logs and insurance requirements, will be concluded by April 30, 2017. Going forward, the same training will be held at the end of each calendar year by the Transportation General Manager of Operations. (Please see page 16.)

– End of Report –

Exhibit 1
Take Home Vehicle Assignment Registration Form (PBSD 2436)
(Page 1 of 2)



THE SCHOOL DISTRICT OF PALM BEACH COUNTY
**Take Home Vehicle
Assignment Registration**

- New Request
 Annual Renewal (January 15 each year)
 Change/Update

This form is completed by a District employee to request an assignment of a District vehicle to take home. After the form is completed and signed, locate the submit button "Go" on bottom of page 2 and route the form to supervisor for review and approval.

Employee ID	Employee First Name	Employee Last Name	Position/Title		
Home Address		City	Zip Code		
Department		Primary Work Station	Division		
Estimated Daily Commute Miles	Daily Business Miles	Vehicle Type Requested Select One	Driver's License #	State Issued	

VEHICLE ASSIGNMENT CATEGORY* Check applicable assignment category.

Numbers 1 through 4 will most likely result in an amount that is equal to \$3.00 per day, multiplied times the number of days the vehicle is used, included in the wages on the employee's W-2. Number 5 will most likely result in a higher amount, included in wages on the employee's W-2 value based on IRS regulations. (IRS Valuation Rule applied Reg. §1.61-21 automobile lease valuation rule or vehicle cents per mile or commuting rule)

1. The employee is on-call 24 hours a day and/or has emergency response duties during off duty hours and requires a vehicle that is outfitted with communications or other equipment.
Explain the communications or other equipment needed if on call

2. The employee is assigned duties at multiple work sites and would otherwise have to return to the workplace before going home.
Explain normal route and how much time would be saved.

3. The employee qualifies under (1) or (2) above on a temporary basis.
Provide explanation under questions (1) or (2) and enter the expected numbers of days here.

4. It will be more cost effective to the District to provide the employee with a vehicle because the employee's mileage reimbursement consistently averages more than the cost of assigning a District-owned vehicle.
Will a new or existing car be used? New car Existing car
Describe the job duties of the employee and the employee's annual mileage reimbursement which will be compared to the annual cost of a District owned vehicle.

5. The employee does not meet any of the other criteria above but the employee's collective bargaining agreement (CBA) provides for the employee to be provided with a vehicle*.

List applicable CBA _____

I read and fully understand Board Policy 2.28 (School District Owned Vehicles) and what is expected of me as a District employee. I further understand failure to comply with any part of the policy may lead to disciplinary actions.

Signature of Employee

Employee Signature

Exhibit 1
Take Home Vehicle Assignment Registration Form (PBSD 2436)
(Page 2 of 2)

APPROVAL PROCESS - ADMINISTRATIVE USE ONLY

Approvals must be obtained in the order below. Directions are provided for each step. Press the "How to Route the Form" button for eforms routing directions.

STEP 1 - SUPERVISOR

Review the request (page 1) and indicate your recommendation below. Sign the form by pressing the signature box. If the request is recommended, route the form to your director by selecting "Approve" in the submit field at the bottom of this page and pressing "Go". If the request is denied, select "Reject" from the drop down submit field and press "Go".

Do you recommend that this employee receive a District vehicle? Yes No

Signature of Supervisor

Signature of Supervisor

STEP 2 - DIRECTOR

Indicate your approval/non approval below. Sign the form by pressing the signature box. If the request is approved, route the form to the Superintendent (or designee) by selecting "Approve" in the submit field at the bottom of this page and pressing "Go". If the request is denied, select "Reject" from the drop down submit field and press "Go".

Do you approve that this employee receive a District vehicle? Yes No

Signature of Director

Signature of Director

STEP 3 - SUPERINTENDENT DESIGNEE

Indicate your approval/non approval below. Sign the form by pressing the signature box. If the request is approved, route the form to "Vehicle" by selecting "Approve" in the submit field at the bottom of page one and pressing "Go". If the request is denied, select "Reject" from the drop down submit field and press "Go".

Do you approve that this employee receive a District vehicle? Yes No

Signature of Superintendent Designee

Signature of Superintendent/Designee

STEP 4 - TRANSPORTATION

Enter the required vehicle information below. Press the signature box and route the form to "Accounting_Vehicle" by selecting "Approve" in the submit field at the bottom of this page and pressing "Go".

Vehicle #	Make/Model	Year	Assigned: Odometer Reading
<input type="text"/>	Select One <input type="button" value="v"/>	<input type="text"/>	<input type="text"/>

Signature of Transportation Representative

Signature of Transportation Representative

STEP 5 - ACCOUNTING SERVICES

Press the signature box. At the bottom of page 1 select "Approve" and press "Go". In the routing window select "Routing Completed" and press "Send".

Is this employee considered to be a control employee (Reg. § 1.61-21(f)(6)? Yes No

Is this vehicle a qualified nonpersonal use vehicle? Yes No

Employee's Salary

Signature of Accounting Representative

Signature of Accounting Representative

How to Route Form

Press Go to submit the form >

Exhibit 3
Agreement For The Use of District Owned Vehicles (PBSD 2562)



THE SCHOOL DISTRICT OF PALM BEACH COUNTY
 DEPARTMENT OF RISK AND BENEFITS MANAGEMENT

Agreement For The Use Of District Owned Vehicles

To be completed by any employee who drives a District owned vehicle.

Employee ID #	First Name	Last Name
Phone No./PX	Job Title	School/Dept Name

This is a legally binding agreement that must be signed in order to be permitted to drive a District vehicle.
 Read carefully before signing.

The Palm Beach County School District has determined that it would be in its best interest to allow you to drive or have take-home use of a District owned vehicle. This decision is at the discretion of the Superintendent, and/or his/her designee, and may be revoked for any reason.

By signing below, you agree and acknowledge that the use of the District owned vehicle is solely for School Board business and travel to and from School Board business. Personal use is prohibited, other than de minimis use, as provided in Policy 2.28, *School District Owned Vehicles*, for those with take-home vehicles. You further understand that should you be involved in an accident while operating a District vehicle, and you are not within the course and scope of your employment, you may be personally responsible for any injuries or property damages to other parties. Course and scope of employment does not include any personal errands or de minimis use (even if allowed by policy); nor does it include travel to and from home/work even if assigned a take-home vehicle. *Garcia v. City of Hollywood, 2007.*

Drivers of take-home vehicles:

You further agree that you will purchase and maintain "extended non-owned auto coverage" from your personal auto insurer to provide you liability coverage while operating a District vehicle. Minimum limits of \$100,000 per person/\$300,000 per accident for bodily injury. **By signing you agree to the preceding terms and conditions for District vehicle assignment and use.**

Drivers of non take-home vehicles:

You further agree that you understand that you are not permitted to use the vehicle, for personal use, other than lunch as provided in Policy 2.28. However, if you drive from a District property where you park your vehicle to your office or first work site of the day, you would have personal responsibility, should you be involved in an accident. It is strongly recommended that you purchase and maintain "extended non-owned auto coverage" to protect you from this liability.

Signature of Employee

Signature of Employee

Management's Response



THE SCHOOL DISTRICT OF
PALM BEACH COUNTY, FL

CHIEF OPERATING OFFICE
3300 FOREST HILL BOULEVARD, B-302
WEST PALM BEACH, FL 33406

PHONE: 561-357-7573 / FAX: 561-357-7569
WWW.PALMBEACHSCHOOLS.ORG/COO

DONALD E. FENNOY, II, Ed.D.
CHIEF OPERATING OFFICER


ROBERT M. AVOSSA, Ed.D.
SUPERINTENDENT

RECEIVED
MAR - 8 2017

INSPECTOR GENERAL

MEMORANDUM

TO: Lung Chiu, Inspector General

FROM: Donald Fennoy, II, Ed.D., Chief Operating Officer 

DATE: March 8, 2017

SUBJECT: Management Response - Audit of District Take-Home Vehicles

Following is the Management Response to the Audit of District Take-Home Vehicles, dated February 8, 2017.

1. Circumvention of Take-Home Vehicle Policy by Parking District Vehicles at District Facilities Nearest to Employees' Homes

Management concurs and is in the process of implementing procedures to ensure employees who are assigned take-home vehicles comply with all the directives listed in School Board Policy 2.28. Eligible employees will be offered the choice of utilizing an assigned take-home vehicle and complying with all the appropriate registration forms, insurance and IRS requirements OR, utilizing a district pool vehicle, that will require a key checkout process. Vehicle allocation decisions will reside with the department director and will be dependent on the needs of the department. Four regional parking lots with proper security will be designated for overnight parking by on-call and regional staff who are assigned vehicles.

2. No Take-Home Vehicle Assignment Registration Forms (PBSD 2436)

Management concurs and will implement a procedure to ensure all employees assigned a Take Home Vehicle complete PBSD Form 2436. The process will be owned by the director of each department. Once the need for a take-home vehicle is identified, PBSD Form 2436 will be filled out and routed to the employee supervisor, department director, Superintendent/Designee, Transportation and finally to Accounting. Form 2436 must be resubmitted each year by January 15th to ensure compliance with School Board Policy 2.28.

The School District of Palm Beach County, Florida
A Top-Rated District by the Florida Department of Education Since 2005
An Equal Education Opportunity Provider and Employer

M

Management's Response

Page 2 of 2
March 8, 2017
Response to the Audit of District's Take-Home Vehicles

3. No Vehicle Utilization Log (PBSD 2040)

Management concurs and will implement a procedure to ensure all employees assigned a district-owned vehicle complete *Vehicle Utilization Log PBSD Form 2040* monthly. Directors will be responsible for reviewing their department utilization logs. The Transportation Director will acknowledge transmittal of the logs and will retain all records. The process will be owned by the Transportation Director, who will ensure Form 2040 is received from each assigned employee by the 15th of each month.

4. No Automobile Liability Insurance Coverage

Management concurs that procedures and oversight need to be improved. Transportation will implement procedures to ensure all employees assigned a take-home vehicle have provided proof of insurance prior to issuance of a vehicle, as required by PBSD Policy 2.28.

Additional Action Underway

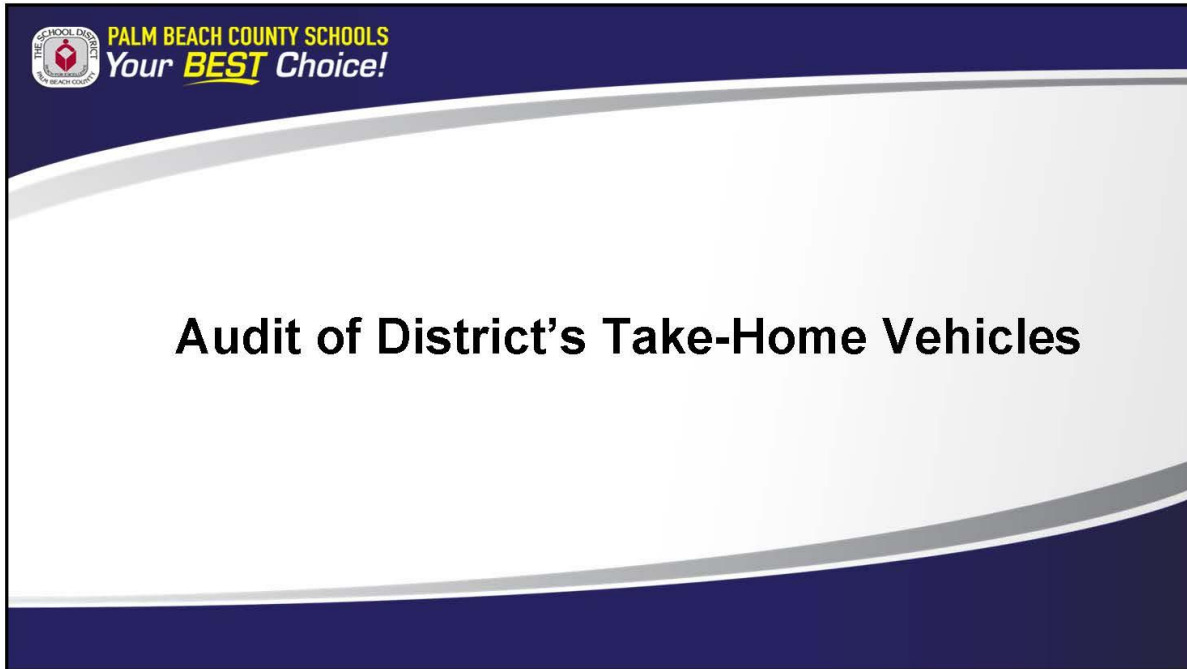
Meetings scheduled with all take-home vehicle drivers and supervisors of district owned vehicles, to walk through the procedures of registration/re-registration, utilization logs and insurance requirements, will be concluded by April 30, 2017. Going forward, the same training will be held at the end of each calendar year by the Transportation General Manager of Operations.


DEF/CW/SK/Im

Cc: Mike Burke, Chief Financial Officer
Pete DiDonato, Director Transportation
Dianne Howard, Director, Risk & Benefits Management
Nancy Samuels, Director, Accounting Services

M

Status of Management's Actions
(As of April 21, 2017)




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Objective

Audit of District's Take-Home Vehicles	District's White Fleet Vehicle Procedure
<ul style="list-style-type: none">• Findings• Current State• Vehicle Scenarios• Future State• Process going forward & Timeline• Questions	<ul style="list-style-type: none">• Registration• Insurance• Utilization Logs• Parking• Forms Required• Pool Vehicles

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Status of Management's Actions
(As of April 21, 2017)

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Findings

- 1. Circumvention of Take-Home Vehicle Policy by Parking District Vehicles at District Facilities Nearest to Employees' Homes**

Management concurs and is in the process of implementing procedures to ensure employees who are assigned take-home vehicles comply with all the directives listed in School Board Policy 2.28. Eligible employees will be offered the choice of utilizing an assigned take-home vehicle and complying with all the appropriate registration forms, insurance and IRS requirements OR, utilizing a district pool vehicle, that will require a key checkout process. Vehicle allocation decisions will reside with the department director and will be dependent on the needs of the department. Four **(changed to 6)** regional parking lots with proper security will be designated for overnight parking by on-call and regional staff who are assigned vehicles.
- 2. No Take Home Vehicle Assignment Registration Forms (PBSD 2436)**

Management concurs and will implement a procedure to ensure all employees assigned a Take Home Vehicle complete PBSD Form 2436. The process will be owned by the director of each department. Once the need for a take-home vehicle is identified, PBSD Form 2436 will be filled out and routed to the employee supervisor, department director, Superintendent/Designee, Transportation and finally to Accounting. Form 2436 must be resubmitted each year by January 15th to ensure compliance with School Board Policy 2.28.

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Findings


- 3. No Vehicle Utilization Log (PBSD 2040)**

Management concurs and will implement a procedure to ensure all employees assigned a district-owned vehicle complete Vehicle Utilization Log PBSD Form 2040 monthly. Directors will be responsible for reviewing their department utilization logs. The Transportation Director will acknowledge transmittal of the logs and will retain all records. The process will be owned by the Transportation Director, who will ensure Form 2040 is received from each assigned employee by the 15th of each month.
- 4. No Automobile Liability Insurance Coverage**

Management concurs that procedures and oversight need to be improved. Transportation will implement procedures to ensure all employees assigned a take-home vehicle have provided proof of insurance prior to issuance of a vehicle, as required by PBSD Policy 2.28.

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Status of Management's Actions
(As of April 21, 2017)




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Definitions

- **District Owned Vehicle** – Any Vehicle Owned By the District
- **Take Home Vehicle** – A district owned vehicle assigned to an employee for use both on duty as well as off duty
- **District Assigned Vehicle** – A district owned vehicle assigned to (1) employee for use. All take home vehicles are district assigned vehicles
- **Pool Vehicle** – A district owned vehicle driven by more than one driver

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Current State

- Vehicles are managed by Transportation with a dotted line to Risk and Accounting
- Different departmental changes led to miscommunication of parking location requirements for district-owned vehicles
- According to policy, parking at the nearest school makes that vehicle a take home vehicle, which requires a registration form (finding 2) and insurance (finding 4)
- In addition, the employees assigned to a “true” take home vehicle were not given the appropriate paperwork, both for IRS and insurance purposes, opening the employee up to undue hardships
- Lastly, monthly vehicle utilization logs were not maintained by the user departments

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Status of Management’s Actions
(As of April 21, 2017)

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Vehicle Scenario (662 Excludes Police)

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Future State

- **Four meetings with (1) executives, regional and instructional superintendents, (2) Directors of school district vehicle drivers, (3) other vehicle drivers and (4) school police by end of fiscal year 2017**
- **Reset the clock – JULY 2017**
 - Meet with department heads and explain process of monitoring utilization logs – GPS will make this process automated going forward.
 - Give employees the choice of a take home vehicle with imputed income, field staff vehicle or a pool vehicle which would include a key checkout process
 - Ensure all appropriate paperwork is completed for take home vehicles (registration form and insurance)
- **Create Policy for Pool Vehicles**
- **Include full process in job responsibility of Transportation Director’s Secretary with ultimate responsibility with the Director of Transportation**
- **Regional Parking for on-call, regional and field staff**

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Status of Management's Actions
(As of April 21, 2017)




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Timeline


- **Meetings with**
 - Executive Cabinet
 - Superintendent, Regional and Instructional Sups
 - Directors of District Owned Vehicle Drivers
 - Drivers of District Owned Vehicles
 - School Police
 - Timing for creating Pool Vehicle Policy and edit E-forms
- **Add Job Responsibilities to Transp. Director Secretary**
- **Reset the Clock**

February - April
February 20th
Mid April
End of April
Mid May
First Week of June
End of June

June
July 30th, 2017



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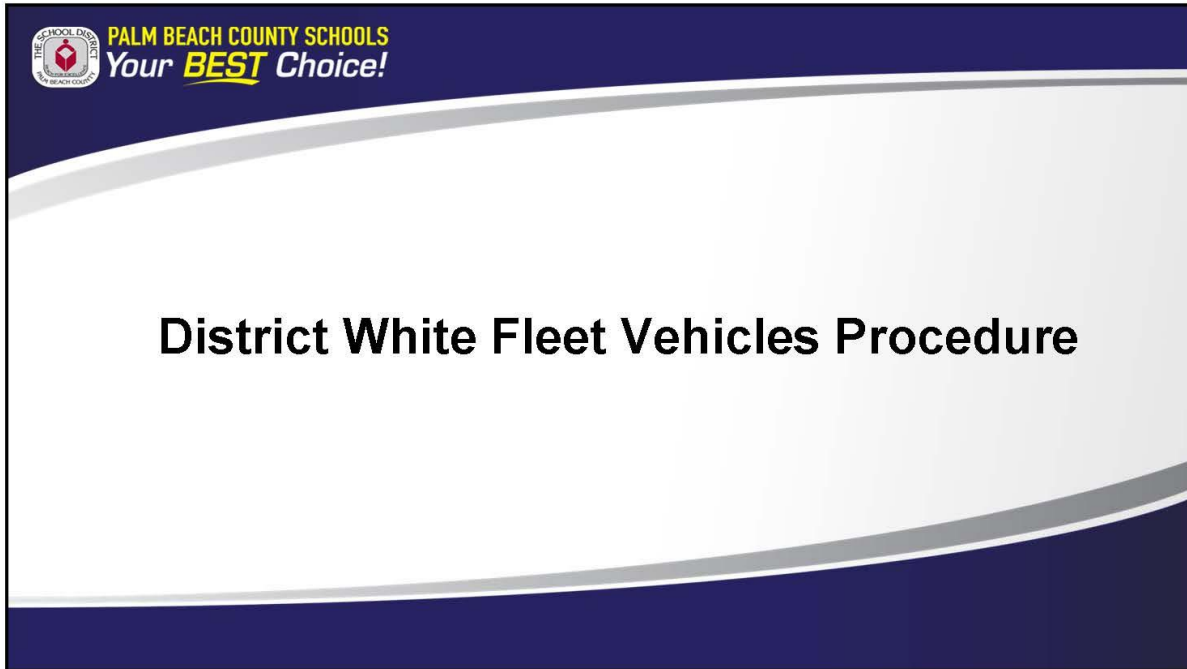



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QUESTIONS?

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Status of Management’s Actions
(As of April 21, 2017)




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Vehicle Assignment Registration (PBSD 2436)

- First step in requesting a vehicle
- Approval Process Includes:
 - Employee Supervisor
 - Department Director
 - Superintendent/Designee
 - Transportation & Accounting (For Copy Only)
- **Form MUST be re-submitted annually by January 15th**
- Form is available in eFORMS on the District Portal

Draft

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Status of Management’s Actions
(As of April 21, 2017)

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Required Insurance Requirements (PBSD 2562)

- Employees provided with take home vehicles shall be required to obtain and maintain an “extended non-owned auto coverage” from your personal auto insurer
- Drivers of non-take home vehicles are strongly encouraged to also maintain this “extended non-owned auto coverage”
- Prior to the issuance of a take home vehicle to a District employee, the employee must present a copy of the insurance to his or her supervisor
- A copy of this form MUST be re-submitted annually by January 15th (Will be implemented in Fiscal 2017)**
- An employee is personally liable for damages resulting from the employee's own negligence, misuse or abuse while operating a take home vehicle outside of the scope of the District's employment

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Utilization Logs (PBSD 2040)

- Directors of employees assigned District-owned vehicles are required to monitor and collect utilization logs on a monthly basis
- Original Utilization logs are to be sent to transportation by the 15th of each month**
- A copy of the employee utilization log needs to be kept within the department
- Each driver will be provided with a care package with emergency contact information and “What To Do If” information to be kept in the glove compartment.
 - Packets will be delivered to Department Admin in June

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Status of Management's Actions
(As of April 21, 2017)




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Parking Requirements

- **In order to utilize regional parking locations, the following must be true:**
 - You are on-call with essential work equipment located in your vehicle
 - You are part of a regional team or field staff with more than one work location
 - You must park in the regional location in which you work
- **Regional Parking Locations**
 1. **Jupiter High** – 500 N. Military Trail, Jupiter, FL
 2. **North Facility** – 7061 Garden Rd, Riviera Beach, FL
 3. **South Facility** – 1302 SW 30th Ave, Boynton Beach, FL
 4. **HL Johnson Elementary** - 1000 Crestwood Blvd. N., Royal Palm Beach, FL
 5. **West Facility** – 1901 NW 16th St, Belle Glade, FL
 6. **Central Facility** – 3300 Summit Blvd, West Palm Beach, FL

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Driver Responsibilities

- **Annually by January 15th**
 - Submit the following forms:
 - *Take Home Vehicle Assignment Registration*
 - *Agreement for the Use of District Owned Vehicles (Will be implemented in Policy beginning in Fiscal 2017)*
 - Provide insurance requirements to Transportation and Risk
- **Monthly by the 15th of the month**
 - Submit all utilization forms to your supervisor to be delivered to transportation

FOR THIS YEAR, FORMS WILL BE DUE BY JULY 30th, 2017

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Status of Management's Actions
(As of April 21, 2017)




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Pool Vehicles

- Pool Vehicles are classified as any district vehicle parked at a Palm Beach School District work location that may be used by multiple district employees
- This includes all service vehicles equipped with essential tools to complete the primary functions of an employee's job
- The overnight parking location of these pool vehicles must be at (1) designated primary work location which will be properly secured
- An automated key checkout process will be implemented in a future state in order to utilize these vehicles by authorized district personnel only and only during the employees work hours
- Each authorized user will be provided with an individual gas card to be used for the pool vehicle only (future state)

Any use outside of what is detailed above is prohibited and will leave the employee open to both IRS tax implications and liability

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QUESTIONS?

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