



CITY OF RENO
AUDIT REPORT

TAKE-HOME VEHICLES
MARCH 2024

BACKGROUND

The City of Reno owns a fleet of approximately 750 vehicles utilized in the services provided in the community. Citywide policy #203, *Acquisition and Use of City Vehicles* Section VIII.D *Home Storage of City Vehicles* includes the following statements, “Home storage of City Vehicles may be authorized in very limited circumstances ... may be authorized only when the employee is directed by their assigned department head to keep the vehicle at their residence because ... the employee has been formally assigned to an on-call status ... the employee is assigned to undercover duty ... the department is unable to provide adequate, secure storage for the vehicle ... [and] when required by the express terms of a CBA.” Per inquiry with 17 departmental leads, there are seven City departments that utilize take-home vehicles. Those departments include Code and Parking Enforcement, Development Services, Fire, Maintenance and Operations, Municipal Court, Police, and Utility Services.

The City manages a maintenance and replacement program for City vehicles through Financial Policy #610, *Motor Vehicle Internal Service* Fund. The fund was established to “budget and account for administration, maintenance, operation, rental or lease, repair and replacement of vehicles assigned to the fund.” The amounts paid into the fund, by department, are calculated by and allocated to the fund by the Finance Department each year.

Audit Objectives

Audit objectives included:

- Review policies of take-home vehicles for reasonableness;
- Document the take-home vehicle approval process;
- Test equity across departments for take-home vehicles;
- Review the tax calculation process for take-home vehicles;
- Review the methodology for the financial contributions to the fleet fund; and
- To evaluate the risk of fraud, waste, and abuse relative to the audit objectives.

AUDIT RESULTS

Lack of Documented Policies & Procedures

1. Citywide policies detailing internal controls and procedures for management of take-home vehicles do not exist. Establishing written policies detailing internal controls is the first step to clarify processes and employee expectations and documented policies support procedures that are conducted consistently and in an equitable manner. In addition, using taxpayer funds without documented internal controls and process standards is not within best practices. Without clear and documented policies ensuring equitable practices, proper management of the program is not possible.

Recommendation:

We recommend take-home vehicle procedures be developed, documented, and communicated to applicable staff.

Fleet Management Review and Approval

2. Departmental plans for the location of assigned city-owned vehicles are not provided to, and reviewed by Fleet Management as required by citywide policy #203 *Acquisition and Use of City Vehicles*. Citywide policy #203 states, in part, “VII Responsibilities ... B. The [Maintenance and Operations] Department – Fleet Management is responsible for: ... 15. Reviewing department plans which designate where assigned City Vehicles will be parked/stored for approval.” Noncompliance with this documented city policy may impede the City’s ability to effectively manage city-owned vehicles.

Recommendation:

We recommend the Maintenance and Operations Department - Fleet Management review and approve departmental plans for parking/storage of City Vehicles as required by citywide policy #203.B.15, or the policy be updated to reflect current policy needs.

Attestation Forms

3. Attestation forms documenting employee understanding of de minimis personal use of city-owned vehicles are not currently completed for employees assigned take-home vehicles. Citywide policy #203 *Acquisition and Use of City Vehicles* includes the following requirement in Section D. *Home Storage*, part 6, “City employees may not use City Vehicles for personal purposes other than commuting or de minimis personal use. Employees will be required to sign documentation indicating their understanding of de minimis personal use.” Noncompliance with this documented city policy may impede the City’s ability to effectively enforce the policy

and manage the intent of minimal personal use of city-owned vehicles.

Recommendation:

We recommend departmental management require employee acknowledgment of de minimis personal use of take-home-city-owned vehicles as required by citywide policy #203.

Business Purpose for Take-Home Vehicles

4. There has been a longstanding practice to allow various employees to take home city-owned vehicles rather than commute with their personal vehicle. The documented business purpose for this is either to *respond to emergencies* or, the *parking cannot accommodate 2 vehicles per employee*, for eleven departmental personnel.

Citywide policy #203 *Acquisition and Use of City Vehicles* Section D.2. includes, “Home storage may be authorized only when the employee is directed by their assigned department head to keep the vehicle at their residence because: a. The employee has been formally assigned to an on-call status, receives on-call compensation, and their duties include a requirement for immediate response to emergency conditions outside of normal working hours; ... c. The department is unable to provide adequate, secure storage for the vehicle, or the vehicle is at substantial risk if not stored at an employee’s home during non-working hours”

Per observation, there is ample open space near the department's office for employees to park personal vehicles while at work after some adjustments are made to the Corp Yard’s parking area in coordination with Maintenance and Operations Management. Best practices and citywide equity principles encourage standard, consistent treatment of non-collective bargaining agreement-associated employee perks.

Recommendation:

We recommend parking spaces be made available for the employees’ personal vehicles near the department’s office in coordination with Maintenance and Operations Management.

Unnecessary Fuel Costs

5. The City is unnecessarily incurring fuel costs for employees that have been authorized to commute with a city-owned vehicle. City-owned vehicles are generally fueled at the Corp Yard with city-purchased fuel. The fuel cost is approximately \$4,562 annually for the commuting fuel used by eleven department personnel based on documentation provided by the department. Citywide Policy #303

Purchasing Section V states, in part, “It is the policy of the City of Reno to purchase goods and services necessary to conduct City business in a manner that is cost effective, efficient, and in compliance with the Local Government Purchasing Act.”

Recommendation:

We recommend Executive Management acknowledge this unnecessary fuel cost and determine if any operational changes will be implemented.

**City Carries Risk
Unnecessarily**

6. City employees are commuting with city-owned vehicles. When employees commute with city-owned vehicles, the City invites additional risks unnecessarily such as an increased likelihood of a city-owned vehicle crash, vehicle repair costs, and possible workers’ compensation expenses. Best business practices include reducing unnecessary risks where appropriate.

Recommendation:

We recommend Executive Management acknowledge this unnecessary risk and determine if any operational changes will be implemented.

Use of Telematics

7. The City currently uses vehicle telematics sparsely throughout the fleet inventory. The use of vehicle telematics is a tool with the ability to enhance fleet asset management. This includes increasing safety and productivity, tracking service response, reducing emissions, and providing data for program management. Vehicle telematics can help improve the efficiency of an organization’s fleet. When city-owned vehicles are taken off-site, the City invites additional risks that, without data reporting vehicle information, risk management is problematic. Best business practices include applying technological tools to program administration where appropriate.

Recommendation:

We recommend Executive Management consider implementing vehicle telematics to more of the City’s fleet for enhanced program management.

Reno Police Department

RPD Policies and Procedures

8. The police department does not have formal, detailed policies with standards, expectations, and processes regarding the management of take-home vehicles. General Order no: P-311-05 *Police Vehicle Usage and Emergency Vehicle Operation* indicates long-term assignments may be made at the direction of the Chief of Police and that motor units may take their assigned units home in accordance with the bargaining agreement with the Reno Police Protective Association (RPPA). However, the process of how the Chief would approve is not available and the current RPPA contract does not include information about take-home vehicles.

Establishing written policies detailing internal controls is the first step to clarifying processes and employee expectations; documented policies support procedures that are conducted consistently and in an equitable manner. In addition, using taxpayer funds without documented internal controls and process standards is not within best practices. Without clear and documented policies, ensuring equitable practices and proper management of the program is not possible.

Recommendation:

We recommend police department management develop formal, detailed policies for take-home vehicles and implement the policy's procedures within the department.

External Reporting

The Center for Public Safety Management, LLC issued the report, *Police Operations and Data Analysis Report – Reno Police Department Reno, Nevada* (RPD CPSM Report), in January 2022. The Center for Public Safety Management, LLC (CPSM) is considered a subject matter expert in local government safety services. Per their report, “CPSM’s local government technical assistance experience includes workload and deployment analysis using our unique methodology and subject matter experts to examine department organizational structure and culture, identify workload and staffing needs, and align department operations with industry best practices.”

The report resulted in 170 recommendations with two specifically related to take-home vehicles. Those recommendations are listed verbatim below, with their supporting information, as provided in the RPD CPSM Report. These two CPSM recommendations will be followed-up on along with the internal recommendations for improvements that are included in this Internal Audit report to ensure management has implemented the recommended actions or management accepts the risk of inaction.

“#88. The department should consider putting a milage restriction of 25 miles from the city limits for take-home vehicles.

Fleet

Command level vehicles are issued to commanders and above and they are allowed to take their vehicles home. Also included in the take-home vehicle program are K9 officers, detectives, task force officers, motor officers, community action officers, traffic accident investigators, and victim services employees. The department has no mileage restriction on vehicles taken home by employees; however, it appears there are few employees who live outside the area of the valley encompassing the Reno/Sparks/County area. Employees who live long distances from the department (25 or more miles) add unnecessary mileage to their vehicles driving back and forth to work, which increases fuel, maintenance, and replacement costs for those vehicles. CPSM recommends the department consider implementing a mileage restriction of 25 miles from the city limits for take-home vehicles to reduce operating costs.”

“#130. RPD should assess if a milage restriction should be implemented for unit take-home vehicles.

Regional Crime Suppression Unit

Since the officers in the unit work in an undercover capacity, they wear plain clothes attire during their shifts and drive unmarked vehicles. Members of the unit are allowed to take their assigned vehicles home, due to the necessities of the position. However, there is no mileage restriction on the take-home vehicles. In many agencies studied by CPSM that becomes an issue due to many officers not living within the city in which they are employed. If officers do live an extended distance away from the city, it can put additional mileage on vehicles when not necessary. The purpose of take-home cars is so the employee can respond quickly to an incident and not have to respond to the police department to obtain their equipment. With a take-home vehicle the employee can respond directly to the scene. RPD should assess if changes should be made to the no mileage restriction. Most law enforcement agencies that have mileage restrictions usually limit the distance to 25 miles from the city limits.”

City of Reno Citywide Policies

The RPD CPSM Report outlines the current practices of the take-home vehicles for the police department and reported there is “no mileage restriction” for the department. However, citywide policy #203 *Acquisition and Use of City Vehicles* Section VIII.D *Home Storage of City Vehicles* includes the following statements, “Home storage of City Vehicles may be authorized in very limited circumstances ... may be authorized only when the employee is directed by their assigned department head to keep the vehicle at their residence because ... the employee has been formally assigned to an on-call status ... the employee is assigned to undercover duty ... the department is

unable to provide adequate, secure storage for the vehicle ... [and] when required by the express terms of a CBA.” *The language implies it is applicable for employees in the police department.* Without an RPD policy detailing procedures to implement take-home vehicle authorization by their assigned department head, the cause for this discrepancy between the citywide policy and past practices at RPD, is unknown. In addition, citywide policy #203 *Acquisition and Use of City Vehicles* Section VIII.D.4 states, “City Vehicles should not be driven more than **30 miles** from the Reno City limits without prior approval from the employee’s supervisor.” [emphasis added]

Audit Scope and Standards

Scope

The audit scope included the procedures and methodologies in place at the time of the audit fieldwork for take-home vehicles, citywide, mid to late 2023.

Audit Standards

We conducted this audit in accordance with standards of The Institute of Internal Auditors, sans Standards 1310-1 through 1321. Standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our finding and conclusions based on our audit objectives. The evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

TAKE HOME VEHICLES - AUDIT REVIEW

Management Responses – City Manager’s Office #1 -7

Findings’ Conditions, Recommendations, and Management Responses



Lack of Documented Policies and Procedures

1. Citywide policies detailing internal controls and procedures for management of take-home vehicles do not exist.

We recommend take-home vehicle procedures be developed, documented, and communicated to applicable staff.

What measures are planned to address this finding?

Take-home vehicle policies will be reviewed to determine if updates are appropriate and procedures for the process will be developed, documented, and communicated by Maintenance and Operations Management and the City Manager’s Office.

When will the measures be taken?

Anticipated completion date July/August 2024.

Fleet Management Review and Approval

2. Departmental plans for the location of assigned city-owned vehicles are not provided to, and reviewed by Fleet Management as required by citywide policy #203 *Acquisition and Use of City Vehicles*.

We recommend the Public Works Department - Fleet Management review and approve departmental plans for parking/storage of City Vehicles as required by citywide policy #203.B.15, or the policy be updated to reflect current policy needs.

What measures are planned to address this finding?

The Directors of the departments with staff at the Corp Yard have met and established parking spaces for all employees and city owned vehicles. Executive Management will review the existing policy and evaluate if changes are needed and develop a plan for annual submission of all departmental vehicle plans.

When will the measures be taken?

Estimated completion date July/August 2024.

Attestation Forms

3. Attestation forms documenting employee understanding of de minimis personal use of city-owned vehicles are not currently completed for employees assigned take-home vehicles as required by citywide policy #203 *Acquisition and Use of City Vehicles*.

We recommend departmental management require employee acknowledgment of de minimis personal use of take-home-city-owned vehicles as required by citywide policy #203.

What measures are planned to address this finding?

Staff will review the existing policy and determine a process and city-wide form for attestation.

When will the measures be taken?

Anticipated completion date July/August 2024.

Business Purpose for Take-Home Vehicles

4. There has been a longstanding practice to allow various staff to take home city-owned vehicles rather than commute with their personal vehicle. The documented business purpose for this is either *respond to emergencies* or *parking cannot accommodate 2 vehicles per employee*, for eleven departmental personnel. Per observation, there is ample open space near the department's office for employees to park personal vehicles while at work after some adjustments are made to the Corp Yard's parking area in coordination with Maintenance and Operations Management.

We recommend parking spaces be made available for the employees' personal vehicles near the department's office in coordination with Maintenance and Operations Management.

What measures are planned to address this finding?

The Directors of the departments with staff at the Corp Yard have met and agreed upon and established parking spaces for all employees and city-owned vehicles.

When will the measures be taken?

Measures have been taken, and this item has been completed.

Unnecessary Fuel Costs

5. The City is unnecessarily incurring fuel costs for employees that have been authorized to commute with a city-owned vehicle.

We recommend Executive Management acknowledge this unnecessary fuel cost and determine if any programmatic changes will be implemented.

What measures are planned to address this finding?

As take-home vehicles have been reduced to only the minimum number as deemed necessary for business use, Management feels this expense will reduce.

When will the measures be taken?

Take-home vehicles have been reduced and Departments will continue to monitor needs and associated expenses. This item has been completed.

City Carries Risk Unnecessarily

6. City employees that do not conduct emergency response activities are commuting with city-owned vehicles. When employees commute with city-owned vehicles, the City invites additional risks unnecessarily such as an increased likelihood of a city-owned vehicle crash,

vehicle repair costs, and possible workers' compensation expenses. Best business practices include reducing unnecessary risks where appropriate.

We recommend Executive Management acknowledge this unnecessary risk and determine if any programmatic changes will be implemented.

What measures are planned to address this finding?

As take-home vehicles have been reduced to supervisory staff, or those on-call, the risk has been reduced.

When will the measures be taken?

Measures were taken prior to audit review completion in anticipation, and this item has been completed.

Use of Telematics

7. The City currently uses vehicle telematics sparsely throughout the fleet inventory. The use of vehicle telematics is a tool with the ability to enhance fleet asset management, increase safety and productivity, track service response, reduce emissions, and provide data for program management.

We recommend Executive Management consider implementing vehicle telematics to more of the City's fleet for enhanced program management.

What measures are planned to address this finding?

Telematics have been implemented on various vehicles in the City's fleet. The annual cost per vehicle is approximately \$1,500 per vehicle. Budgetary constraints prevent fleet-wide implementation; however, budget and policies will be reviewed to determine if there is a path available as the fleet ages and vehicles are retired and replaced.

When will the measures be taken?

Annual budget reviews will be part of the process to determine fleet cost replacement and feasibility of a fleet programmatic roll-out.



January 29, 2024

Emily E. Kidd, CIA, CFE, CGAP
City Manager's Office
1 E. First Street
Reno, NV 89505

Re: Take-Home Vehicles

Dear Emily,

Thank you for your assistance in the Take-Home Vehicles Audit on January 22, 2024.

RPD acknowledges and agrees with findings #8-10. We are in the process of establishing a comprehensive take home vehicle policy. This policy will take into account the existing city policy and will require approval for distances in excess of 30 miles for take home vehicles. Incorporated into the policy will be a tracking and acknowledgment form to ensure the department has a method to ensure compliance and audit the take home vehicle usage.

RPD has hired a policy review organization, Lexipol, to evaluate our policies. We will be starting this process in the upcoming months and will prioritize this policy.

Again, thank you for your time, and please let us know if we can provide anything additional.

Sincerely,

A handwritten signature in blue ink, followed by the number "#17073" also in blue ink.

Kathryn Nance
Chief of Police