



PERFORMANCE REVIEW: OFFICE OF TRANSPORTATION SERVICES MANAGEMENT OF NON-BUS FLEET VEHICLES

Office of Inspector General,
School District of Philadelphia

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I. EXECUTIVE SUMMARY

Preface

The Office of Inspector General (OIG) initiated a review of departmental compliance with the School District of Philadelphia's "Non-Bus Vehicle Usage Policies and Procedures," known as Board Policy 711. This review grew out of a pattern of allegations received by the OIG regarding various components of transportation and specific to the non-bus fleet. The review focused on several processes and procedures that potentially created the greatest risk of noncompliance, misuse, and abuse of the District's assets. The review also focused on Transportation's use of fleet management tools through its third-party vendors. In performing this review, the OIG examined and tested District records that were found to be inaccurate, incomplete, and sometimes non-existent. In the absence of any other source of reliable data, this review was completed using the District's best source of vehicle information available at the time.

Significant Observations

Several significant observations were made in this review and some of the most notable are listed below. The OIG suggests that management should immediately address these findings and other conditions described more fully in the review:

- Transportation failed to maintain comprehensive and chronological records for each vehicle with critical information often missing or difficult to locate.
- Transportation did not provide sufficient documentation to demonstrate that they were monitoring and enforcing the District's adherence to Policy 711.
- Accidents were not always uploaded to District non-bus fleet management software in order to determine appropriate subrogation and little action was taken to determine an employee's continued eligibility to drive a District vehicle following an accident.
- Transportation was unable to provide documentation to verify compliance with District requirements for employee take-home vehicle privileges, including the required approvals for those privileges.
- Transportation can only validate Pennsylvania driver's licenses and lacked a method to verify out-of-state driver's licenses.
- Vehicle assignments across vehicle databases were inconsistent, and Transportation did not record critical driver information in a centralized system which failed to meet the requirement of maintaining a master vehicle list.
- Transportation maintained poor inventory records such that the OIG had difficulty reconciling the vehicle assets with records received from Accounting and failed to comply with the Board requirement to annually verify all District non-bus fleet assets.

- The true status (active, sold, or scrapped) of a number of District vehicles cannot be determined because the handwritten records for sold or scrapped vehicles were incomplete or non-existent.
- GPS devices were not being monitored on a regular basis to ensure they were functional.
- Due to incomplete or nonexistent odometer information, the OIG was unable to determine if the fleet was fuel efficient.
- The District was not in compliance with IRS guidelines pertaining to the fringe commuting benefit as required vehicles were not being assessed the benefit.

General Recommendations

At the heart of the OIG's recommendations is that Transportation needs to maintain a vehicle inventory, comply with the policy, and ensure that vehicle assets are not being misused. The OIG recommends that Transportation adhere to Policy 711 and use it to assess their compliance with fleet management. Transportation has several asset management tools to aid in managing the non-bus fleet, but Transportation is not using these tools effectively and, as a result, nearly every area of the non-bus vehicle program was deficient and non-compliant with the policy. Although District management has policies and procedures to account for personal property, it has not required compliance which results in an incomplete inventory. Because the District's non-bus fleet is not accurately compiled in a physical inventory, these District assets – vehicles – are left vulnerable to potential fraud, misappropriation, and abuse. Ultimately, the OIG determined that Policy 711 requires that a master vehicle list be maintained by Transportation to ensure that District non-bus vehicle assets are properly recorded, protected, and maintained. However, because the policy regarding non-bus fleet management is not being followed, the District and its vehicle assets are physically and financially at risk.

II. REVIEW BACKGROUND, OBJECTIVES, AND METHODOLOGY

Background

The OIG for the School District of Philadelphia (District) completed a limited performance review of certain functions related to the Office of Transportation's (Transportation) management of non-bus vehicles within the District. Transportation is responsible for the safe and efficient transport of approximately 185,000 students to and from more than 800 District, Charter, non-public, and alternative schools every day. In addition, Transportation managed a fleet of more than 400 non-bus vehicles used by District employees to provide management, safety and security, facilities maintenance and repair, food services, and other services to District facilities, staff, and students.

The OIG regularly receives complaints regarding issues with the non-bus vehicles. This review grew out of a pattern of allegations in areas that included, but were not limited to, inadequate records of improperly assigned drivers, faulty or malfunctioning GPS units, improperly recording accidents or poor accident reporting, toll and ticket violations, misuse of vehicles, and excessive fuel consumption. The OIG's review was not comprehensive and instead limited to major areas of the greatest concern or areas that posed the highest risk of liability. The OIG performed this review to determine whether Transportation managed its non-bus fleet in compliance with District policies, procedures, vendor contracts, and in accordance with the Pennsylvania Motor Vehicle Code and federal Internal Revenue Service (IRS) regulations.

Policy 711, "Non-Bus Vehicle Usage Policies and Procedures," and its Attachment are commonly referred to as "Policy 711" or the "Attachment." Beginning in 2018, Transportation distributed a small, blue "handbook" or "manual" which contained a version of Policy 711 as well as information regarding fueling stations and other frequently asked questions. In speaking with District employees during the course of this review, these terms used to describe Policy 711 were used interchangeably, despite some differences. The OIG discovered that the version of Policy 711 contained in the manual differed from what is publicly available on the School Board's policy website. As a result of the differing information, the OIG used Policy 711 as contained on the Board's website as the basis for all criteria in this review. If the manual was referenced, it is noted as such.

Policy 711 describes in detail the responsibilities for the management and operation of non-bus vehicles by individual drivers, departments, and Transportation. The policy was issued with the purpose of "governing vehicle usage, assignment, parking, worker safety and the safety of the driving public, Global Positioning System (GPS) monitoring of the vehicles and other fleet management related issues." Further, "[t]hese policies are intended to improve and streamline fleet management practices, enhance accountability for vehicle usage, contain the size of the District's fleet, decrease environmental impact, contain or reduce fleet-related expenditures, and promote the uniform, efficient, safe and ethical use of the District's fleet." The policy addresses issues ranging from the care and maintenance of the vehicle, tickets and violations, accidents, GPS devices, authorizations and requirements for operation, acquisitions and relinquishments, and discipline.

The District contracts with two vendors, TripSpark Technologies (a.k.a. VEO Now) and Automotive Rentals, Inc. (ARI), to help manage its non-bus vehicles. In 2017, the District entered into a six-year contract with TripSpark Technologies to provide Transportation with bus and vehicle GPS services. The contract was estimated to cost almost \$474,000 per year. A key benefit of TripSpark's non-bus vehicle management is that it provided Transportation with a real-time location tool, VEO Now. VEO Now is a cloud-based GPS platform that enables the real-time tracking of vehicle location, speed, and route adherence.

In 2018, the District entered into a five-year contract with ARI to provide inventory control, maintenance and repair, driver assignments, and other vehicle management responsibilities. The contract was estimated to cost almost \$1 million per year. The District utilizes ARI's online information system, Insights, to manage their fleet operation. The fleet management platform provides instant access to real-time information about the fleet through dashboards, key performance indicators, and alerts, helping to centralize fleet data and identify opportunities for improvement.

Objective

The objective of this review was to determine whether Transportation and the District adhered to policies and laws related to the non-bus fleet.

Methodology

This review was conducted in accordance with Generally Accepted Government Audit Standards.¹ The OIG's methodology for this review included:

- Reviewing Federal IRS regulations, Pennsylvania law and regulations, District policies and procedures, and District contracts for non-bus vehicle management;
- Reviewing internal Transportation procedures;
- Interviewing District personnel;
- Reviewing and analyzing District documents and electronic records; and
- Physically observing District garage facilities and non-bus vehicles.

In certain instances, the OIG used a random sample of 40 vehicles from the total 406 active vehicles in the non-bus fleet. The sample was used, for example, during the visual inspection part of the review where the OIG physically inspected 40 vehicles and gathered information about each of the vehicles. Since a physical inspection of all 406 active vehicles would have been too cumbersome, the randomly selected sample set of vehicles is meant to be representative of the entire non-bus fleet.

¹ Generally Accepted Government Auditing Standards (GAGAS), also known as the Yellow Book, are the guidelines for audits and reviews created by the Comptroller General and the audit agency of the United States Congress, the Government Accountability Office. These standards are the audit regulations followed by all federal audit agencies, all federal contractors being audited, and many state and local audit agencies.

The following areas of Transportation and the management and operation of the non-bus fleet were reviewed and deficiencies identified:

- A. Assigned Driver Information
- B. Sold and Scrapped Non-Bus Vehicles
- C. GPS Devices
- D. Annual All-Call
- E. Visual Inspection
- F. Inventory Controls
- G. Department Fleet Liaisons
- H. Fuel Consumption
- I. Maintenance and Repairs
- J. Toll and Ticket Violations
- K. Fringe Benefit Assessment and Commuting Privileges
- L. Accidents

With a few exceptions, the review focused on selected processes and transactions that occurred during the period of September 1, 2018, to October 1, 2020,² with information exported from ARI, VEO Now, and other databases on December 4, 2020. Information and data outside of that two-year time frame is noted within the review. As of December 4, 2020, District records showed 470 non-bus vehicles in its Transportation inventory with 406 active vehicles. The remaining 64 vehicles were either designated as “sold” or “out of service.”

This report includes findings and recommendations from our review of selected Transportation functions related to the management of non-bus vehicles. The OIG also makes general recommendations from observations during our review. General recommendations are included at the end of each section. Readers should not conclude that the reported findings were the only deficient areas in Transportation. As previously mentioned, this review was not comprehensive as other deficient areas may exist.

² The COVID pandemic occurred during a portion of this review timeframe.

III. PROCEDURES, FINDINGS, AND RECOMMENDATIONS

A. Assigned Driver Information

Findings Summary:

Transportation has not fully complied with the requirement that all drivers complete an authorization form and have their license validated in order to drive a District vehicle. The OIG found only 42% of assigned drivers had authorization forms. Transportation does not have the capability to validate out-of-state driver's licenses. The inability to maintain accurate driver and driver licensing information creates safety and liability risks for the District.

Criteria:

Per the Attachment to Policy 711, section 7.1, states that “[a]ll employees who may be required to drive a vehicle for District business must possess a current and valid **Pennsylvania** driver's license. If an employee has reason to believe that their license may not be current and valid, the employee shall notify their immediate supervisor and departmental fleet liaison within 24 hours. Departments with employees who may operate a District vehicle must first submit employee information to the Department of Transportation Services.” (Emphasis added). Section 6.5 adds that “[t]hose employees who possess a driver's license from another state must obtain a **Pennsylvania** driver's license within three months of their date of hire.” (Emphasis added).

Additionally, according to section 7.2, “[a]ll departments shall provide employees' driver's license information to the Department of Transportation Services. This record must include a verified driver's license number and the employee ID number. A photocopy of the employee's driver's license shall be kept by the department in the employee's personnel file, as well as on file with the Department of Transportation Services.”

According to section 7.3, Transportation must also “distribute, on a monthly basis, information about employees' driver's license statuses for each department. This information will consist of a listing of employees with expired, canceled, revoked, suspended, pending, or Photo ID licenses (E, C, R, S, P, or PI); a listing of employees who could not be matched with PennDOT data for some reason; and a listing of all drivers with a valid license. Each department is required to verify license standing monthly.”

As part of the combined duties of departments and Transportation, section 3.4 states that “[d]epartments are responsible for take home vehicle assignments, subject to the approval of both the department head and the General Manager of Transportation Services . . . The department must submit an Annual Vehicle Use Authorization Form to the Department of Transportation Services. The approved forms will be retained in the Transportation Department[.]” In addition to Transportation maintaining a copy of authorization forms, section

3.3.4 states that “[e]ach department is responsible for maintaining and updating records on vehicle usage and assignments to ensure that these records are always accurate.”

Condition:

1. Transportation did not meet its responsibility to retain approved authorization forms from each department because an authorization form was not on file for every active driver. This authorization form is the only proof that an employee has acknowledged policies outlined in the manual, the requirement of possessing a current and valid driver’s license, the commuting fringe benefit, and the installation of a GPS tracking device in the vehicle. Transportation provided 235 authorization forms that were kept in folders by department though not in any apparent order. The OIG attempted to reconcile this pool of 235 authorization forms with 221 assigned driver records according to ARI. Ultimately, only 92 active drivers (42%) had authorization forms on file with Transportation. No authorization form could be located for the remaining 129 drivers (58%).

A closer review of the 92 forms showed that many lacked required approvals and did not contain signatures from the drivers, department supervisors, and Transportation. Of the 92 authorization forms, department supervisors had not approved 66 forms (72%). Seven forms (8%) failed to contain the signature of the assigned driver. Further, Transportation had not approved *any* (100%) of the 92 forms. In sum, none of the 221 active drivers had a fully completed authorization form. The following table summarizes the results of the 92 forms:

Review of Non-Bus Vehicle Use Authorization Form Signatures			
Approval	Form Signer		
	Transportation	Department	Employee
Signed	0	26	85
Not Signed	92	66	7
Total	92	92	92

2. The OIG conducted a driver’s license validation on the 92 drivers that had authorization forms. The OIG was able to validate 81 licenses (88%) for Pennsylvania drivers. Eleven licenses (12%) could not be validated because the licenses were either issued by another state (7 licenses) or inaccurate and incomplete information was provided on the authorization forms (4 licenses).
3. The recurring issue highlighted in this review is that vehicle assignment information in ARI was incomplete, inaccurate, and unreliable. Our attempt to verify the employment status of the 221 assigned drivers in ARI as compared to the District’s Master Employee List found significant inconsistencies. The OIG found that 26 drivers (12%) actively assigned a vehicle in ARI were no longer employed with the District. This included

individuals who retired, resigned, or were terminated from the District. Additionally, three drivers were deceased but still assigned vehicles according to ARI, and one driver was a non-District employee (contractor) in violation of Policy 711. The chart below summarizes the breakdown of non-active employees who were still assigned vehicles:

Non-Active Employees Assigned Active Vehicles	
Employment Status	# of Employees
Superannuated Retirement	14
Resignation	5
Died in Service	3
Terminated for Cause	3
Non-District Employee	1
Total Non-Active Employees	26

- As the policy currently stands, Transportation is not enforcing the requirement that all employees possess a current and valid **Pennsylvania** driver’s license to operate a District vehicle. This section of the policy presents logistical and legal challenges because the District does not have a residency requirement, and Pennsylvania cannot issue driver’s licenses for non-residents.³ With this in mind, of the 92 authorization forms provided to the OIG, seven assigned drivers (8%) continued to possess out of state driver’s licenses three months after their hire dates in contravention of the policy. Perhaps more critically, Transportation has no way of validating drivers with out-of-state licenses. Thus, seven assigned drivers (8%) were given vehicles without having their license validated.

Effect:

The inability to maintain accurate driver and driver licensing information creates safety and liability risks for the District. First, 129 assigned drivers (58%) had no authorization form on file with Transportation. Consequently, employees were given use of a District vehicle without completing an authorization form, and of the 92 forms that were completed by active drivers, the appropriate approvals were lacking from their department supervisors. This condition is further exacerbated because none of the authorization forms, which also require Transportation department approval, were signed by Transportation. Knowing and tracking what employee is driving which vehicle should be a foundational step in maintaining the non-bus fleet and yet there was no authorization form for over half the assigned driver population.

Further, twelve percent of the drivers with authorization forms were driving District vehicles without having had their license validated. Not only does this create a safety hazard and potentially endangers District assets (i.e. vehicles and personnel), but it is illegal for an unlicensed driver to operate a motor vehicle in Pennsylvania.⁴ The authorization forms provide

³ 75 Pa.C.S. §1503(a)(9) (stating that the Department of Motor Vehicles “shall not issue a driver's license to, or renew the driver's license of, any person . . . who is not a resident of this Commonwealth[.]”).

⁴ 75 Pa.C.S. §1501(a) (stating that “No person [] shall drive any motor vehicle upon a highway or public property in this Commonwealth unless the person has a driver's license valid under the provisions of this chapter.”); 75 Pa.C.S. 1503(d) Penalties.

a way to limit the District's exposure and prevent safety hazards, for example, by not assigning a vehicle to a person with an expired or suspended license. As per the policy, the duty to update the authorization form is a coordinated effort from departments and Transportation and should be done on a yearly basis. However, Transportation only had an authorization form for 42% of its assigned drivers.

There is a systemic failure throughout the District in safeguarding District vehicle assets. The failure begins when individual drivers do not complete the authorization form, record basic information, and provide various consents. Without employee signatures, employees are not put on notice regarding the requirements of Policy 711, certification of a valid driver's license, assessment of the IRS fringe benefit, and the installation of a GPS on the vehicle. The authorization form then requires departmental supervisory approval, yet the majority of supervisors failed to sign their subordinates' authorization form. Finally, Transportation must approve non-bus vehicle assignments, and yet all of the assigned drivers that completed an authorization form had no approval signatures from Transportation. Therefore, none of the active drivers had a valid authorization form on file in violation of Policy 711.

Recommendations:

1. Ensure that all employees assigned a District vehicle complete an authorization form in its entirety on an annual basis. Emphasize that the form must be resubmitted if any material changes to the information occur. Orderly retain all authorization forms, including a separately maintained archive file, from each department.
2. Ensure that all authorization forms are reviewed and approved before a vehicle is assigned to an employee.
3. Ensure that ARI driver information is up to date based on current authorization forms.
4. All licenses need to be validated monthly in line with the policy.
5. The policy needs to be changed to permit out of state driver's licenses.
6. All licenses, including out of state licenses, must be validated before a vehicle is assigned to a District employee.

B. Sold and Scrapped Non-Bus Vehicles

Findings Summary:

Transportation was not accurately accounting for vehicles that came out of service and were either sold or scrapped. Transportation used a handwritten document referred to as the “scrap list” to track vehicles that were sold or scrapped, but this review found that vehicles were listed multiple times on the scrap list and improperly coded as “sold” in ARI. If the District cannot properly account for the vehicles in its fleet, then the District cannot properly value its vehicle assets or determine if anything of value was obtained from their disposal. Furthermore, failure to properly account for a vehicle that was sold, scrapped, or taken out of service presents a risk that the asset was misappropriated. This recordkeeping leaves the non-bus fleet vulnerable to abuse and even theft.

Criteria:

Section 14.4 of the Attachment states the following regarding vehicle and equipment relinquishments:

Transportation maintains vehicles and equipment until they are no longer safe and operable. Relinquishment decisions are made solely by the Department of Transportation Services, with the appropriate level of consultation with user departments about the operational impact of relinquishment balanced against the cost of repair. Transportation shall communicate relinquishment decisions as far in advance as possible to ensure that affected departments have ample opportunity to develop contingency plans.

According to Pennsylvania Vehicle Code §1163, *Transfer to Scrap Metal Processor*, “[a]ny owner who transfers a vehicle or a salvage vehicle to a scrap metal processor shall assign the certificate of title or certificate of salvage to the scrap metal processor[,]” though the title need not be notarized.⁵

Condition:

1. The true status (active, sold, or scrapped) of a number of District vehicles could not be determined. Handwritten records for vehicles that have been sold or scrapped were incomplete or non-existent. The OIG received the handwritten “scrap list” from Transportation that seemingly was the only verification of scrapped or sold vehicles. The scrap list contained 173 entries. Moreover, these records appeared to be static as the data found in ARI did not match the records maintained within Transportation. ARI listed 64 vehicles as either sold or out of service. Within the ARI records, the OIG found that 35 vehicles were designated as “sold,” and 29 vehicles were designated as “out of service.”

⁵ 75 Pa.C.S.A. §1163(b).

The OIG was unable to determine whether those terms were used interchangeably for scrapped vehicles because the records could not be reconciled with the scrap list.

Transportation contracted with 422 Auto Sales, an auto auction company, to dispose of some District vehicles. The OIG found that 422 Sales held six auctions during our review period, one of which included the sale of District non-bus vehicles. The OIG was able to verify that only 6 of the 35 vehicles categorized as “sold” in ARI were actually sold by 422 Sales. However, the sale date recorded in ARI for these six vehicles did not match the sale date on the 422 Sales records. Transportation could not provide records, receipts, or other support for the sale of the remaining 29 vehicles considered to be sold.

In addition to Transportation not carefully tracking sales records in ARI, the OIG found there was inexplicable flux for vehicles where statuses were recorded in ARI. For example, the OIG found two vehicles that were designated “sold” in ARI, and then later had their designations changed to “active.” Transportation confirmed that they misclassified these two vehicles, which, in fact, the District had not sold. As of the date of this review, these two vehicles continue to have an active status in ARI. In another instance, Transportation changed the status of two other vehicles from “sold” to “active” and then back to “sold” again on a later date.

Further, two additional vehicles allegedly sold according to the scrap list were no longer recorded in ARI as of the writing of this review – meaning those vehicles have been removed from ARI as well as all information about their history and status. Although these vehicles were contained on the scrap list, Transportation was unable to produce records of sale or scrap for either vehicle.

During a site visit to the 25th and Tasker Streets garage in March 2021, the OIG found nine District vehicles that remained on the lot but were included on the scrap list and categorized as “sold” in ARI. An additional five District vehicles found on the lot were included on the scrap list but designated as “active” in ARI. This haphazard recordkeeping system casts severe doubt on the validity of the scrap list and leaves one to question whether Transportation actually sold or scrapped the vehicles.

Setting aside the six vehicles sold by 422 Sales, Transportation provided no records of sold or scrapped vehicles other than the scrap list, and the scrap list entries were difficult to reconcile with information in ARI. Of the 173 entries on the scrap list, nearly half the entries had no date associated with the scrapped vehicle while other entries were outside the scope of our review. Inexplicably, 16 vehicles were on the scrap list two or more times. Removing from our analysis entries that were duplicates, outside our scope, and without a date, the OIG determined there were 46 vehicles on the scrap list within the scope of our review. Of those 46 vehicles, 2 vehicles were listed on the scrap list but with an “active” status in ARI.

There is no formal process or paperwork to document the sale or scrap of a District vehicle. Transportation had inconclusive and inconsistent records on vehicle assets which made it much more difficult to reconcile and account for District assets.

2. In the process of reconciling sold and scrapped vehicles, the OIG found that the 25th and Tasker Streets garage was storing non-District vehicles overnight and often for unknown periods of time. When the OIG visited the garage in March 2021, there were 19 non-District owned vehicles and trailers on the lot. Initially, Transportation could not identify all the owners of these vehicles, including the trailers and larger trucks. The OIG later learned that many of the non-District vehicles belonged to District employees or former employees and were being stored at the garage. In fact, one former employee had a vehicle stored on the lot although the employee had been retired since 2002.

Effect:

The non-bus vehicles are District assets and need to be accounted for as such. When vehicle status and records do not properly reflect the actual fleet, then asset records cannot be reconciled each year. If the District cannot properly account for the vehicles in its fleet, then the District cannot properly value its vehicle assets or determine whether it received anything of value from their disposal. Moreover, failure to maintain proper records of sold or scrapped vehicles presents a significant corruption hazard. A vehicle simply stricken from the ARI database may still be part of the active fleet, but, in the worst-case scenario, the vehicle could conceivably be lost, stolen, or sold for personal gain.

Storing non-District owned vehicles on District property presents a clear liability issue. Furthermore, this allows employees to misuse District property and contravenes the District Code of Ethics which states “[w]e must not use or allow others to use District property (including facilities[]) for any unapproved or private purpose.”

Recommendations

1. Improve recordkeeping to organize and analyze all vehicles that have been sold or scrapped with enough clarifying detail to determine what asset is on the list and what happened to that asset. Reconcile these records to documentation received from vendors involved in the sold or scrapped process.
2. Update the status of vehicles in ARI with accurate information as soon as possible to ensure that data is current.
3. Continue efforts to formalize the process of selling or scrapping a vehicle.
4. Remove and prohibit the storage of non-District vehicles and trailers on District property.

C. GPS Devices

Findings Summary:

Transportation lacked a streamlined approach to storing GPS device information. Some GPS information was stored in ARI, some in VEO Now, and some in handwritten notes kept within Transportation. In order to accurately monitor District vehicles, Transportation should enter all GPS information in ARI and VEO Now and regularly update these platforms when old devices need replaced and new devices are installed. Additionally, Transportation needs to regularly inspect the functionality of GPS devices in VEO Now and immediately call vehicles with malfunctioning or non-functional GPS devices into the garage for service. Any employee who fails to have their GPS device fixed immediately should be appropriately disciplined in accordance with District policy. Malfunctioning or nonresponsive GPS devices make locating vehicles in real-time very difficult, raising safety concerns, and open up the vehicle to the possibility of abuse.

Criteria:

Section 9 of Policy 711, Vehicle Tracking System (GPS), outlines specific responsibilities for Transportation, departments, and employees regarding vehicles with GPS installed on them. Section 9.5, titled *Notice and Signed Acknowledgment*, states that “[t]he District will provide written notice to all vehicle users explaining that a GPS Tracking System is installed in all District vehicles and is in use on a daily basis.” Transportation is required to maintain signed acknowledgment forms completed by employees stating that they understand the District’s GPS policy. Further, according to sections 9.5.4 to 9.5.6.2, Transportation is responsible for disseminating written notice to all new employees regarding the GPS systems via the employee “handbook” (a.k.a. Attachment) and through the Transportation website.

In section 3.3.7, departments are responsible for updating and maintaining temporary or permanent vehicle assignment changes in the GPS system, VEO Now. Section 9.4.1 states that it is important that the GPS function at all times while the vehicle is in operation in order for the system to be effective. Section 9.3 prohibits employees from touching, altering, tampering, disabling, or damaging a GPS device.

Condition:

1. A large number of active drivers did not have signed authorization forms acknowledging and consenting to the installation of GPS devices in their vehicle. The authorization form includes a section in which the employee consents by certifying that they “understand that a GPS tracking device is installed in all District vehicles and [they] will operate the District vehicles in accordance with the GPS policies and procedures.” Only 92 of the 221 active drivers in the ARI database had authorization forms on file with Transportation. (See also Assigned Driver Information). However, seven of the 92 forms were not signed by the driver and therefore lacked consent. Therefore, over sixty

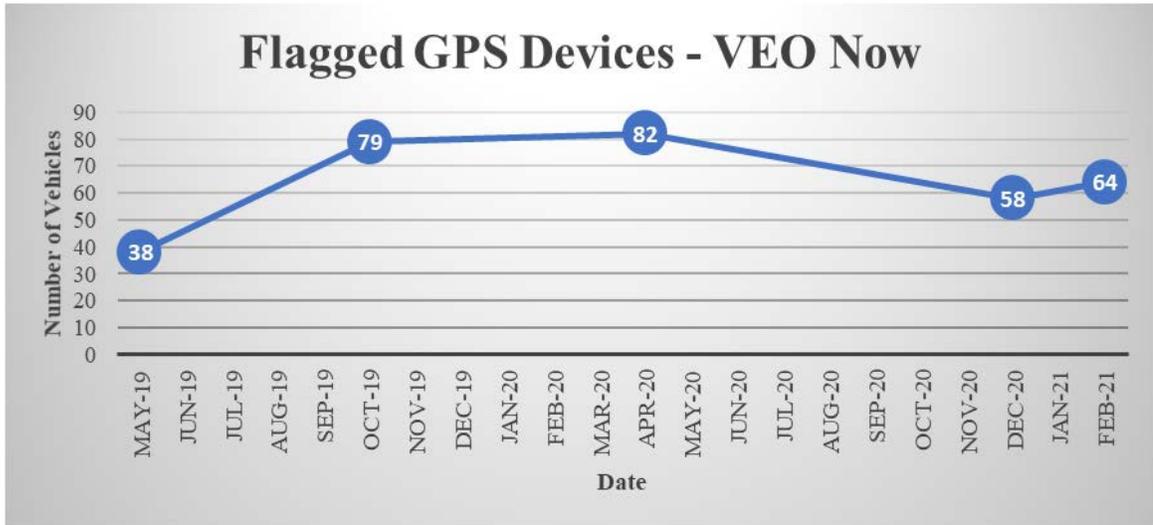
percent of all assigned drivers did not acknowledge and consent to the installation of a GPS device that was required before being assigned a District vehicle in accordance with the policy.

2. Transportation developed an internal form to track GPS device numbers for each vehicle, but the information from the form was inconsistently updated in ARI – as the master vehicle list – and VEO Now. Since the form is a static, standalone document, it provided limited useful information if it was not integrated into the other vehicle systems. Further, based on the internal GPS forms the OIG received from Transportation, the process for determining when to fill out the form was unclear as a large number of active vehicles did not have a GPS form on file.
3. Regardless of the internal form, GPS device data (i.e. the GPS device number) was not being imported or updated into either ARI or VEO Now on a regular basis. As part of our review, the OIG compared the GPS device number recorded in ARI and VEO Now for the entire non-bus fleet, 406 active vehicles, to determine whether the GPS data was uniform and consistent in both systems. Our review found the following inconsistencies:

GPS Device Number Review – Entire Population	
ARI Active Vehicles	406
Match – ARI & VEO Now	185
No GPS # - ARI	158
No GPS # - VEO Now	37
Mismatch – ARI & VEO Now	26

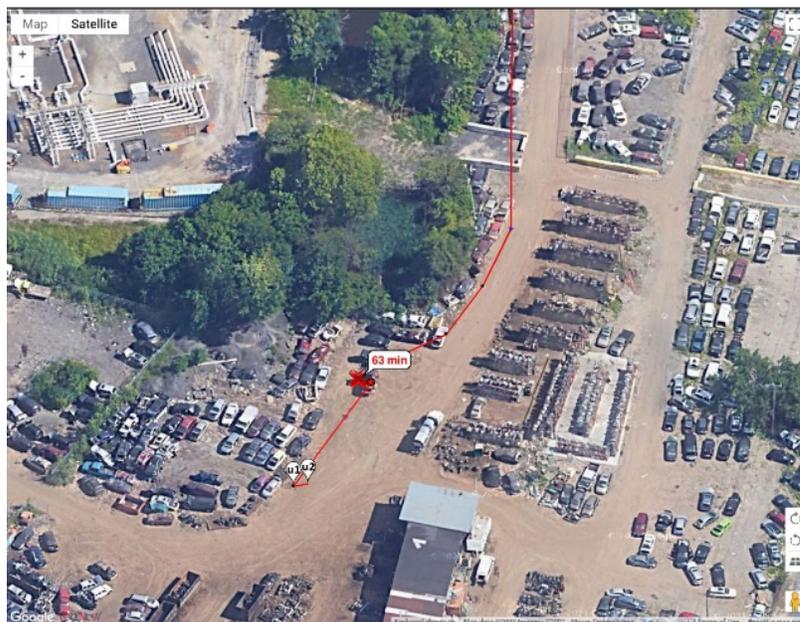
The OIG found that out of the 406 active vehicles in ARI, 185 (46%) of the GPS device numbers matched in ARI and VEO Now. Of the remaining vehicles, 26 (6%) of the GPS device numbers did not match, and 195 (48%) were missing GPS device numbers in one system or the other.

4. GPS devices were not being monitored on a regular basis to ensure they were functional. VEO Now contains an analytical support tool, which allows user to view all “flagged” GPS units that failed to provide data in the last 24 hours or longer. A “flagged” device means there is no data, low battery, no heartbeat, or the GPS devices were otherwise not working and not providing location details. For the purpose of this review, the OIG analyzed “flagged” GPS devices on five different dates ranging from May 2019 to February 2021. The chart below illustrates the number of “flagged” devices on each of the five dates:



At its highpoint on April 27, 2020, VEO Now had 82 vehicles marked “flagged” with malfunctioning GPS devices. During our review period, the number of “flagged” vehicles fluctuated, but after the OIG brought this issue to the attention of Transportation, the number of “flagged” vehicles steadily decreased. As of the writing of this report the number of GPS units with issues is 27, up from 23 devices at the start of May 2022.

The OIG found 32 vehicles had GPS devices that were “flagged” on three or more dates. One vehicle, F-359, which was flagged on each of the five dates, last pinged in a junk yard. This means that the GPS unit was not removed before the vehicle was scrapped. While F-359 is no longer listed on VEO Now, according to ARI, F-359 has been designated “out of service” since January 1, 2019, but remains assigned to an active District employee.



Another example of one of the 32 vehicles “flagged” multiple times is F-79. In June 2021, F-79 was assigned to a driver in VEO Now, but that driver passed away two years prior in July 2019. A search of ARI records showed the vehicle was never assigned a driver. In June 2021, OIG requested that Transportation locate the vehicle, but was unable to do so. Then, in December 2021, Transportation backdated the vehicle records in ARI and indicated that F-79 had been “out of service” since November 2020 and then was “sold” in March 2021. However, F-79 was not included on the scrapped or sold vehicle lists that were provided by Transportation.

5. The OIG was unable to accurately determine the number of non-bus vehicles that did not have a GPS device installed. There were 406 active vehicles in ARI, but only 346 vehicles appeared in VEO Now. Each vehicle in ARI should have a corresponding GPS device number that matches in VEO Now. Thus, there was a disparity between these two systems and it appeared that 60 vehicles did not have an assigned GPS device.

Effect:

While Transportation tracks some GPS information, numerous databases exist that contain varying and different information. Some data was contained in ARI, some in VEO Now, and other information was maintained on a sheet of paper within Transportation. In order to properly track District assets and comply with the various terms of Policy 711, GPS information needs to be consistent and accurate across all vehicle data sources. Potential abuse of vehicles is heightened when diligent efforts are not made to maintain GPS records.

Transportation should continue their efforts to monitor vehicles with malfunctioning GPS devices. While the number of “flagged” vehicles has decreased since the OIG’s review started, there are immense safety and liabilities issues at play when nearly two dozen vehicles are “flagged” on a daily basis. VEO Now easily displays this information and can be used by Transportation to require those vehicles with a malfunctioning device to report to one of the garages for maintenance. Policy 711 requires that the GPS remain functional. The failure to monitor VEO Now on a daily basis has allowed for vehicles with no or malfunctioning GPS devices to remain on the road for long lengths of time, in some cases years, without the ability to be located. Further, a malfunctioning or nonresponsive GPS device makes locating vehicles in real-time very difficult, which raises safety concerns. This opens up the vehicle to the possibility of abuse and other liability issues.

Drivers who are assigned vehicles without consenting to GPS installation and monitoring are in violation of District policy. Nonetheless, these drivers continue to be assigned and operate District vehicles without repercussion. Without consent to GPS monitoring, those employees could potentially argue they were unaware that the device was installed in the vehicle and should not have been monitored.

GPS monitoring assists management in tracking the fleet, but also deters drivers from misusing District vehicles. The 60 vehicles that appear to have no GPS devices installed are potential corruption hazards and subject to abuse.

Recommendation:

1. Provide training about the contents of Section 9, Vehicle Tracking System (GPS), in the policy.
2. Prior to granting an employee access to a District vehicle, Transportation must ensure that the employee completes the Non-Bus Vehicle Use Authorization form in its entirety and consents, by means of the employee's signature, to being monitored via GPS per District policy.
3. ARI and VEO Now need to be updated in a timely matter and simultaneously so that GPS data is consistent and accurate across all data platforms.
4. Ensure that a GPS device is installed and working on each vehicle at all times in order to locate vehicles when needed and detect misuse
5. Monitor VEO Now daily to ensure "flagged" GPS devices are repaired or replaced so that vehicles can be monitored at all times.

D. Annual All-Call

Findings Summary:

The annual all-call was not being performed each year in contradiction to Policy 711. As a result, Transportation was not able to verify the vehicle inventory each year, which left the District's assets vulnerable to loss and abuse. The reason for Transportation's non-compliance was not readily apparent.

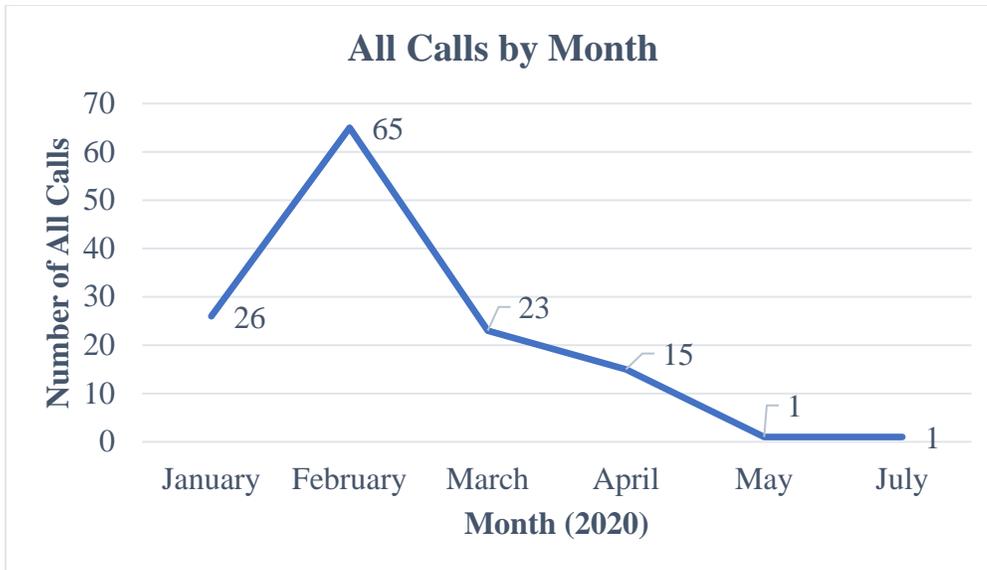
Criteria:

Policy 711 briefly mentions the all-call in section 3.3.5 and states that “[d]epartment heads are required to comply with the Department of Transportation’s annual ‘all-call’ and have their employees complete a vehicle verification form, and submit this form to Transportation annually in July.”

Condition:

1. The annual all-call is not occurring on a yearly basis for all non-bus vehicles. The OIG requested all-call files from our review period of 2018 through 2020. However, Transportation could only provide partial records for the all-call that took place in 2020. Thus, of the 406 active vehicles in the non-bus fleet in 2020, Transportation only provided all-call files for 129 vehicles (32%), which meant that two-thirds of the non-bus vehicle fleet failed to appear for the all-call that year. Transportation provided 11 additional files, eight of which were outside the scope of our review and the remaining three contained no date. Therefore, these files were not considered as part of this review. Additionally, no records were provided for 2018 or 2019 all-call. Although outside the scope of our review, District interviews and communications indicated that the last all-call was in 2016. The OIG did not evaluate the 2016 performance.

Further, the all-call for 2020 was not performed in a timely manner. Vehicles were inspected during a period ranging from January 2020 to July 2020. As a result of the seven-month all-call period, two vehicles appeared for the all-call twice, which resulted in 131 inspections for 129 vehicles. It is unclear how or why these two vehicles were asked to return only months after appearing the first time. The below chart indicates the number of vehicles that were brought in each month during the all-call:



- The all-call was not comprehensive. According to Transportation, the purpose of the all-call was to visually inspect the entire non-bus fleet to assess and verify the condition of vehicles as well as identify the employee assigned to operate the vehicle and update the vehicle verification form. Per Transportation, at the all-call, all drivers were required to produce their valid driver’s license and submit their applicable information for the vehicle verification form, GPS tracking, and vehicle commuting payroll forms. The OIG found that the information for each vehicle was not up to date in ARI, not all driver licensing was valid, drivers were not made to complete a new vehicle verification form, GPS tracking form, or a vehicle commuting payroll form at the time of the all-call. Additionally, while photos were taken of the vehicles that appeared for the all-call, those photos were not downloaded from the camera to the vehicle files.

Transportation indicated to the OIG that there was no standardized checklist used during the all-call. For the 129 vehicles from the 2020 all-call, Transportation provided the OIG with a single sheet of paper with handwritten notes, which amounted to the all-call “file.” The information collected on the all-call file included the date of the all-call, the vehicle number, the employee’s name, a copy of the employee’s driver’s license, the employee’s department, the inspection sticker month, the vehicle mileage, and the GPS device number and status. Areas reviewed can be seen in the chart below:

Review of 2020 All-Call Results	
Number of Files	131
Number of Vehicles	129
Number of Drivers	108
Expired Inspections	8
Missing Pictures of Vehicles	9

In terms of number of drivers, the all-call files were deficient as 23 files contained no driver information. Nine of these files pertained to pool vehicles according to the ARI database and, as such, would not have a regularly assigned driver. For the other 14 files, the vehicles were not designated as pool vehicles in ARI, but it was unclear from the files as to why a driver was not assigned or why Transportation did not document a driver during the all-call. The majority of the 14 files that did not include driver information were assigned to the Office of School Safety. Additionally, one vehicle that appeared for the all-call had two drivers associated with the vehicle, though neither driver was assigned the vehicle in ARI nor was it designated as a pool vehicle. Both drivers provided licenses and were captured in the total number of drivers since the OIG could not determine which driver used the vehicle or was assigned to the vehicle.

In terms of other inconsistencies across the all-call files, eight vehicles that appeared for the all-call either had no information pertaining to a state inspection or an expired inspection sticker. Based on the files, there was no indication as to whether the expired inspections were remedied before the vehicles were permitted to leave the garage.

3. The all-call file for each vehicle is a static document, and the information collected at the time of the all-call was not being recorded in ARI or VEO Now. Transportation did nothing with the information collected during the all-call other than to merely store the files at the garage. The OIG attempted to reconcile the 108 driver names from the 2020 all-call with the vehicle drivers assigned in ARI. There were 67 instances (62%) where driver information was a mismatch or there was no information available.

The OIG also attempted to reconcile the GPS device numbers for the 129 vehicles included in the all-call. There were 58 instances (45%) in which the GPS device number provided at the all-call did not match in ARI or could not be matched because the information was missing. In VEO Now, which tracks each vehicle by their GPS device, the OIG could not reconcile 32 GPS devices (25%) because the GPS device number provided at the all-call did not match the GPS information or could not be matched because the information was missing.

Effect:

The all-call is meant to be a yearly assessment of the inventory and a time to ensure each of the active vehicles in the non-bus fleet are seen, maintained, and registered. It is, more importantly, an opportunity to prevent problems from lingering or multiplying, such as remedying expired inspections, performing minor vehicle maintenance, and validating vehicle drivers. It also is a yearly opportunity to account for each asset in the non-bus fleet. Per the Attachment, section 1.4 requires that Transportation “will be responsible for maintaining the Master Vehicle List.” However, the vehicle list is only as comprehensive and accurate as the information entered into it. Information collected at the time of the all-call is not being recorded in ARI and VEO Now, which resulted in outdated, inconsistent, and inaccurate vehicle and driver data. Consequently,

the District's assets were left vulnerable to increased risk of loss and abuse as over two-thirds of the non-bus fleet failed to appear for the 2020 all-call and thus could not be seen, maintained or accounted for.

When the information collected during the all-call is incomplete or lacking, Transportation cannot take an accurate snapshot of the fleet and properly assess any issues or needs. The all-call "file" is a single piece of paper with varying handwritten observations. The file lacks consistency and contains limited information at best. The limited information is then filed away without updating any systems like ARI or VEO Now, rendering each system out of date and not correlated with the other. Furthermore, nothing on the sheet denotes the overall condition of the vehicle's interior and only commingled photographs stored on a camera card are available to document the vehicle's exterior damage.

Though the opportunity is present at the all-call to update other information such as verifying current inspections or driver assignment, vehicle authorization forms, accident information guides, and overall condition of the vehicle, the OIG found no evidence that such updates occurred for at least the 129 vehicles that appeared for the 2020 all-call.

Recommendations:

1. Conduct a comprehensive all-call on an annual basis, according to District policy, to properly assess and verify the condition of vehicles as well as the person operating the vehicle. Transportation needs to clarify the timeline for when the all-call occurs.
2. Require all employees assigned a District vehicle to personally participate in the all-call and sign a vehicle verification form in compliance with the policy or lose authorization to operate the vehicle.
3. Transportation must timely enter the results of the all-call into ARI and VEO Now in to ensure accuracy and completeness.

E. Visual Inspection

Findings Summary:

The OIG's visual inspection, which in many ways is what would be expected from the all-call, showed that the goals of Policy 711 were not being met, particularly in areas of driver assignment, vehicle maintenance, streamlining fleet management, enhancing accountability for use, and containing or reducing fleet expenditures. Transportation was not properly inspecting its vehicles during preventive maintenance and the annual all-call as basic information – such as the assigned driver for each vehicle – was incorrect. Consequently, Transportation was not fully abiding by a variety of requirements for each driver and vehicle as outlined in Policy 711.

Criteria:

Per Policy 711, employees, departments, department fleet liaisons, and Transportation are tasked with a variety of different responsibilities in the orderly maintenance of District vehicles. With responsibilities spread across the District, the OIG performed a visual inspection of a sample of 40 District vehicles. To aid in the inspection, the OIG drafted a checklist in compliance with various sections of the vehicle policy. Below are applicable portions of the policy that comprised the OIG checklist:

- **Section 4.9**
For employees required to drive or maintain a District vehicle, employees must possess a proper driver's license classification, and any necessary endorsements/restrictions, to lawfully operate the assigned vehicle. Furthermore, as part of their official duties, driving record convictions may be considered as grounds for disciplinary actions up to and including termination whether infractions incurred while conducting District business or outside of work.
- **Section 6.8**
Employees are expected to maintain the exterior and interior cleanliness of vehicles. Misuse of vehicles - as determined by Transportation - that leads to the requirement of structural or other repairs may be charged back to the user department, whether the vehicle is rented or owned.
- **Section 7.8.1**
No District vehicle or privately-owned vehicle may be used for District business without valid inspection stickers.
- **Section 7.9.1**
All District vehicles shall have standardized markings and graphics. In instances where application of standardized markings and graphics would prevent employees from fulfilling departmental functions or jeopardize employee safety, departments may request a waiver from Transportation. The waiver must be unit and vehicle specific.

- Section 8.1
Accident information guides shall be placed in the glove compartment of every District vehicle. Departments shall contact Transportation to obtain replacement accident information guides.
- Section 9.1
Global positioning System (GPS) Tracking Systems will be installed on all District vehicles. The District reserves the right to install GPS for use in all District vehicles.

Condition:

1. After randomly selecting 40 vehicles to inspect, the OIG accessed driver information in ARI and VEO Now, and then used GPS tracking to locate the vehicles for the inspection. Of the 40 vehicles, four vehicles (10%) had non-working GPS devices and needed to be called into a District garage for the inspection.⁶ The OIG sought the following information for each vehicle during the inspection: current driver name, make, model, VIN, license plate, GPS, fuel ring, status of the inspection sticker, the presence of the manual, accident checklist, owner's card, insurance card, the date of the most recent all-call, current mileage of the vehicle, and the overall condition (interior/exterior) of the vehicle.

Employees, departments, fleet liaisons, and Transportation were not complying with District vehicle policies. During the visual inspection of the sample vehicles, the OIG found 33 vehicles (83%) that did not have the accident information guides in the vehicle. As for the vehicle policy manual or Attachment, 29 vehicles (73%) did not have the manual in the vehicle. Though not required to be in the vehicle, the vast majority of drivers had never seen the manual nor were they aware of the vehicle policy. Nine vehicles (23%) did not have owner's cards, and 11 vehicles (28%) did not have insurance cards in the vehicle. Pennsylvania law requires all Pennsylvania motor vehicle drivers to have the cards in their vehicle.⁷ For state inspection, five vehicles (13%) did not have current state inspection stickers. (See also Maintenance and Repair Section).

It appeared by the physical conditions of some of the vehicles that Transportation was not properly inspecting these vehicles during preventative maintenance and the annual all-call. Nine vehicles' exteriors (23%) were described as "damaged," "scratched," "dented," "rusted," or "totaled."⁸ Seven vehicles' interiors (18%) were described as "dirty," "weathered," or "messy." As for GPS devices, four vehicles (10%) did not have functioning GPS devices. As a general observation, District markings, including vehicle numbers and District decals, were not consistent, standardized, and some were non-existent. This varied based on the age of the vehicle.

⁶ One additional vehicle that was randomly selected for the visual inspection was assigned to the OIG and does not have a GPS device. None of the vehicles assigned to the OIG have a GPS device.

⁷ 75 Pa.C.S. § 1301, Registration

⁸ One vehicle in the random sample had been in an accident that was not the fault of the District driver, was totaled as a result, and was parked at the 25th and Tasker Streets garage.

In order to have current information, the OIG used driver data from ARI from June and July 2021. As for driver and vehicle identifying information, 20 drivers (50%) were different than the individual listed in ARI. For license plates, 12 vehicles (30%) had a license plate that did not match the plate information in ARI. For the odometer, 12 vehicles (30%) had lower mileage readings at the visual inspection compared to information in ARI. Additionally, there were two instances (5%) in which the make and model of the vehicle did not match ARI information, and one instance (3%) in which the VIN did not match ARI information.

Effect:

The Attachment to Policy 711 specifically lays out the goal for the policy. It states that “these policies are intended to improve and streamline fleet management practices, enhance accountability for vehicle usage, contain the size of the District's fleet, decrease environmental impact, contain or reduce fleet-related expenditures, and promote the uniform, efficient, safe and ethical use of the District's fleet.” The visual inspection illustrates that these goals are not being met, particularly highlighting streamlining fleet management, enhancing accountability for use, and containing or reducing fleet expenditures.

Additionally, incorrect information pertaining to either the car or driver creates the potential for misuse, waste, and safety concerns. For example, incorrect driver information makes it difficult to track down the responsible driver for tolls or tickets. Out of date vehicle information, specifically out of date inspection stickers, not only fails to comply with District policy and Pennsylvania law, but also creates safety concerns and liability issues for the District.

During the visual inspection, the OIG discussed vehicle usage with the assigned drivers. Resoundingly, many drivers were unaware of the all-call or that such a thing even existed. The all-call should be used as an opportunity to observe the physical condition of the fleet and catch inconsistencies between the driver information, vehicle information, and the master vehicle list in ARI. If the all-call was being performed yearly *and* the information was being updated in ARI, then driver information would be correct each year as opposed to only 50% accuracy found during this review.

Vehicles that lack District markings and insignia are more likely to be subjected to misuse or abuse. While some vehicles had conspicuous District markings, many vehicles were only tagged with the vehicle number (i.e. “SDP-133”) at the back of the car. Older vehicles had non-uniform markings that differed greatly from more current District insignia. More apparent, consistent, and obvious markings may lead to fewer cases of misuse and promote Policy 711’s goal of uniform and ethical use of District vehicles by District drivers. In addition, clearly marked vehicles with permanently affixed decals will also allow the District to meet IRS regulations to exempt certain vehicles from the commuting fringe benefit as discussed later in this review.

Many features of ARI are not utilized or under-utilized by Transportation. During the visual inspection, which in many ways mimicked the all-call, specific vehicle data was collected such as odometer readings. Odometer readings appeared to only be updated in ARI when a vehicle was repaired at a third-party vendor. ARI uploads other information to include the date, vehicle

mileage, repairs, and costs to the District. Transportation represented to the OIG that they could not capture this information in ARI for regular or routine maintenance done at a District garage. Consequently, the ARI system did not accurately reflect information the OIG sought to verify during the visual inspection of the vehicles. However, in March 2022, ARI representatives told the OIG that data from in-house maintenance records could be uploaded to the system through a manual purchase order, but garage personnel told the OIG they were not aware that was possible.

Recommendations:

1. Transportation should mandate training to District employees regarding policies relating to individual use as well as training to department supervisors and fleet liaisons as to their responsibilities.
2. Departments, fleet liaisons, and Transportation need to coordinate how information is uploaded, including in-house maintenance, repair, and inspection records, and who is responsible for updating information in ARI to comply with District policies. Transportation should seek training from ARI in order to accomplish this.
3. A more comprehensive all-call should be conducted to ensure the most accurate driver information, ensure required documents – insurance card and registration to comply with Pennsylvania law – are in the vehicle, and accident guides are maintained in the vehicle.
4. Update and standardize markings and graphics for all vehicles.

F. Inventory Controls

Findings Summary:

Transportation has not kept an accurate Master Vehicle List as required by Policy 711. The District did not accurately compile, control, or report physical inventory of the non-bus fleet, estimated at \$8.9 million, in its financial statements.⁹ Therefore, District assets were vulnerable to potential misappropriation and a possible corruption hazard. The OIG found that while property identification number stickers are sent from Accounting to Transportation, the stickers are not being affixed to District vehicles or used to track, account for, and identify these vehicles. In addition, the vehicle numbering system among the various platforms in the District’s accounting records, ARI, and VEO Now, are terribly inconsistent.

Criteria:

Policy 711, in section 1.4 of the Attachment, requires Transportation to maintain the Master Vehicle List. As part of its contract with the District, ARI houses the District’s vehicle inventory database, including vehicle assignments. The District retains the responsibility to provide updates to the ARI database through Transportation. As part of the inventory control process, section 3.5 of the Attachment also requires that each District department appoint a fleet liaison who manages the vehicles in specific departments. Department heads are required to comply with Transportation’s annual “all-call.”

Policy 624, Capital Assets, states that vehicles valued at \$5,000 or more are personal property assets. Schools and administrative offices are responsible to maintain their personal property assets and conduct an annual physical inventory as part of the year-end close. Physical inventory results should be compared to assets and updates to the inventory should be submitted to the Office of Accounting.

Condition:

1. Transportation’s inventory records were so poorly maintained that the OIG had difficulty reconciling the vehicle assets per ARI with records received from Accounting. The estimated purchase value of the 406 active vehicles in the District’s non-bus fleet was \$8.9 million as of December 4, 2020, yet accounting records showed Transportation had only 360 vehicles as of June 30, 2020. Some examples of significant discrepancies are outlined in the chart below:

Vehicle Descriptions	Accounting Records	ARI
2011 Ford Escapes	35	27
2004 Ford Econoline 250 Vans	38	33
2001 Model Year Vehicles	20	6
1993 Model Year Vehicles	1	0

⁹ Total purchase value of personal property inventory assets was \$194,734,423 as of June 2020. Although the valuation of non-bus fleet is considered “immaterial” to the financial statement, it should be considered material to the District’s system of internal controls.

This chart does not illustrate a comprehensive list of discrepancies because often the inadequacy of the records made it difficult to match the assets from the accounting records to the ARI database.

2. Accounting records had limited descriptions of each vehicle asset and an independent property number, which did not correlate to ARI or other Transportation records. Accounting indicated to the OIG that they provide property identification number stickers to Transportation for each vehicle. However, the OIG was unable to locate the stickers either on the vehicles or with Transportation. Transportation indicated that they did receive some property identification stickers but were unable to place the stickers on any of the vehicles because no documentation existed at the garage to correlate the stickers to any particular vehicle. Transportation was only able to produce 83 stickers for vehicles and vehicle accessories, such as shelving and lifts, delivered in 2019. It is unclear how the exchange of information between Transportation and Accounting was organized and how the annual inventory was conducted. This brings into question the accuracy of the personal property assets amount shown in the accounting records.
3. Without accurate inventory information, the District did not know where some vehicles were located or who was driving some of its vehicle assets at any point in time. It was difficult to identify vehicles because the vehicle numbering systems lack consistency between Accounting, ARI, and VEO Now. At times, the vehicle numbering system was inconsistent within the database itself. (See also GPS Devices). District vehicle assets were also vulnerable to potential misappropriation that might not be detected. Failure to accurately account for vehicles increases the risk for errors in accounting records and potential fraud. The OIG concluded that Transportation did not follow procedures because there was no monitoring of policy compliance.
4. Transportation failed to comply with policy requiring an annual verification of its non-bus vehicle inventory. The OIG found that Transportation started an all-call in January 2020, but was only able to verify 129 vehicles by July 2020. Nevertheless, this appears to be more than ample time to complete the all-call process. At the time of our request for records pertaining to the most recent all-call, Transportation did not provide all-call records for the prior years in our review scope (2018 and 2019) as the all-call did not occur. (See also All-Call).

Effect:

Although District management has designed appropriate policies and procedures to account for personal property, it has not adequately enforced compliance. The District's non-bus fleet was not accurately compiled in a physical inventory, or controlled and reported in the accounting records. Therefore, District assets were vulnerable to potential misappropriation. The policy Attachment requires that a Master Vehicle List be maintained by Transportation to ensure that District non-bus vehicle assets are properly recorded, protected, and maintained. This policy is not being followed, and ARI's fleet management software is not being utilized to its full potential to achieve this policy goal. Asset records in the District's Accounting department are

supposed to be reconciled annually to Transportation’s Master Vehicle List. If property inventory is not taken, such as completion of the annual “all-call,” then it is unlikely that the Master Vehicle List is accurate. Accounting is reconciling to an imprecise inventory which creates inaccurate accounting records.¹⁰

Recommendation:

1. Enforce the policies and procedures regarding non-bus vehicle inventories contained in policies 624 and 711. Per Policy 711, Transportation bears responsibility for the management and maintenance of the Master Vehicle List and should develop processes to ensure that information in ARI is accurate and managed in accordance with the vehicle policies. Per policy 624, the inventory of District non-bus vehicles should be verified annually and Transportation’s all-call is a good method of verification.
2. Use and record the property number stickers that Transportation receives from Accounting to track vehicle inventory. Maintain a consistent numbering system to identify and cross-check vehicles among the various systems the District uses to manage and track its assets.

¹⁰ The OIG makes no opinion about the materiality of the consequences.

G. Department Fleet Liaisons

Findings Summary:

Fleet liaisons, who act as a critical information bridge between Transportation and other departments, were not fully aware of their responsibilities outlined in Policy 711 and some were unaware they had been designated by Transportation as a fleet liaison. However, all fleet liaisons, because of their current position, experience, or longevity with the District, were at least aware of their main responsibilities to track drivers' vehicle assignments, obtain driver's license information for Transportation to validate, and complete authorization forms for assigned vehicles. Many of the fleet liaisons provided Transportation with periodic changes to vehicle assignments, but Transportation did not successfully input updated information into the ARI and VEO Now databases.

Criteria:

According to section 3.5 of the Attachment to Policy 711, each department "shall appoint a Fleet Liaison, responsible for the management of District vehicles in use by that department. Each department shall provide the name and contact information of its designated Fleet Liaison to Transportation." In section 3.5, Fleet Liaisons maintain the following responsibilities:

- (1) Work with Transportation to ensure that adequate and updated records of use, condition, and infraction of District vehicles are maintained.
- (2) Ensure that records of use and custody for each pool vehicle are maintained. Such records must be able to identify the individual responsible for operating the vehicle at any given time, and must be furnished to Transportation upon request.
- (3) Maintain copies of the driver's licenses, take home privileges, and all operational records of all departmental employees authorized to operate a vehicle.
- (4) Distribute copies of [the] Directive to all employees using District vehicles, and obtain the written acknowledgement of each employee that they have received the Directive by obtaining the employee's signature on the final page of this Directive and retaining the signed page on file in either scanned electronic or paper format.
- (5) Ensure vehicular accident information is submitted to the Office of General Counsel in a timely manner.

Condition:

1. In January 2021, Transportation provided the OIG with a list of department fleet liaisons and an updated list was provided in March 2022. Currently, there are 12 fleet liaisons from the following departments: Facilities and Maintenance (6), School Safety (1), Capital Programs (1), Environmental (1), Warehouse (1), and Food Services (2). The OIG interviewed each of the department liaisons to gain an understanding of their

responsibilities, their familiarity with Policy 711, their role pertaining to the reporting of accidents, the investigation of accidents, and their familiarity with ARI.

Based on OIG interviews with department liaisons, many were unaware of their responsibilities outlined in the policy, but still accomplished the main goals of the policy such as tracking vehicle assignments, obtaining drivers licenses for Transportation to validate, and having drivers complete the authorization form. The two largest deviations from the policy related to accidents and use of ARI. All fleet liaisons were unaware that the policy requires accident information to be submitted to the Office of General Counsel. Each liaison stated that they sent completed accident paperwork to the Office of School Safety. As for ARI, none of the liaisons believed they had access to ARI, none used ARI, and three liaisons (25%) never heard of ARI.

2. This review showed that the information maintained in ARI was not accurate and in fact grossly insufficient, and fleet liaisons were unable to review and validate driver and vehicle information in ARI. Eight fleet liaisons (67%) maintained separate spreadsheets containing driver information for their department. One liaison oversaw such a small fleet – three vehicles – that they did not maintain a spreadsheet with information but rather retained a copy of the authorization form. While fleet liaisons were expected to assist Transportation in actively maintaining the non-bus fleet assignments, they were unable to access and review vehicle records in ARI. Transportation informed the OIG that fleet liaisons instead supply spreadsheets or other documents such as emails to track vehicle and driver information. However, the OIG found a recurring problem throughout this review that Transportation did not properly update the ARI records based on these spreadsheets. ARI, as the master vehicle list, can be updated in real-time with new driver information, accidents, and even preventative maintenance. Since fleet liaisons do not have access ARI for this purpose, it is essential that Transportation make the changes to the records as they occur. ARI is only as comprehensive and accurate as the information entered into the system.

Effect:

Fleet liaisons are critical in maintaining accurate information relating to vehicles and their use, which can change on a daily basis. Fleet liaisons are meant to aid Transportation in preventing problems such as misidentified drivers or inaccurate vehicle information as part of section 1.4 of Policy 711 requiring Transportation to “maintain[] the Master Vehicle List.” This is particularly true for pool vehicles where driver information is constantly fluctuating. Additionally, fleet liaisons must make Transportation aware of any changes to vehicle assignment within 24 hours so that departments and drivers are held accountable for tolls, tickets violations, and damage to vehicles.

Recommendations:

1. Formalize the fleet liaison position and ensure that each fleet liaison receives training pertaining to their responsibilities outlined in the manual.

2. Review the process for transmitting accident information to the correct departments, which may involve a change to the policy.
3. To better ensure that driver information is updated on a regular basis, Transportation should authorize fleet liaisons to have read access to ARI. Further, the District should clarify the Attachment to indicate Transportation's responsibilities in updating the Master Vehicle List (ARI).
4. Add the Authorization Form to the Transportation website for easy access by fleet liaisons.
5. Transportation should ensure that fleet liaisons distribute the manual to all drivers before accessing a District vehicle and amend the manual to include a signature line for the driver's acknowledgment and for record retention per the policy.

H. Fuel Consumption

Findings Summary:

Due to incomplete or nonexistent odometer information, the OIG was unable to determine if the fleet was fuel efficient. Though Transportation received monthly fuel consumption reports from the city, that information was not stored or analyzed. While ARI has several fuel and mileage tracking dashboards, no fuel or mileage information was inputted to determine if vehicles or the fleet as a whole were efficient.

Criteria:

The District uses the City of Philadelphia's fueling system (FUMES) to fuel vehicles and track fuel consumption. A fuel ring is provided by the City of Philadelphia's Fleet Management department and installed on District vehicles. According to the *Frequently Asked Questions* section of the manual, "[a]ny vehicles owned by the District can be fueled at one of the approved [City] fueling site locations listed in your employee handbook. It is the responsibility of the employee to make sure the vehicle is fueled at one of the approved fueling stations[.]"

The manual contains a section titled *Fuel Site Location* that includes 60 locations throughout the city for an employee to fuel their assigned District vehicle. Twenty-nine locations are diesel only, 16 locations are unleaded only, and 15 locations provide both fuel types. The manual states that "officials designated by the Superintendent as being in charge of the program (the Chief Operating Officer) shall provide full instruction to employees so designated regarding methods of obtaining fuel and service."

Condition:

1. Transportation representatives received monthly fuel consumption reports (FUMES reports) from the City of Philadelphia Office of Fleet Management. From October 2018 to December 2020, the non-bus vehicle fleet consumed 517,559 gallons of fuel (diesel and unleaded). However, the OIG was unable to determine fuel efficiency (miles per gallon usage) of any vehicles because, although Transportation was receiving fuel consumption records, they were not taking any steps to accumulate additional data, such as recording mileage.
2. ARI programming provides powerful analytical tools to monitor vehicle mileage and fuel usage. ARI's "Fuel Consumption Trend" and "Fuel Expenditure Trend" dashboards permit users to identify fuel consumption outliers, as well as monitor fuel efficiency. Since the fuel consumption data and mileage was not being imported into ARI, Transportation could not fully utilize these functions. The OIG attempted to conduct a miles per gallon analysis of 40 randomly selected vehicles from our sample to determine whether the miles driven reasonably matched up with the amount of gas consumed. The OIG accessed ARI database records and attempted to export an odometer history for each vehicle to determine the number of miles driven during our review period. However, due

to incomplete or nonexistent data, poor data quality, and inconsistent or nonexistent odometer readings, the OIG could not perform this analysis. The District does not require drivers to provide monthly mileage reports. Mileage was captured in ARI only when a third-party work order was entered into the system. Although in-house maintenance records, including current odometer readings, can be manually uploaded to ARI, Transportation was unaware of these capabilities.

Effect:

Due to incomplete or nonexistent odometer information, the OIG was unable to determine if the fleet was fuel efficient. At the current moment with incredibly high gas prices, the District should be striving to assess the least efficient vehicles so they can be repaired, if possible, or potentially retired from the fleet. Further, the policy itself states that fuel wasting activities, such as excessive idling, are subject to the District's disciplinary process. Currently, there are no means to determine fuel wasting activities as such information is not recorded. Thus, Transportation should be tracking fuel consumption and mileage in order to review and assess fuel efficiency on a regular basis.

Additionally, the OIG could not determine whether fuel consumption was appropriate for each vehicle. For example, vehicles that consume more fuel than necessary compared to mileage could indicate waste (i.e. idling) or abuse (i.e. theft). On the other hand, too little fuel consumption could indicate abuse such as fueling the vehicle at commercial gas stations to mask personal use.

Recommendation:

1. Analyze monthly fuel consumption report data for unusual fuel dispensing patterns that could help identify and prevent future theft and abuse of fuel.
2. Import the fuel consumption report data obtained from the City of Philadelphia Office of Fleet Management into ARI on a monthly basis or as data becomes available.
3. Require drivers to provide month-end odometer readings which Transportation should analyze in comparison to monthly fuel consumption. Transportation might consider uploading this information into ARI in order to use the powerful analytical tools of that system.

I. Maintenance and Repairs

Findings Summary:

Transportation followed procedures and its contractual requirements with ARI by approving all repairs with a cost of \$1,000 or more. However, the OIG could not determine if work began on vehicles before Transportation authorized the repair approvals. Transportation should endeavor to ensure that ARI repair centers do not start repairs on vehicles with estimated costs of repair over \$1,000 before giving its approval. Further, with regard to regular maintenance, this review found that five of the 40 vehicles in our sample did not have current safety inspection and emission stickers in violation of Pennsylvania Motor Vehicle Code.

Criteria:

Section 6.9 of the Attachment states that “[d]epartments will comply with Transportation's preventative maintenance program.” In 2018, Transportation contracted with ARI to provide maintenance and repair services through local vendors. The District, however, retained the responsibility to pre-approve those maintenance and repair services when the estimated costs were \$1,000 or more per vehicle.¹¹ The District inserted this clause in the ARI contract to help ensure the most effective expenditure of District funds.¹² In terms of annual safety and inspection maintenance, section 7.8.1 states, “[n]o District vehicle . . . may be used for District business without valid inspection stickers.”

According to Pennsylvania law, 75 Pa.C.S. § 4702(a), *Annual Safety Inspection*, it states that the Department of Motor Vehicles “shall establish a system of annual safety inspection of vehicles[.]” As for emissions testing, each county in Pennsylvania has a different schedule, but vehicles registered in Philadelphia must have an annual emissions test performed.¹³

Condition:

1. The OIG examined records of 157 maintenance and repair services done on a random sample of 40 vehicles during the review period. The OIG found that 76 maintenance services required advance approval by the District because the estimated costs were \$1,000 or more. Although Transportation gave the appropriate approvals for these repairs, the OIG was unable to determine whether approval was given in advance of the work. ARI tracks maintenance and repairs in a variety of ways. This review focused on the date the vehicle arrived at the shop, the date of the repair estimate, the date of approval for repair, and the date of service. However, the OIG learned that the ARI database does not capture information for each of these instances. Instead, ARI's information lists a “Date,” “Date of Repair,” and a “Process Date.” The date of approval was captured in another section of ARI titled “PO Notes.”

¹¹ Automotive Rentals, Inc. – Agreement for Services – RFP No. 556, OGC Contract No. 0843/F18, Scope of Services, Requirements for Non-routine vehicle maintenance and accident response, Page 28, Section 4.3.

¹² Id.

¹³ 75 Pa.C.S. §4706.

There was no way to determine based on the records alone whether repairs were initiated prior to approval because the “Date of Repair” in ARI corresponded to the date the vehicle arrived at the shop for repair and not the date when the shop actually made the repairs. Nevertheless, the review concluded that of the 40 vehicles in our sample, all the repairs estimated to be \$1,000 or more did have a notation for approval from a Transportation employee.

2. Routine maintenance, such as annual safety inspections and emissions testing required by Pennsylvania, was not done for all vehicles. Our review found that, during the visual inspection of the 40 vehicles in our sample, five vehicles (12.5%) did not have current safety inspection and emissions stickers.
3. The OIG was unable to determine the specific preventative maintenance program employed by Transportation as required by the policy. Although, there is a routine preventative maintenance portion delineated in the ARI contract, it does not appear that Transportation adhered to this program. ARI provided the District with coupon books for routine maintenance on some but not all of the vehicles in the non-bus fleet, to be performed at certain mileage intervals. However, it was unclear how Transportation monitors the maintenance intervals for vehicles without ARI coupons, and, from the review of the repair records, the OIG lacked confidence that Transportation was conducting preventative maintenance on a routine basis. Additionally, Transportation informed the OIG that sometime during the review period, the coupon books were no longer used. As a result, the driver became fully responsible for bringing the vehicle to the garage for preventative maintenance thereby putting the preventative maintenance program further in doubt.

The OIG could not determine what vehicles were overdue for preventative maintenance as Transportation conducted some repairs and maintenance, including inspections, at the District garage. Yet, Transportation did not upload any of their maintenance records into ARI. An ARI representative stated that the District is able to manually upload in-house work orders and records to the ARI system. The system would incorporate the information into its key performance indicators and notifications about the fleet through its various analytical dashboards. Without complete records, the ARI preventative maintenance tracking system cannot accurately reflect which vehicles are overdue for annual inspection or require maintenance. As of the writing of this report, ARI indicates there are 251 vehicles are overdue for preventative maintenance.

Effect:

Transportation did follow policy and contractual requirements by approving all repairs with a cost of \$1,000 or more. However, because the timing of the approvals was difficult to parse out due to the date system in ARI, it is unclear whether Transportation was able to do a cost analysis of high-value repairs before work began.

Vehicles that do not have preventative maintenance, current inspection, and emissions tests performed are safety risks for the District. Additionally, any percentage of the District’s fleet

that does not have a current inspection and does not comply with Pennsylvania law creates a liability issue.

Recommendations:

1. The District should ensure that all maintenance and repair services for non-bus vehicles that require approval are reviewed and authorized in advance of the work being performed. The District should consider the creation of a form that requires supervisor approval when estimated repair costs are over the \$1,000 threshold.
2. Drivers, departments, and Transportation should ensure that all non-bus vehicles are maintained and used in accordance with the Pennsylvania Motor Vehicle Code as required by the manual.
3. All maintenance and repair records, including in-house records, should be uploaded to ARI for accurate recordkeeping and to properly track when preventative maintenance is due.

J. Tolls and Ticket Violations

Findings Summary:

The policies regarding tolls and tickets were not being followed. The District has several robust parts of the policy that require all employees to pay any tolls or tickets incurred while driving a District vehicle. Despite outlining the process and procedure for tolls and ticket violations, the lack of reporting violations, enforcement for payment of violations, and disciplinary action of not following the policy promotes noncompliance and allows District vehicles to be abused. In terms of payment, Transportation sometimes had difficulty tracking down responsible drivers to pay tolls and violations that came into the District because of the incomplete and inaccurate vehicle assignment list. Thus, the District expended money to mitigate unpaid tickets or risked additional fines and penalties. Due to poor recordkeeping, the amount of money that the District expended in tolls and ticket violations, without reimbursement from the responsible employee, could not be accurately determined.

Criteria:

Policy 711 outlines a multitude of specific responsibilities for Transportation, departments, and employees pertaining to toll and ticket violations. Below are pertinent parts from the policy:

- Section 1.5: Transportation will conduct a monthly review of current and past-due traffic and parking violations incurred by the departments and will notify those departments of any outstanding violations incurred by District vehicles assigned to them.
- Section 3.3: Departments are responsible for promoting and enforcing compliance with this Directive at the employee level. Each department head is responsible for tracking and ensuring the timely adjudication of all moving/parking violations incurred by their employees while operating District vehicles.
- Section 3.3.1: Departments are responsible for ensuring that employees are held accountable for paying any parking tickets or traffic violations incurred while operating a District vehicle.
- Section 3.3.2: Departments are responsible for ensuring that employees settle any toll violations incurred while operating District vehicles.
- Section 4.7: Drivers are personally responsible and liable for any citations and/or violations received while operating a District vehicle. Failure to promptly respond to any citations/violations may result in disciplinary action and/or a loss of District vehicle use privileges.
- Section 4.8: Employees are required to immediately report to their supervisors and the departmental fleet liaison any tickets or citations for stationary, parking or moving violations received while operating a District owned, leased or rented vehicle, or a personal vehicle while conducting District business.

- Section 12.4: Notice of toll violations will be received by Transportation and forwarded to the responsible department. The fine and/or late fee must be paid in a timely manner by the employee responsible for operating the vehicle at the time the violation occurred. Refusal to pay an outstanding violation may result in disciplinary action.
- Section 15.2: Employees who fail to follow the proper channels outlined in this Directive to address parking tickets, red light violations, toll violations, or other traffic violations will be subject to disciplinary action and may lose their privilege to operate District vehicles, park their personal vehicle in authorized zones or District-controlled off-street lots, or use their personal vehicle for District business.

Condition:

1. Policies requiring prompt reporting and payment of tolls, tickets, and violations were not followed. Generally, once the District receives a violation or toll invoice by mail from the appropriate authority, a transportation employee logs it into a spreadsheet used to track the disposition. Transportation notifies the employee and their supervisor by email of the amount due and the expectation that the employee make payment. A review of the spreadsheet showed that Transportation recorded and tracked 262 violations and invoices during the period of review. There were an additional 48 violations or invoices found in paper files but not recorded on the tracking spreadsheet. Responsible Transportation personnel did not explain why violations were on the spreadsheet, but not in the paper files and vice versa. These 310 violations were only received by mail and none of these violations were self-reported. The actual total number of violations was unknown since there are some types of violations that may have been received and paid by the driver (i.e. parking tickets) and not reported to Transportation.
2. The OIG could not accurately determine how many of the violations were ultimately paid by the District without reimbursement from the responsible employee because the spreadsheet was not properly maintained and updated. Nevertheless, there were some entries on the spreadsheet and notations in the paper files to indicate that such payments happened. At times, the District could not timely identify the responsible driver of the vehicle to assess the violation because Transportation did not properly update vehicle assignments and, ultimately, the District paid the violation to avoid further fees and penalties. In instances where the employee was able to be identified, the District sought reimbursement. However, reimbursement did not always occur. Despite multiple requests, Transportation was not able to quantify the amount the District paid for these violations.
3. The OIG found that during the review period some employees in the Office of School Safety (OSS) were able to circumvent paying parking and red-light camera violations by filing a baseless appeal with the Philadelphia Parking Authority (PPA) in a letter from their supervision giving the appearance that they were exempt because of law enforcement status. In the case of parking violations, the letter to PPA stated that the

“unmarked School Police Vehicle . . . was on official business[.]” For red-light violations, the letter stated that “[the vehicle] is an unmarked School Police vehicle. It has front emergency lights only[.]” therefore insinuating that the offending vehicle and driver were responding to an emergency. Albeit, this practice ended sometime in 2019 at the same time OSS removed the emergency lights from the vehicles. The OIG is uncertain which, if any vehicles, had emergency lights installed in them. Nevertheless, OSS management told the OIG that these lights were removed. Furthermore, the motor vehicle code prohibits the use of emergency lights on a non-law enforcement vehicle.¹⁴ School Safety no longer has any vehicles with emergency lights installed.

Effect:

All employees are required to report any tolls, tickets, or other violations to their supervisor and fleet liaison per the policy. Despite several robust parts of the policy outlining the process and procedure for violations, the lack of reporting violations, payment for violations, and punishment as a result of not following the policy not only neuters the policy but promotes misuse and noncompliance and abuses the privilege of using a vehicle. Further, as a result of this failure to report violations to supervisors and ultimately Transportation, the actual number of violations could not be determined nor whether a repeat offender’s license is at risk.

Without accurate driver information, Transportation cannot track down responsible parties for violations. In the interim, penalties are assessed the longer the violation remains unpaid, and, if a responsible party cannot be identified, then the District wastes money paying those violations. Due to Transportation’s poor recordkeeping, the amount of money that the District expended in unpaid violations could not be accurately determined.

The District was in violation of the Pennsylvania Motor Vehicle Code due to the Office of School Safety’s misuse of emergency lights on their non-law enforcement vehicles. This issue has been resolved.

Recommendations:

1. The District should enforce the policies pertaining to toll and ticket violations with regard to prompt reporting and payment.
2. Consider revising Policy 711 to include defined disciplinary actions for employees who do not promptly report and pay toll or ticket violations and Department heads who do not enforce the payment of violations by their employees.

¹⁴ 75 Pa.C.S. § 4571(a) indicates that “[e]very emergency vehicle shall be equipped with one or more revolving or flashing red lights[.]” and § 4571(b), *Police, sheriff, fire and coroner or medical examiner vehicles*, further states “[t]he combination of red and blue lights may be used only on police, sheriff, coroner, medical examiner or fire police vehicles.”

3. Transportation, along with all departments, should devise a way to ensure that driver information is timely updated so that responsible parties can be identified when violations come into the District.
4. Transportation must keep more complete records of all toll and ticket violations to include the disposition of the fines and penalties and the payor in order to quantify how much the District is spending on employee infractions.

K. Fringe Benefit Assessment and Commuting Privileges

Findings Summary:

The District is not in compliance with Internal Revenue Service (IRS) guidelines pertaining to the fringe commuting benefit (fringe assessment or benefit). The IRS guidelines are clear and specific as to the vehicles that are exempt from the fringe assessment. Our review found that not all drivers of qualified vehicles are being assessed the fringe benefit per IRS guidelines. Further, Transportation should consider a “reasonable commuting distance” akin to the federal system to curb extraneous wear and tear on District vehicles.

Criteria:

Policy 711 states that the District “shall provide vehicles to certain employees for the purpose of performing job related duties in an efficient and economical manner.” The policy is clear that “[s]uch vehicles are to be used only for the performance of job-related duties and responsibilities and for no other reason except for commuting to employment site.” Section 13 of the policy addresses take-home vehicle assignments and guidance.

The use of an employer provided vehicle is considered a taxable non-cash fringe benefit and must be included in employees’ wages unless specifically excluded by law.¹⁵ This means that such a benefit is included in an employee’s wages and taxed. The District uses the “Commuting Valuation Rule,” which assesses employees \$3.00 per day for the cost of commuting from the employee’s home to their regular place of work and vice versa in a District-owned vehicle. This travel is considered a personal expense and is taxable income. Therefore, the take-home use of an employer-provided vehicle is a taxable fringe benefit to all District employees assigned vehicles, unless the vehicle meets the standards of a “qualified non-personal use vehicle” under the applicable Internal Revenue Code (IRC) provisions and Treasury Regulations (Regulations).

A “qualified non-personal use vehicle” is defined as any vehicle the employee is not likely to use more than minimally for personal purposes because of its design, and the IRS lists a variety of vehicles that qualify.¹⁶ Qualified non-personal use vehicles are exempt from the taxable fringe benefit. As it pertains to the District, qualified non-personal use vehicles may include vans and pick-up trucks that are in the District fleet but only if they met specific modifications that would be unlikely to allow more than minimal personal use. The IRS provides guidance for vans and pick-up trucks to satisfy certain requirements of a “qualified non-personal use vehicle” that is excluded from an employee’s wages as a taxable fringe benefit. These vehicles must meet the following criteria: (1) loaded gross vehicle weight of 14,000 pounds or less; (2) specially modified so it is not likely to be used more than minimally for personal purposes; and (3) clearly marked with permanently affixed decals, special painting, or other advertising associated with your trade, business, or function.¹⁷

¹⁵ Internal Revenue Code 26 CFR §1.61-21, *Taxation of Fringe Benefits*.

¹⁶ IRS Publication 15B.

¹⁷ Id.

Vans must also have a seat for the driver only (or the driver and one other person), and one of the following items: Permanent shelving that fills most of the cargo area or an open cargo area and the van always carries merchandise, material, or equipment used in your trade, business, or function. Pick-up trucks must also have one of the following: hydraulic lift gate; permanent tanks or drums; permanent side boards or panels that materially raise the level of the sides of the truck bed; other heavy equipment (such as an electric generator, welder, boom, or crane used to tow auto-mobiles and other vehicles); or it is used primarily to transport a particular type of load (other than over the public highways) in a construction, manufacturing, processing, farming, mining, drilling, timbering, or other similar operation for which it was specially designed or significantly modified.

Section 4.12 of Policy 711 mentions specific responsibilities for Transportation and employees pertaining to taxable fringe benefits. Section 4.12 states that employees must “submit the Payroll Deduction for Employees Using District Vehicle for Commuting form to Transportation to comply with IRS guidelines.” Section 1.10 requires Transportation to “ensure that all employees in the take-home vehicle program submit Payroll Deductions for Employees Using District Vehicles for Commuting forms to the District’s Central Payroll Department to comply with IRS guidelines on the reporting of taxable fringe benefits.”

In regard to commuting in a District vehicle, the policy is silent as to a reasonable commuting distance.

Condition:

1. The District failed to include the fringe commuting benefit for those employees using a District vehicle that were not otherwise excludable under the IRS regulations. Commuting in a District-owned vehicle is a non-related work purpose and is considered personal use, the value of which must be included in an employee’s income as a taxable fringe benefit unless there is a benefit exclusion.

According to ARI records, the OIG found that there were 88 active vehicles that meet the requirements for fringe assessment according to the vehicle description. All of these vehicles were assigned to a driver in ARI. However, of these 88 employees, only 39 drivers were being assessed the fringe benefit and the remaining 49 assigned drivers were not assessed the benefit. To make matters worse, payroll records revealed that 66 employees were assessed the fringe benefit. However, 27 of these employees were not assigned a vehicle in ARI.

2. There was no existing document designated as the “Employees Using District Vehicle for Commuting” form mentioned in section 1.10 of the policy. The OIG learned that Payroll only received a copy of the authorization form to assess commuting fringe benefit.
3. Unrelated to the taxable fringe benefit, the District does not have a policy defining a “reasonable commuting distance” for employees with take-home vehicle privileges. In

some instances, employees commute to and from work from a distance greater than 50 miles.¹⁸

Effect:

The District was not in compliance with IRS guidelines pertaining to the fringe commuting benefit. Drivers that are required to be assessed the fringe commuting benefit are not being assessed. Employees commuting to work from a distance greater than 50 miles add unnecessary wear and tear to District vehicles which leads to increased maintenance costs. Long periods of time on the road puts District vehicles at a greater risk of being involved in an accident.

Recommendation:

1. Clarify or produce the Deduction for Employees Using District Vehicle for Commuting form as stated in sections 1.10 and 4.12 of the policy. Clarify the process for Payroll to receive information as to which employees should be assessed the fringe benefit for commuting.
2. All employees that are assigned a District vehicle must be assessed the fringe benefit if that vehicle meets the requirements outlined in the IRS guidelines.
3. Utilize ARI to track which vehicles require the fringe benefit assessment and which vehicles are exempt.
4. Consider updating the take-home vehicle privileges to define a reasonable commuting distance.

¹⁸ A review of federal and state laws has consistently defined a “reasonable commuting distance” to be within 50 miles.

L. Accidents

Findings Summary:

Nearly all reported accidents were documented via the District's accident report form. However, drivers were not fully capturing all required information on the form. Of particular note, information detailing the other drivers involved in an accident was often missing, and this makes submitting subrogation claims incredibly difficult if not impossible. Considering that 48% of accidents were the fault of another driver, the District should promote the timely completion of all forms and compliance with ARI, who subrogated District claims. Equally important is that 52% of accidents were the fault of a District employee, which puts the District at risk. Some employees had multiple accidents with apparently little consequence. Transportation should consider initiating a District-wide accident review board to ensure that drivers are practicing safe driving skills, minimize injury, protect District property, and aid in subrogation claims. The accident review board could help policy enforcement and accountability for drivers with multiple accidents.

Criteria:

Policy 711 includes a section dedicated to accidents titled, "Accidents Involving District Vehicles." Section 7.6 states that "[e]mployees with a history of two preventable accidents within a three-year period while using a District vehicle will be reviewed by their department for continued eligibility to drive a District vehicle, and will be subject to appropriate personnel actions." Section 8.1 requires each vehicle to have a copy of the "accident information guide."

In terms of reporting accidents, section 8.2 of the Attachment states "[a]ll accidents or incidents, regardless of severity, involving District vehicles must be reported immediately by the driver to all three of the following entities in this order: [1] Police Department, [2] Transportation Department, [and 3] Office of General Counsel[.]" In terms of departmental responsibilities, section 3.2 states "[i]nsurance and legal matters related to vehicles are handled by the Office of Risk Management and the Office of General Counsel."

Further, the Frequently Asked Questions section of the manual states that all District drivers need to follow the following five-step process after an accident occurs: (1) Ensure your own safety and the safety of others; (2) secure vehicle and utilize hazard signals/warnings signs; (3) call 911, School Safety, and ARI to report accident; (4) complete the report of accident form and ensure all applicable information is gathered; and (5) take photographs.¹⁹ The manual reiterates these same steps with greater detail starting at section 8.2. The policy does not contain this five-step process or directions.

¹⁹ Administrative procedures of Board Policy 711, Page 16, Frequently Asked Questions, I was just involved in a car accident, what do I do?"

Condition:

1. District employees involved in accidents were not completing the accident report form in its entirety because they failed to capture critical information specifically related to third-party drivers. The OIG reviewed 128 accident reports involving District non-bus vehicles that occurred during our review period to determine basic information about the kind of accident the District vehicle was involved in, whether it was presumably preventable or at the fault of the District driver, and whether accidents were submitted to ARI for subrogation purposes. Based on a review of the information in the 128 accident reports with focus on the accident as described by the District driver to determine fault, the OIG found the following results:

Review of Non-Bus Vehicle Accident Report Form Results	
Accidents involving other vehicles	106
Presumably Preventable	65
Presumably Not Preventable	63
Accidents Reported to ARI	31
Drivers with Multiple Preventable Accidents	7

Generally, the forms were relatively complete as to accident date and time, road conditions, location of accident, and accident description. However, of accidents that involved other vehicles, only 58 accident reports (55%) captured the other driver’s name. Alarming, only 19 of all accident reports (15%) were signed by supervisors.

2. Some drivers with multiple preventable accidents continued to drive District vehicles. The OIG found that 20 drivers reported two or more accidents during our review period. Of the 20 drivers with multiple accidents, seven drivers had two presumably preventable accidents. Three of these seven drivers continued to drive a District vehicle to which they were assigned according to ARI records. The OIG could not determine whether the remaining four drivers continued driving a District vehicle because (1) as our review showed, the ARI database records were not properly maintained, or (2) the drivers may have been given access to a District pool vehicle to which they were not actually assigned in ARI. In addition, the OIG could not determine whether drivers with multiple preventable accidents were subject to any disciplinary action. The policy does not define the “personnel action” or discipline those drivers should receive.
3. District employees failed to meet their responsibilities to report accidents immediately to the police, Transportation, General Counsel’s Office, and ARI. Additionally, despite the accident reports including an “Accident Date” and a “Date Report Completed” field, there was no set schedule per the policy as to when the form needs to be completed and, per the report, a copy sent to General Counsel, Risk Management, and Claims Management. There were five instances in which the time between the “Accident Date” and the “Date Report Completed” was greater than seven days. Our review found that General Counsel does not receive reports from the driver contemporaneous to the

accident, and instead received accident reports from the Office of School Safety on a monthly basis. Risk Management told the OIG that their office was not involved with accidents unless there was a worker’s compensation claim. Further, Claims Management is now a subdivision of General Counsel. Although General Counsel’s Office received accident reports, no legal action was taken unless there was a claim against the District.

4. There was no routine review of accidents, particularly accidents where the District may not be at fault. A District-wide accident review board does not exist to verify reported accident information and hold recurring drivers accountable as several drivers with multiple accidents remained assigned vehicles. The OIG learned that School Safety established their own accident review board, which convened in the past to determine if accidents involving only School Safety vehicles were preventable or not. School Safety’s accident review board did not meet during our review period but has since reconvened and is currently active.
5. An overwhelming number of accidents were not reported to ARI per the policy. As a result, accidents at no fault of the District were not being subrogated. The District has a tool at its disposal to review accidents, but ARI has not been updated with information from all accident reports, only those in which a claim was filed. Although the OIG received 128 accident reports, 97 accidents were not reported to ARI so they could not be reviewed for subrogation. ARI only had information for 31 accidents. The below chart tracks these findings:

ARI Accident Information Review	
Number of Accidents Reported	31
Not Preventable	16
Preventable	7
Blank	7
Not Determined	1

All 31 accidents were reviewed by ARI for subrogation. ARI stated to the OIG that they do not investigate accidents, but will obtain all necessary documents and actively pursue subrogation claims for a 17% fee for service per the contract. ARI submitted the 16 non-preventable claims for subrogation of which only five claims resulted in recoveries ranging from \$1,267 to \$7,856, two claims were not recovered, and the remaining nine claims were deemed “not possible,” “in collections,” or “forwarded to specialist for handling.”

6. The OIG could not determine what the policy refers to as the “accident information guides.” The OIG was aware of Board Policy 711 and the attached Administrative procedures, the manual or handbook, and the accident checklist. However, it was unclear what information Transportation must place in a District vehicle in order to comply with Section 8.1 of the policy.

Effect:

Considering that over half of all accidents during this review were presumably not preventable, the use of ARI or the District's own resources for subrogation should be a priority to recover damages. Additionally, because accident reports were missing information specific to other drivers involved in the accident, ARI could not initiate the subrogation claims. Consequently, the District is left to bear the cost of repair.

The absence of a District-wide accident review board prevents the District from determining if the accident was preventable or not preventable. Furthermore, an accident review could identify and determine unsafe drivers involved in multiple accidents who continue to be assigned a District vehicle. Unsafe drivers with a history of multiple preventable accidents put District vehicles at risk and potentially increase the cost of maintaining the non-bus fleet. Drivers with multiple accidents are liability issues for the District, and yet several still were assigned vehicles. While the policy indicates that these drivers will be subject to personnel action and potentially having their vehicle privileges revoked, there did not appear to be any process to track these drivers or determine proper punishments.

Due to incomplete records, the District cannot fully analyze accident information in order to determine, among other things, the total number of accidents in the non-bus fleet, type of accident, cost of those accidents, and drivers with multiple preventable accidents. Therefore, the ARI database cannot be relied upon as a comprehensive source for information pertaining to accidents.

Since over 80% of accident reports were not signed by the driver's supervisor, drivers are not subject to scrutiny considering the details of the accident and completeness of the report. Specifically, supervisors are not reviewing the reports, questioning employees as to the authenticity or validity of the report, and failing to determine whether the accident occurred within the scope of the employee's duties. Thus, the District is left vulnerable to misuse and the risk of liability.

Recommendations:

1. Review Section 8 of the manual in comparison to Section 8 of the Board Policy to reconcile conflicting information.
2. The accident report should be the first step in the District's investigation of a motor vehicle accident. Require all drivers to complete the entire accident report form before being granted permission to continue driving a District vehicle.
3. All departmental supervisors must sign and review accident report forms for completion before submitting them to School Safety or any other entity tasked with maintaining these records. All accident reports should be reviewed by a supervisor and determined if the accident occurred during the normal course of official District business.

4. The accident report should be amended to include language regarding whether the accident was deemed outside of the employee's official course of business. Any such accident should be referred to the OIG for further investigation.
5. Train District staff about the proper procedures when reporting accidents in accordance with the policy and the processes outlined in the manual.
6. Determine what documents qualify as the "accident information guides" and ensure that every District vehicle includes this information. At a minimum, each vehicle should contain the manual and the accident checklist so that employees have clear instructions on what to do if they are involved in an accident.
7. Establish a District-wide Accident Review Board to meet on a regular basis to review and determine if any accident that occurred involving a District non-bus vehicle were preventable or not. The ARB should have clear responsibilities and have the authority to make recommendations for disciplinary action upon their final decision, if necessary.
8. Review the eligibility of employees with a history of multiple preventable accidents to be assigned a District vehicle. Revise the policy to include what "personnel actions" would be taken and define the discipline process, which could include those with multiple accidents to provide a certificate of safe driver training before permitting continued use of a District vehicle.
9. Enter pertinent information from the accident reports and any other relevant documentation for all accidents into ARI in real-time to ensure accident records are complete and centralized.

MANAGEMENT RESPONSE

**School District of Philadelphia Response to the Office of Inspector General's
Performance Review: Office of Transportation Services Management of Non-Bus Fleet**

Dear School District of Philadelphia School Community,

I am appreciative of the work performed by the Office of the Inspector General (OIG) in the production of this report regarding the School District of Philadelphia's compliance with Board of Education Policy 711, "Non-Bus Vehicle Usage Policies and Procedures." The methodology employed to review, research, and investigate compliance with Policy 711 effectively confirmed many of the shortcomings the Transportation Services Department has already begun to address by implementing programmatic initiatives to correct the systemic challenges. Additionally, the observations and recommendations indicate the depth and breadth of the work ahead to comprehensively address the challenges related to the management of our non-bus fleet.

We have carefully reviewed the OIG report's significant observations, findings, and recommendations regarding the Transportation Services management and operations areas reviewed, and this response affirms the School District's commitment to the effective and efficient management of our non-bus fleet. All corrective actions will be reviewed and analyzed against current policies, and if required, recommendations for revisions to policies, and/or procedures may be necessary.

Recently Implemented Initiatives to Address the Non-Bus Fleet Challenges

- **New Leadership:** In January 2022, a new Executive Director of Transportation Services was hired to provide the leadership and expertise essential to comprehensively assess the management of fleet operations and implement strategies to achieve the desired outcomes. Additionally, a new Director of Garage Operations has been hired and will begin work on May 23, 2022.
- **Verification of All Sold & Scrapped Vehicles (OIG Item B):** The files for seven scrapped vehicles were reviewed as part of the "All Call" procedure, as well as two condemned vehicles that are awaiting processing to be scrapped. Based on the files that were reviewed, the scrapped vehicles were purged from the Non-Bus Vehicle Master List. Additionally, Transportation Services will collaborate with the Office of General Counsel, Office of Accounting Services, and Office of Procurement for a full review and assessment of the process for scrapping District unserviceable vehicles and the vendor(s) providing the service.

- **Annual “All Call” Non-Bus Vehicle Verification Procedure (OIG Item D):** The verification of District non-bus vehicle assignments was accomplished April 25 - 29, 2022, during the Transportation Services Annual “All Call” Non-Bus Vehicle Verification Procedure. The “All Call” procedure includes a verifiable visual inspection of the vehicle registration and insurance card, the availability of the District Non-Bus Vehicle Operator’s Employee Handbook in the vehicle, functionality of vehicle safety features, the assigned operator’s possession of a valid driver’s license, and tire tread serviceability. The procedure was completed with the assigned operator/driver signing the newly designed Transportation Serves All-Call Vehicle Verification Form acknowledging receipt of the District Non-Bus Vehicle Operator’s Employee Handbook. Transportation Services has accountability for 100% of its 384 non-bus vehicles. Of those, 366 non-bus vehicles were inspected during the Annual All-Call procedure along with the verification of 18 non-bus vehicles that were turned-in for maintenance repair/support. The revised annual “All Call” Non-Bus Vehicle Verification Procedure performed in April 2022 is the established standard for future annual inspections. The revised procedure is a focused effort that is predicated on preliminary verification of vehicle assignment data, interdepartmental coordination, and strategically placed inspection sites throughout the city to efficiently inspect all vehicles in a focused one week period.
- **Visual Inspection (OIG Item E) and Verification of the Vehicle Assignment Database:** Transportation Services has verified each of the 384 vehicles currently in use is either assigned to an active employee or designated as a departmental pool car and assigned to the departmental liaison. The verification of vehicle assignment was accomplished April 25 - 29, 2022, during the Transportation Services Annual “All Call” Non-Bus Vehicle Verification Procedure.
- **Department Non-Bus Vehicle Fleet Liaisons (OIG Item G):** A District departmental point of contact/fleet liaison has been established for each department assigned non-bus vehicles. Each department has designated a staff member who is responsible for the coordination and tracking of vehicle assignments with Transportation Services. Transportation Services conducted a familiarization training of the revised "All Call" procedures for the fleet liaisons in the Operations Division and the Office of Safety, who have the vast majority of all non-bus vehicles assigned to their organizations/units (93%) on March 23, 2022. The familiarization training enabled an ineffective process that previously required eight weeks and produced dubious results to be condensed into one week and achieved the desired outcome of verifying accountability of 384 non-bus fleet vehicles. Additional training will be provided to the fleet liaisons for all departments once revisions are approved for the Administrative Procedures for Policy 711 - Use of School District Vehicles.

- **Non-Bus Vehicle Records Review & Reconciliation:** Transportation Services began reviewing and reconciling the files of all non-bus vehicles in February 2022. The process engaged all District departmental fleet liaisons to obtain a current listing of vehicles in use by each respective department. The consolidated vehicle listing was reconciled for accuracy with Transportation Services records, including the records for procured/purchased vehicles, scrapped vehicles, and surplus vehicles.
- **Development of a Master Vehicle List:** A Non-Bus Vehicle Master List has been developed which accurately reflects the complete listing of 384 non-bus vehicles currently in use by District employees.

Corrective Actions

The current disposition of the District's Non-Bus Vehicle fleet indicates the administrative component of the operation has been under-staffed and without the necessary supervision to effectively manage receiving and issuing new vehicles, employee vehicle assignments, the transfer of vehicles between departments and employees, record-keeping for surplus and scrapped vehicles, and non-bus vehicle modernization priorities.

The hardworking and understaffed mechanics assigned to Transportation Services have done a noteworthy job ensuring the non-bus vehicles remain road-worthy with an average vehicle availability rate of 96%. However, the complexity of efficiently managing all aspects of the non-bus vehicles will require adequate staffing with the requisite skills to effectively employ 21st Century technology to achieve the desired outcomes of a "best in class" non-bus vehicle fleet operation.

The new Transportation Services leadership team is placing emphasis on corrective actions to address the challenges in the following documented areas requiring emphasis:

- **Assigned Driver Information (OIG Item A):** The Employee Non-Bus Vehicle Use Authorization Form has been revised and is being reviewed for final approval. The form will be completed by each District employee assigned a non-bus vehicle. The department liaison will be responsible for distribution and collection of the signed forms. The department fleet liaisons will be required to return an electronic copy of the forms to Transportation Services. The returned forms will be verified for accuracy, filed electronically, and provided to the Office of Payroll. The Office of Payroll is responsible for ensuring that all employees are in compliance with IRS Tax Fringe Benefits reporting guidelines. Transportation Services will ensure that all employees who are issued a vehicle complete all required documentation prior to being assigned a vehicle. However, the verification of valid out-of-state driver's licenses that are held by SDP employees, continues to be a longstanding challenge. Transportation Services will coordinate with the City of Philadelphia to confirm the process that is currently used to verify city employees' out-of-state licenses as being valid, can also be used by SDP.

- **Assigned Driver Information (OIG Item A) continued:** Ideally, through an MOA, Transportation Services would be able to submit and validate an employee's out-of-state driver's license in collaboration with the city's existing procedure. If collaboration with the city is not feasible, the alternative course of action is to engage PennDOT directly to explore the possibility of establishing an Intergovernmental Agreement that will allow Transportation Services to submit out-of-state employee licenses to them for validation based on their reciprocity arrangement with other states. This initiative is projected for completion in Q3, FY23.
- **Sold and Scrapped Non-Bus Vehicles (OIG Item B):** The current process for selling surplus vehicles, as well as disposing of scrapped vehicles, is not effectively documented. The evaluation of vehicles to determine serviceability does not have the appropriate degree of oversight and accountability. The existing files of the previously scrapped or sold vehicles were reviewed and determined to be insufficient of verifiable documentation regarding the seven vehicles in question (i.e. #F040, #F086, #F403, #F415, #F439, #F441, #F445). The only documentation in all seven files that addresses the final disposition of the vehicles is a handwritten unnumbered receipt from C&C Auto Parts II Inc. Immediately, all transactions for scrapping and selling vehicles will require the initial review of the Transportation Services, Director of Business Operations, and the final approval of the Executive Director. The administrative procedure regarding the sale of surplus and scrapped vehicles will be reviewed in collaboration with the Office of General Counsel, Office of Accounting Services and Office of Procurement to ensure compliance with District Policy 624, Capital Asset Policy, as well as local and state laws. This initiative is projected for completion in Q2, FY23.
- **GPS Devices (OIG Item C):** An audit of the VeoNOW GPS tracking system will be conducted to verify an active GPS system is employed in each vehicle. Upon completion of the 100% audit of GPS systems in non-bus vehicles in the Q4 FY22, on a monthly basis 10% of the non-bus vehicles will be selected for a "hands-on" verification of an operational GPS system. The intent is that each non-bus vehicle's GPS system will be physically verified as fully operational at least twice annually, once during the Annual "All Call" Non-Bus Vehicle Validation Procedure, and once during the 10% monthly inspection. Additionally, a monthly VeoNOW report will be produced to identify/flag any assigned vehicles without any GPS activity in a 30-day period for further investigation. Any vehicle without any GPS activity will be called in for inspection by a mechanic. A Transportation Services staff member will be assigned to monitor the VeoNOW platform for GPS serviceability and compliance. This initiative is projected for completion in Q4, FY22.

- **Inventory Controls (OIG Item F):** Transportation Services is conducting a comprehensive review and assessment of the process to project and program new vehicle requirements, the issuance of property tags, as well as the scrapping and sale of surplus vehicles. The review and assessment will ensure compliance with Policy 624, Administrative Procedures for Capital Assets Policy. The process review and assessment will be completed in Q2, FY23.
- **Fuel Consumption (OIG Item H) :** Transportation Services will perform a review of the Fuel Consumption Report published by the City of Philadelphia to determine a methodology to efficiently analyze an operator's assigned vehicle's fuel consumption in comparison to the operator's assigned duties for the purpose of identifying outliers and possible abuse. Objectively, the intent is to establish a verified baseline for each employee's average mileage usage, which would include the roundtrip distance between the employee's residence to the employee's assigned workplace (providing take-home use is authorized); an average number of miles driven daily from the assigned workplace to assigned job sites; enter this data into a digital monitoring/tracking platform and anytime the vehicle mileage exceeds the defined parameter for mileage an alert will be sent to the Transportation Services staff member monitoring the system for verification of usage. Admittedly, this objective procedure/process would require resourcing and support that isn't readily available at this time. A short-term solution being considered is the implementation of a daily assignment trip log that fleet liaisons/managers/supervisors could use as an aid to monitor and determine if vehicle usage is reasonable. The review and trend analysis of the Fuel Consumption Report will be included in Transportation Services KPI data, and is projected for completion in Q2, FY24.
- **Maintenance and Repairs (OIG Item I):** Transportation Services will perform a comprehensive review of the Automotive Resources International (ARI) contract to ensure the vendor is in full compliance with the contractual service delivery. Additionally, Transportation Services will conduct monthly ARI data reconciliation reviews with the vendor to track trends in non-bus vehicle maintenance and availability. This initiative is projected for completion in Q1, FY23.
- **Toll and Ticket Violations (OIG Item J):** Currently, toll and ticket violations are received, reviewed, tracked, and forwarded for employee payment by a Transportation Services staff member. Upon receipt of the violation notice, the license plate number is verified to identify the employee assigned to the vehicle. A standard letter is emailed to the employee, the department head and the departmental liaison along with an official copy of the violation. The Transportation Services staff member monitors payment of violations on a bi-weekly basis. A follow-up notice is forwarded for all outstanding violation fines. If payment of the violation fine continues to be outstanding following the second notice, coordination to suspend non-bus vehicle privileges will be initiated with the employee's department head. Once payment of the violation has occurred, coordination to restore the employee's non-bus vehicle privileges will be initiated.

- **Toll and Ticket Violations (OIG Item J) continued:** The Transportation Services Director of Finance/Business Operations is responsible for managing the process. Transportation Services will review all of the toll and ticket violations received during FY22 and ensure they are recorded and tracked electronically on a spreadsheet. The process will also be documented in the Non-Bus Vehicle Operator's Employee Handbook in Q1, FY23.
- **Fringe Benefit Assessment and Commuting Privileges (OIG Item K):** A complete analysis will be performed to determine the methodology to ensure the proper assessment of the Fringe Benefits Payroll Deduction is accomplished based on vehicle type. Additionally, the analysis will identify a methodology for the efficient transfer of vehicle assignment data to the Office of Payroll for processing. This initiative is projected for completion in Q1, FY23.
- **Non-Bus Vehicle Fleet Accident Review (OIG Item L):** Transportation services will develop a comprehensive Non-Bus Vehicle Fleet Accident Review Procedure to identify non-preventable and preventable accidents. Objectively, on a quarterly basis, unless the volume of accidents dictates greater frequency, an appointed panel of experienced and objective reviewers will review and assess the accident records for non-bus fleet vehicles. Based on the panel's collective assessment, an accident will be either "preventable" or "non-preventable." The proposed corrective course of action for a preventable accident would require an employee to complete a safe driving awareness training module/course, possibly at the employee's expense. Employee's with multiple preventable accidents assessed against their use of a District vehicle will be considered for more stringent punitive actions. For example, the first assessment of a preventable accident would possibly result in the administrative correct action of the employee completing a safe driving awareness training module/course, as well as the accident being documented in the employee's file. The second assessment of a preventable accident could possibly result in a written letter of admonishment and suspension of driving privileges for a specified period of time; this determination would solicit the employee's director's input. The third assessment of a preventable accident could possibly result in the revocation of driving privileges; this determination would require the employee's Chief Officer's approval. A revocation determination would possibly have implications regarding the employee's job classification/collective bargaining protection, if the revocation of SDP driving privileges prevents the employee from performing the required job description duties. Revocation of driving privileges that would prevent an employee from performing their assigned duties and possibly jeopardize their employment status would possibly be escalated to the District's senior-executive level of leadership for approval. A Non-bus Vehicle Fleet Accident Review Procedure will be implemented by Q2, FY23.

- Non-Bus Vehicle Operator Training:** A non-bus vehicle operator’s familiarization training module will be developed for all employees assigned a District vehicle. The training module will be recorded and made available via the Cornerstone platform for new vehicle assignments or employees who require refresher training regarding non-bus vehicle guidelines. The training will include an overview of Policy 711, Administrative Procedures for Policy 711 and the revised Non-Bus Vehicle Operator’s Employee Handbook. The Cornerstone platform will enable Transportation Services to verify employee training participation prior to the assignment of a non-bus vehicle. This initiative is projected for completion in Q2, FY23.

Milestones To Achieve Objective Outcomes

The table below provides a summary of the OIG Report Item; Item/Milestone description; milestone projected completion date; staff proponent and responsibility for the milestone; and resources required for the effective and efficient accomplishment of each milestone. A total of five new hires are required to mitigate organizational staffing capacity limitations.

OIG Report Item	Milestone	Projected Completion Date	Staff Proponent	Additional Resources Required to Address Capacity Limitations
Item A	Assigned Driver Information	Q3, FY23	<ul style="list-style-type: none"> Department Fleet Liaisons Office of Payroll Program Coordinator, Transportation Services 	One new hire to fill vacancy
Item B	Sold and Scrapped Non-Bus Vehicles	Q2, FY23	<ul style="list-style-type: none"> Transportation Services Office of Procurement Office of General Counsel Office of Accounting Services 	None
Item C	GPS Devices	Q4, FY22	<ul style="list-style-type: none"> Project Assistant, Transportation Services 	One new hire to fill vacancy
Item D	Annual All Call	Completed Q4, FY22	<ul style="list-style-type: none"> Transportation Services 	None
Item E	Visual Inspection	Completed Q4, FY22	<ul style="list-style-type: none"> Transportation Services 	None
Item F	Inventory Controls	Q2, FY23	<ul style="list-style-type: none"> Dir., Business Operations of Transportation Services 	None

Item G	Department Non-Bus Vehicle Fleet Liaisons	Completed Q4, FY22	<ul style="list-style-type: none"> • Transportation Services 	None
Item H	Fuel Consumption	Q2, FY24	<ul style="list-style-type: none"> • Dir., Business Operations of Transportation Services 	One new hire
Item I	Maintenance and Repairs	Q1, FY23	<ul style="list-style-type: none"> • Dir., Business Operations of Transportation Services • ARI 	One new hire to fill vacancy
Item J	Toll and Ticket Violations	Q1, FY23	<ul style="list-style-type: none"> • Dir., Business Operations of Transportation Services 	None
Item K	Fringe Benefit Assessment and Commuting Privileges	Q1, FY23	<ul style="list-style-type: none"> • Dir., Business Operations of Transportation Services • Office of Payroll 	None
Item L	Non-Bus Vehicle Accident Review	Q2, FY23	<ul style="list-style-type: none"> • Exec. Dir., Transportation Services 	None
Transportation Initiative	Non-Bus Vehicle Master List - Monthly Reconciliation	Completed Q4, FY22 Monthly By the 20th of each month	<ul style="list-style-type: none"> • Program Coordinator, Transportation Services 	None
Transportation Initiative	Revise Administrative Procedures for Policy 711 and Non-Bus Vehicle Operator's Employee Handbook	Q1, FY23	<ul style="list-style-type: none"> • Exec. Dir., Transportation Services 	None
Transportation Initiative	Non-Bus Fleet Operator Training	Q2, FY23	<ul style="list-style-type: none"> • Exec. Dir., Transportation Services • Program Coordinator, Transportation Services 	One new hire

The observations, assessments, analysis, and recommendations offered in this report are the foundation for continued progress in the effective operational management and accountability of our non-bus vehicle fleet. What we have learned from this report and our ongoing efforts to address the challenges will undoubtedly make us better stewards of the resources entrusted to our care, and enable a higher standard of service to meet the needs of those we serve.



Dr. Hite
Superintendent, School District of Philadelphia