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**County Use of Take-Home Vehicles**

**January 1, 2012 through December 31, 2012**

**April 4, 2013**

**Prepared By:**

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April 4, 2013

Dear County Officials:

One of the County Comptroller's Office top priorities is to identify areas where county departments and agencies can improve their operations and services in order to assist county officials in performing their functions. This includes the development and promotion of short-term and long-term strategies to achieve reduced costs, improve service delivery, and to account for and protect the County's assets.

The reports issued by this Office are an important component in accomplishing these objectives. These reports are expected to be a resource and are designed to identify current emerging fiscally related problems and provide recommendations for improvement.

The following is our review of County-owned vehicles and the monitoring of their uses. Our consideration of the issue was initially prompted by the request of the Executive's Office for review of the take-home vehicle practice within Ulster County government. Our Office focused the review on 82 vehicles in the take-home inventory to determine whether the internal controls as set forth by the Ulster County Standard Operating Procedures and other applicable criteria are being enforced.

A copy of this Report was provided to all appropriate parties in advance of its release and their written comments, if any, have been taken into consideration in this Report.

If we can be of assistance to you, or if you have any questions concerning this Report, please feel free to contact us.

Respectfully submitted,

Ulster County Comptroller

## I. EXECUTIVE SUMMARY

Ulster County has a fleet of 318 passenger vehicles and light trucks. 82 of these vehicles are designated as “take-home” vehicles. In order for a vehicle to be designated as a take-home vehicle, it must be used in accordance with one or more of the four criteria as defined by the Ulster County 2011 Standard Operating Procedures (“SOP”):

- Emergency Response Use
- Special Equipment
- Positive Cost Benefit to the County
- Overnight Use

Our review was performed to determine if the County is following the general procedures as set forth in the SOP and any other applicable criteria as described herein. Our review covered the year ended December 31, 2012.

During this review we obtained various information provided by multiple departments and Offices (as defined herein) within the County. Our review indicated several administrative and substantive concerns which should be addressed.

First, we note that the files are not being maintained and updated by a central person or Office, making it difficult to obtain reliable data. We also note that certain Offices either do not follow the SOP and/or maintain their own system of controls.

Further, due to this decentralization of information, it made for inconsistent tracking of mileage and unknown changes of vehicle assignments. Our analysis was limited as a result of the assigned drivers of take-home vehicles not tracking and breaking down mileage based on emergency, business, or commuting miles. Therefore, we were unable to calculate the actual cost-benefit. Instead, we were limited to determining the cost of providing a take-home vehicle based on aggregate commuting miles of the assigned driver.

In order to be granted a take-home vehicle, an employee must fill out a “*Request for Take-Home Vehicle*” which must be approved by the Department Head and Fleet Manager. The justifications for take-home vehicles were often not clearly indicated, and in many cases appear not to meet the requirements for the criteria as set forth in the procedures. Departments whose records lacked the proper support generally advised that these deficiencies are a function of past practice or safety concerns.

This report details the following deficiencies during the period under review:

- Mileage logs did not detail the breakdown between the categories listed, which defeats the purpose of the form
- Failure to identify the number of emergency call-outs and associated miles prevents the Fleet Manager, the head of the departments, administrative units and/or Offices, from

gaining historical evidence to support the current and future needs to justify a take-home vehicle for emergency response

- Rather than have the Fleet Manager maintain the entire County-owned vehicle and take-home vehicle listings, Public Works maintains their own records; this decentralized system weakens the central record keeping function
- Inconsistencies between the inventory listing and the take-home vehicle listing are seen
- Vehicle files maintained by the Fleet Manager were incomplete
- It appears to be the intent of the SOP that the Sheriff's Office be covered by its requirements, but the Sheriff does not follow the SOP, instead following its own procedures under its own General Order
- The County is not adding the fringe benefit of take-home vehicle use to the assigned drivers' wages, which may be required by the Internal Revenue Service
- There is a lack of understanding of the authority of the SOP with regard to its application to all County departments, administrative units, and Offices, which has led, on occasion to a lack of adherence to the SOP

We determine that our sample of 30 take-home vehicles may cost the County as much as \$136,000 in commuting miles. This amounts to approximately \$4,500 per vehicle. If this figure is applied to the entire population of 82 take-home vehicles, it would amount to a cost of approximately \$369,000.

The information provided raises questions as to the assignment and justification of the vehicles we sampled. Instead of providing a benefit, it appears our sample may be a cost burden to the County. Management (as defined herein) and the Executive's Office, in its administrative capacity, should be aware of the cost considerations associated with a take-home vehicle, and we strongly recommend the criteria for approvals be revisited. To the extent that any particular Office or department is deemed to have a substantial need for take-home vehicles, it may be more prudent to simply develop policies for those specific units (such as the Ulster County Sheriff's Office).

This report ("Report") contains recommendations for adoption of policy by the County Legislature, as well as modifications to the SOP, both to be implemented and administered by the Executive's Office.

## II. AUTHORITY

The Office of the County Comptroller conducted this report in accordance with the Comptroller's authority as set forth in Article IX, Section 57, first paragraph, and Sections 57(A) and (G) of the Ulster County Charter, as well as applicable State laws, rules and regulations.

## III. BACKGROUND

The establishment and effective administration of a fleet management policy can have a positive impact on the cost effectiveness and efficiency of a locality's fleet operation. This policy should be monitored for compliance by the heads of each of the individual departments and the Legislative and Executive branches. Essential to this oversight is the maintenance of pertinent records such as vehicle daily mileage logs and fuel usage logs.

In an effort to administer the fleet of vehicles owned by Ulster County, the Ulster County Legislature enacted Resolution No. 319 on September 11, 2007. This resolution adopted the policy for the use of County-owned vehicles to commute to and from work and was titled "The Charlie Busick Policy" ("2007 Policy"). The purpose of this policy was to "ensure the proper use of public funds with regards to the County practice of allowing employees to commute to and from work in County-owned vehicles." The policy, which was applicable to "all Ulster County Departments and Agencies," therefore appears to have exempted "Offices," (defined as units of government headed by an elected official), which would include the exemption of the Sheriff's Office. Nevertheless, the 2007 Policy does include details on the Sheriff's Office responsibilities, an apparent inconsistency in intent.

On April 1, 2008 a revised Standard Operating Procedure was adopted ("2008 SOP"). The 2008 SOP was comparable to the 2007 Policy, and again, on its face, pertained to all County departments and employees with the exception of "commissioned employees (Sheriff Department) or where exempt<sup>1</sup>," a reference to a category of Sheriff employees which was not well defined. It contained three granting criteria for the use of take-home vehicles: emergency response, special equipment, and/or the cost benefit to the County (hereafter referred to as "granting criteria") and also listed the responsibilities of all parties as identified in the 2007 Policy with the addition of Labor Relations<sup>2</sup>.

Since the Charter Adoption, both the 2007 Policy and the 2008 SOP have been superseded and replaced with the County Executive's issuance of a revised SOP (referred to herein as the "SOP" or "Current SOP"), dated May 1, 2011. The pertinent section of the current SOP is section H,

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<sup>1</sup>"Exemptions" include: (1) occasional overnight usage of County-owned vehicles for such instances where an employee conducts County business away from the employee's normal place of work and outside an employee's normally scheduled work day, (2) inclement weather conditions when an employee is on call and has a primary responsibility to respond, and (3) emergency preparedness or seasonal assignment: County-owned vehicle is permitted when an employee is on-call and vehicle is taken home less than 12 times per quarter on average.

<sup>2</sup>"Labor Relations" was to ensure that collective bargaining agreements covering represented employees contain language that is consistent with the County procedures governing take-home vehicles and the SOP regarding use of County vehicles.

*“Travel/Transportation,”* more specifically, sections H.6 *“Guidelines for Use of County-owned Vehicles”* and H.7, *“Use of County-owned ‘Take-Home’ Vehicles.”* Unlike the prior policy and prior SOP, the current SOP *“applies to all County departments, administrative units and offices.”* The head of the departments, administrative units or Offices (including, for these purposes the Legislature) are hereafter referred to as *“Management.”* We are advised by the Executive’s Office that the inclusion of Offices in the SOP was intentional, which is a material change from previous policies, in that it would appear to include the Ulster County Sheriff’s Office (*“UCSO”*), as well as the other elected official Offices (Clerk, District Attorney, and Comptroller).

The current SOP contains the same granting criteria for take-home vehicles. However, what was once termed an *“exemption”* for *“overnight usage”* is now included as a fourth criteria for justifying the use of a take-home vehicle. We also note that all past and present policies and procedures state the preference for the use of County pool vehicles or travel reimbursement, over assignment of a take-home vehicle.

#### **IV. OBJECTIVES**

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This review was performed to determine if the County is following the general procedures as set forth in the current SOP and other applicable criteria as set forth herein.

Our review covered the year ended December 31, 2012 and had the following objectives:

- Determine the adequacy and effectiveness of internal controls over take-home vehicles
- Evaluate compliance with departmental procedures and guidelines regarding the use of take-home vehicles as outlined in the current SOP
- Verify the Fleet Manager, Management, and vehicle operators are adhering to their respective responsibilities as outlined in the current SOP
- Verify vehicles authorized for take-home per the Fleet Manager agree to Management’s inventory of take-home vehicles
- Analyze whether the County would benefit from the utilization of County pool vehicles or travel reimbursement over the assignment of take-home vehicles for conducting County business
- Ascertain that the County is properly determining the value of applicable fringe benefits and including them in the employees’ wages, according to IRS Regulations

#### **V. CRITERIA**

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Criteria represent the laws, regulations, contracts, standards, measures, expected performance, defined business practices and benchmarks against which performance is compared or evaluated. Criteria identify the required or desired state or expectation with respect to the program or operation.

Criteria for this review consisted of the following:

- Ulster County Standard Operating Procedures – H.7. “Use of County-owned ‘Take-Home’ Vehicles,” effective May 1, 2011.
- Ulster County Sheriff’s Office – “Sheriff’s Office Vehicles- Policy #1325,” effective December 6, 1987.
- IRS Publication 15-B “Employers Tax Guide to Fringe Benefits.”

As stated, our primary focus in this review and Report was on the application and adherence to the SOP, because that is in fact the operable procedural document for process and procedure as to Management and employees. Moreover, as noted above, the SOP explicitly states that it is intended to apply to all departments, units and Offices of county government. Our reference to the Sheriff’s internal policy was necessitated by our finding that the UCSO does not consider itself bound by the SOP, and that the management responsible for carrying out the SOP procedures to some extent has engaged in this “distinction” in actual practice. We note that our Office does not, in this Report, take a position on the authority of the SOP to bind an Office, nor do we opine or take a position on the legal meaning or effectiveness of the UCSO’s General Orders in this or any other context. From our perspective, the relevance of each is only that they are understood to be in effect, and are therefore each appropriate criterion as a baseline for our review and recommendations. To the extent either is subject to change, such change is within the purview of the authorized maker of such procedures or orders, and potentially within the policy-making authority of the County Legislature. It is to that end that our recommendations herein are aimed, and the legal consequences or authority of such modifications and jurisdictional determinations may be a proper inquiry for the County Attorney.

## **VI. INTERNAL CONTROLS**

We gained an understanding of internal controls by questioning Management. Internal controls relate to an organization’s system of controls that are designed to provide reasonable assurance of achieving effective and efficient operations, reliable financial and performance reporting, or compliance with applicable laws and regulations. Internal control weaknesses are discussed in the findings and recommendations section of this report.

## **VII. SCOPE & METHODOLOGY**

After compiling information from various records and personnel, we concentrated on the following departments, administrative units and Offices (“Units”), as summarized in **Table 1**. Our requests for information sought data through year-end 2012. We have assumed herein that the information received was within that time-frame.

County Use of Take-Home Vehicles

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**Table 1: Summarized Vehicle Inventory**

<u>Department/Agency</u>	<u>Total Veh. Inventory</u>	<u>Take-Home Vehicles</u>	<u>Testing Sample</u>	<u>% of Sample to Take-Home Vehicles</u>
Sheriff	52	37	9	24%
Buildings & Grounds	29	2	2	100%
Highways & Bridges	67	24	7	29%
Dept. of Social Services	34	4	2	50%
Central Auto	8	0	0	0%
Surplus Autos	15	0	0	0%
Probation	16	2	1	50%
Health	17	0	0	0%
Jail	15	0	0	0%
URGENT	15	5	3	60%
Arson Task Force	3	1	1	100%
District Attorney	5	2	2	100%
Emergency Communications	1	1	1	100%
Fire Control	2	1	1	100%
Safety	3	3	1	33%
Other	36	0	0	0%
	<u>318</u>	<u>82</u>	<u>30</u>	

Once those Units were identified, we took a random sample of 30 take-home vehicles which accounted for 37% of those Units’ take-home inventory.

During this review, we performed an on-site interview with the Fleet Manager to gain an understanding of the procedures followed, which are described in the “Process” section of this report. In addition, we reviewed all documents provided by the Fleet Manager concerning the take-home vehicle inventory for the year ended December 31, 2012. These documents included the Fleet Manager’s maintained data files of the take-home vehicle inventory as well as the data file that contained the County-owned fleet. Moreover, we reviewed the request forms filed with the Fleet Manager and mileage logs either provided by Management or retrieved from the vehicle usage data entry system. See **Exhibit 1** for forms.

Through email correspondence, we questioned Management about their take-home vehicle assignments in order to ensure the accuracy of the records maintained by the Fleet Manager. We also questioned procedures followed by the respective Units to gain an understanding of their responsibilities. We requested the following information from Management for the year ended December 31, 2012: year, make, model, VIN, beginning and ending miles, mileage tracking sheets, user name, user’s residential address, and the reason/need for the approval of the take-home vehicle. In addition, we requested that they provide the procedures that their departments follow concerning their take-home vehicle fleet.

Once we had determined our sample we conducted the following analysis:

- Compared the take-home vehicle inventory provided by Management to the inventory files provided by the Fleet Manager
- Confirmed that the authorized users were County employees, County residents, had a current drivers permit approved by the Safety Department, and that mileage logs were filed in the vehicle usage data entry system
- Confirmed that vehicle folders were maintained by the Fleet Manager which included request forms, weekly mileage logs, and any written notification of changes
- Reviewed “Requests for Take-Home Vehicle” forms to ensure they were accurately filled out in their entirety, detailing the need for the vehicle, and confirmed Management’s approval
- Reviewed the weekly mileage logs and weekly mileage input into the vehicle usage data entry system to ensure that the authorized user was completely and accurately filling out and reporting the necessary and required mileage breakdowns
- Verified with the Commissioner of Finance those employees who are receiving auto fringe benefits in their compensation to ensure the County is following IRS regulations concerning employee fringe benefits
- Calculated the cost of providing each individual with a take-home vehicle<sup>3</sup>

## **VIII. STANDARD OPERATING PROCEDURES**

Section H.7 defines a “take-home” vehicle as a vehicle assigned to an employee for a six month period while conducting County business. It also states the four granting criteria for approving take-home vehicles, which are detailed in **Exhibit 2**, as follows:

- Emergency Response
- Special Equipment Vehicles
- Economic Benefit to the County
- Overnight Usage Rule

Section H.7.4 outlines the responsibilities of the Fleet Manager which include:

- Reviewing and authorizing, reauthorizing, and denying take-home vehicle requests
- Notifying the County Executive of any new authorizations
- Submitting a semi-annual summary of all authorized take-home vehicle assignments to various departments in addition to notifying those departments of each new assignment
- Monitoring take-home vehicle assignments
- Developing and maintaining central records of all take-home vehicles which at a minimum should include:

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<sup>3</sup>As a result of the authorized drivers not maintaining accurate mileage report logs, detailing the breakdown of their miles, we were unable to identify accurate emergency response miles to use in the cost-benefit analysis. Instead, we determined the cost of providing each individual with a take-home vehicle by multiplying the annual commute miles as determined by MapQuest by the AAA average cost rate per mile of 77.1 cents.

- Request for Take-Home Vehicle forms (“Request Forms”)
- Weekly Mileage Report forms (“Mileage Logs”)
- Summarization of the mileage logs detailing the commuting, business and emergency call-outs
- Calculation of the economic benefit to the County, where applicable

Section H.6.2 states the Fleet Manager is responsible for the daily administration and management of the fleet for all departments and administrative units, except for the Department of Public Works, which is responsible for the day to day operation of its fleet.

Section H.7.5 outlines the responsibilities of the Head of the Department or Administrative Unit. These responsibilities include:

- Ensuring all employees assigned a take-home vehicle complete and maintain all required records
- Review the need for each take-home vehicle bi-annually to ensure criteria is still applicable
- Apply listed standards for recommending take-home vehicle approvals to the Fleet Manager detailing:
  - The employee reside within Ulster County, and only reasonable and compelling justification may allow for an adjoining county
  - No other employees are on duty or available to respond and perform the emergency work during normal work hours
- Forward all requests for take-home vehicles to the Fleet Manager
- Maintain a current list of authorized take-home vehicles within their department/unit
- Notify the Fleet Manager immediately of any changes to assignments in writing
- Ensure employees are preparing and maintaining weekly mileage reports and submitting them to the Fleet Manager weekly
- Ensure all information from the take-home vehicle weekly mileage report forms is entered into the AS 400 system (“vehicle usage data entry system”)
- Confirm that copies are retained within the department/units files

H.7.6 defines the responsibilities of the employee which includes completing and submitting weekly mileage reports.

Section H.7.7 details that the Commissioner of Finance, or its designee, is to prepare and transmit an updated list of employee auto fringe benefits to Management and the Fleet Manager annually.

Currently, the Sheriff’s Office operates under their own procedures (UCSO 1325) on the premise that they are under the direction of an elected official. Under this presumption they are not obligated to follow the County procedures. UCSO 1325 does not obligate the assigned drivers of a take-home vehicle to track their mileage. Since the Sheriff does not follow the SOP procedures, we are unable to provide a performance review in connection with the SOP. Our review of their adherence to their own General Order in this regard reveals that they are generally in compliance. Although, again, as noted throughout this Report, legal clarification may be required

to determine whether the dichotomy of “department” and “Office” compliance is appropriate, desirable, or enforceable.

## **IX. PROCESS**

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Below is a summary of the take-home vehicle procedures currently administered:

- Fleet Manager:

The Fleet Manager maintains an excel file which includes a complete vehicle fleet inventory listing and updates the inventory for all reported changes. Additionally, a separate excel file is maintained specifically for the vehicles that are assigned as take-home. This file lists the department, employee, position, the type of vehicle, and the granting criteria which qualifies the take-home vehicle. It also indicates if request forms and mileage logs are filed.

The Fleet Manager maintains these files and informs the Executive’s Office and Management of changes to the list by providing them with an updated version of these files whenever a change occurs. The Fleet Manager is aware of the department assigned take-home vehicles only if the department, unit, or Office provides a request form indicating the approval of the vehicle assignment. We also note the Fleet Manager does not receive completed mileage logs for the departments, with the exception of Buildings and Grounds.

- Department/Employee:

According to the information provided by the departments under review, files of their take-home vehicle inventory are maintained and updated when there are any changes to a vehicle or operator. In addition, each employee maintains their vehicle log and inputs their mileage tracking into the vehicle usage data entry system.

## **X. FINDINGS AND RECOMMENDATIONS**

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Below is a summary of findings followed by recommendations. The majority of the findings detailed below relate to contradictions between what is expected according to the current SOP and what is actually being administered. Another area of concern which made this review challenging was the deficiency in reporting of detailed mileage logs and lack of accurate request forms. This, coupled with inefficient or untimely communication of information between certain departments and the Fleet Manager (our review indicated, in particular, that DPW and the Arson Task Force had incidences of poor information flow and accuracy of information), results in vehicles being issued as take-home vehicles without proper and substantial justification. The primary concerns raised by the noted control failures are that failure to follow announced protocols results in increased risk of error, and prevents the proper analysis of cost-benefit to the County.

1. **Finding; Fleet Manager's responsibilities and centralized data:** The current SOP, specifically section H.7.4, defines responsibilities of the Fleet Manager in order to monitor the take-home vehicles that were originally approved by Management. These responsibilities include the following:

- Review and authorize, reauthorize, or deny take-home vehicles for the fiscal year ending March 31<sup>st</sup>
- Monitor the take-home vehicle fleet which includes: notifying the Executive of new take-home vehicles; preparing a summary of authorized take-home vehicles to the Executive and Management; developing and maintaining central records within one location

Developing and maintaining individual vehicle files is also a crucial part of the Fleet Manager's responsibilities as it is the central location for an individual to investigate the authorization, reason, and monitoring of a vehicle being designated as a take-home vehicle. Within these individual files, the current SOP describes the following as a minimum:

- All requests for take-home vehicles
- All take-home vehicle weekly mileage reports
- A prepared schedule that includes the breakdown of daily commuting, business miles, and the number and nature of emergency miles, if any
- A calculation of the economic benefit to the County, if any, based on the economic justification

We determined that the Fleet Manager was not receiving all of the information necessary to adhere to the outlined responsibilities. For example, the Fleet Manager had only 13 vehicle requests filed out of our sample of 30.

Our field work revealed that 21 of the 30 vehicles sampled, or 70%, were classified by the Fleet Manager as "exempt" from submitting a request form; a classification the current SOP does not reference or allow for. Included as "exempt" were:

- 1 vehicle from Arson Task Force
- 2 vehicles from the District Attorney's Office
- 2 vehicles from the Department of Social Services
- 1 vehicle from Emergency Communications
- 1 vehicle from the Fire Coordinators
- 1 vehicle from Safety
- 1 vehicle from Probation
- 9 vehicles from the Sheriff's Office
- 3 vehicles from the URGENT Taskforce

The use of the "exempt" status may be a vestige of an earlier SOP or practice which has not yet been modified to conform to the current expectation of the Executive's Office.

**Recommendation #1:** If it was the intention of the current SOP to assign one individual to oversee the County fleet and maintain the necessary records, measures should be put in place to ensure that the departments are providing the Fleet Manager with accurate and timely data. These measures would allow the Fleet Manager to maintain files within one central location in order to ensure proper internal controls over the inventory thus promoting accurate and detailed records. Although we would not recommend such practice, we further suggest that if the County is going to recognize “exempt” departments or positions, as in “past practice,” language should be added to the SOP to reflect this classification. Additionally, the changes should implement procedures that are applicable to these exemptions so that there are controls in place for this class of take-home vehicles. It may, in fact, be determined by the Executive to be good policy to allow certain Offices to have policies unique to their needs. But, if that is the case, the SOP should be modified to make this clear and the “exempt” Offices or departments should have their procedure written and vetted accurately.

2. **Finding; Imprecise language contained within the current SOP:** The specific responsibilities of the Fleet Manager which are listed in the current SOP are the procedures which should be adhered to. However, during our initial investigation into these responsibilities, we were informed by the Executive’s Office that there was a general understanding that it was not in the Fleet Manager’s purview to report on how departments assign vehicles, and the specifics related to those assignments. While this may be true in practice, this does not comport with the current SOP as written. (See Exhibit 2, Section H.7.4 (a) through (e), for the outlined responsibilities of the Fleet Manager.)

Additionally, the current SOP states the application to “all County departments, administrative units and Offices.” Therefore, by indicating the application to all County Offices, the Sheriff’s Office would be held accountable for the same responsibilities as the head of the departments or administrative units. Our investigation reveals that the UCSO is not, in practice, operating within the SOP. We note, however, that the UCSO has adopted its own policy.

Furthermore, the current SOP states that there are three granting criteria for a take-home vehicle. However, the procedures list four criteria:

- Emergency use
- Special Equipment
- Cost-benefit
- Overnight Usage

We would also like to point out that this fourth criterion is excluded from the take-home vehicle request form.

**Recommendation #2:** We suggest that the current SOP be updated to correct the language discrepancies in an effort to avoid confusion. As stated above, if it is the intention of the Executive to maintain its position that Offices are subject to the SOP, and if it is the intention of the UCSO or any other County Office to take a contrary position, we would recommend that the issue of whether, and to what extent, the SOP may bind independently elected Offices should be opined upon by the County Attorney. The present status quo is that the UCSO’s position is

essentially supported in practice by the Fleet Manager and perhaps other Units within the administrative chain of command, although the SOP does not take that position. Whatever the result of this inquiry, together with the deliberation of the Executive's Office, other independent Office heads, and, potentially, the Legislature, the responsibilities of all parties should be outlined so that they are clear in an effort to ensure that all procedures are being carried out by the appropriate Units and personnel.

We further recommend that the criterion for overnight usage be removed from the current SOP as this classification does not warrant a permanent vehicle assignment. It is our opinion that the overnight usage criterion instead warrants the use of a County pooled vehicle which is assigned for temporary use for business travel. Removing this would also result in consistency in the language and would lessen confusion amongst users.

3. **Finding; Inconsistencies within the take-home vehicle listing:** When our Office compared the take-home vehicle inventories provided by Management to the inventory maintained by the Fleet Manager, we found the following discrepancies:

- The inventory maintained by the Fleet Manager listed an employee from DPW Highways and Bridges assigned to two different take-home vehicles, whereas the department's inventory listing had this individual only assigned to one vehicle.
- The Fleet Manager's inventory included a vehicle assigned to an employee of DPW Highways and Bridges who had retired in August of 2012, as well as a vehicle assigned to an employee of Arson Task Force who was retired prior to our review date; this assignment was not included in the inventory per the department's listings.

**Recommendation #3:** It was apparent during our review that there is a lack of communication between the departments with regard to changes within the take-home vehicle inventory. It is memorialized within the procedures that Management must provide the Fleet Manager with an updated and accurate listing of the take-home vehicle assignments regularly, and more specifically, immediately when a change occurs to the department's inventory, an assigned drivers vehicle changes, or when an assigned driver no longer has the authorization for a take-home vehicle (see section H.7.5 (g) and (h)). This should be reiterated to Management by the Executive's Office to encourage the maintenance of accurate detailed records to be held in one central location and also implements stronger internal controls over the vehicle inventory, and therefore, this procedure must be adhered to by all applicable parties.

4. **Finding; Problems with Request Forms<sup>4</sup> and Mileage Logs:** As mentioned, the SOP outlines the four criteria which warrant the approval for take-home vehicles:

- Emergency Response
- Special Equipment
- Economic Benefit to the County
- Overnight Usage

During our review of the request forms, we note that they excluded the criteria for overnight usage, resulting in one of the approved request forms being incorrect, as it described the need for emergency use as opposed to the actual warranting overnight use; thus supporting our argument as outlined in “Recommendation #2”.

Under each criterion are subcategories which are to be supported by Management in their approval of a take-home vehicle request. These criteria are:

- Emergency Response
  - Actual number of call-outs per month
  - Distance from home to designated parking space
  - Reason for use of County vehicle vs. personal vehicle
  - Department Head signature
- Special Equipment
  - Description of special equipment
  - How it is used
  - Distance from home to designated parking space
  - Description of emergencies requiring use of equipment
  - Department Head signature
- Economic Benefit to the County
  - Calculation of economic benefit
  - Department Head signature

We also note that there are no instructions on the form indicating what is required to be filled out. However, the SOP does imply that the forms are to be accurately completed, as it is the responsibility of the Fleet Manager to maintain complete files with this information included. As a result of the lack of instruction we found the following discrepancies:

- 8 forms, (62%), were not signed off in all applicable areas
- 12 forms, (92%), did not include the actual number of call-outs per month
- 7 forms, (54%), did not indicate the distance from home to designated parking space
- 1 form, (8%), listed an incorrect vehicle number for the vehicle assigned
  - The incorrect vehicle number listed was a result of recycling vehicle numbers
- 8 forms used, (62%), were applicable to the superseded 2008 SOP

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<sup>4</sup> We note that out of our sample of 30 take-home vehicles, the Fleet Manager’s records had only 13 vehicle request forms. Our findings that pertain to this form reflect the 13 request forms on hand.

**Recommendation #4:** In order to maintain completed, accurate files and achieve compliance consistency, the Fleet Manager should not approve the take-home vehicle requests unless all information is accurately included and submitted on the most current request form.

5. **Finding; Justification of use does not meet the criteria outlined:**

Emergency Response:

The use of a take-home vehicle as it pertains to an emergency response needs to meet one of three criteria: the employee must be called out at least 12 times per quarter, cannot use alternative forms of transportation, or cannot pick up County-owned vehicles at designated sites. These assignments must be supported by data demonstrating the actual number and nature of emergency responses in the prior year.

There were several inconsistencies and/or lack of completeness as it pertains to the emergency criteria for both our sample of request forms and mileage logs that should be the subject of heightened oversight and compliance by Management through the Executive's Office. Among our sample of 30 vehicles, we noted the following exceptions relating to mileage logs:

- 25 assigned drivers (83%) did not include the actual number of call-outs per month in the vehicle usage data entry system or on their submitted mileage logs
  - 13 of the noncompliant drivers were Sheriff's Office/URGENT vehicles, which did not include the actual number of call-outs, as their general order does not require them to do so
  - Nevertheless, of the remaining 17 vehicles which are clearly subject to the SOP, 12 (71%) also failed to submit the required mileage breakdowns, which is an extremely high failure rate on this criteria
- None of the users (100%) met the required number of call-outs per quarter according to their mileage logs

Among our sample of 30 vehicles, we noted the following exceptions relating to the 13 vehicle request forms on file with the Fleet Manager:

- 12 request forms (92%) did not include support demonstrating the actual number and nature of emergency responses in the prior year
- None of the forms (100%) had written justification explaining why the employee cannot use an alternative form of transportation or pick up a County-owned vehicle at a designated parking area
- 7 forms (54%) used the reason "on call 24 hours a day, 7 days a week" which is not a criterion warranting the need for a take-home vehicle
  - When we questioned Management whether an employee is compensated for being "on call 24 hours a day, 7 days a week" we were told they are not compensated in their wages, instead, they are provided a take-home vehicle
  - The commuting cost to the County for providing these drivers a vehicle is a combined estimated cost totaling \$23,000
- 4 forms (31%) state that the use of the take-home vehicle is part of their compensation.

- Although this is not mentioned in the current SOP or collective bargaining agreements, we have been informed that this is “past practice”
- Additionally, only one of those employees receives fringe benefits for the use of the vehicle
- 1 form (8%) listed the reason as after hour emergency alarm response. This is also not a criterion that warrants a take-home vehicle
  - The commuting cost to the County for providing this driver a take-home vehicle is an estimated \$3,100
- 1 form (8%) listed the reason to be maintenance emergencies. However, this individual’s mileage records indicated that there were no emergency responses
  - Had this employee used a personal vehicle, it would have provided an estimated commuting cost savings of \$4,600
- 7 forms (54%) did not include the signature of Management approving the justification for the emergency response need under the respective criteria

### Special Equipment:

The use of a take-home vehicle as it relates to a special equipment vehicle must be supported by information describing the special equipment needed to perform County work outside of an employees’ normally scheduled workday. The following support must be documented: description of the special equipment and the type of emergencies that requires the use of the equipment, explanation of why the vehicle is required to transport the special equipment, and why the vehicle cannot be picked up at a designated County parking area.

During our review of our sample and their associated forms, there were inconsistencies and/or a lack of completeness that should be brought to the attention of Management by the Executive’s Office and monitored for compliance. The following are our noted discrepancies from the 13 forms that were present from our sample of 30:

- 6 forms (46%) did not include a description of how the equipment is utilized
- 4 forms (31%) did not include a description of the emergencies that require the use of the equipment

**Recommendation #5:** We recommend that the Executive’s Office and Management reconsider and reevaluate the needs for the use of a take-home vehicle for emergency purposes. If a “non-emergency” individual on call must report to duty outside of regular business hours, they should use their personal vehicle to commute to the site that requires their attention, or, they should report to a designated lot for a pooled vehicle, resulting in a lower cost to the County<sup>5</sup>. Additionally, we recommend that those drivers who require special equipment complete the forms in their entirety to detail the justification of its use. We believe that it would be more economically efficient for these departments to use a county-pool vehicle during their regularly

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<sup>5</sup> We understand that some departments and Offices warrant the need for a take-home vehicle based on the nature of their business as emergency responders. As a result, we recommend that the current SOP be updated to specifically detail these departments and Offices that warrant the need for a permanent take-home vehicle assignment.

scheduled work day and use an “on-call” vehicle for the nights that the respective employee is on-call. This will provide for additional cost savings to the County.

6. **Finding; Fringe benefits:** IRS Publication 15-B defines a “fringe benefit” as a form of pay for the performance of services such as when an employee is provided with a business vehicle to commute to and from work. The employer must include this value of the benefit into the employees pay. In following up on this point with the Finance Department, we were advised that they deemed there to be an applicable exemption from this IRS requirement based upon language in the regulation related to the law enforcement and safety components of many of the subject vehicles. However, when these vehicles are used for both business and personal purposes, separate records containing distinct mileage records for business and personal use is required by *IRC 274(d)*. There are generally three ways to value this fringe benefit: automobile lease value, cents-per-mile, or the “commuting rule.” We determined that the County is using the commuting rule for 3 of the 30 employees we sampled, and is not including the value as a fringe benefit for the remaining employees we sampled.

**Recommendation #6:** We suggest that the Executive’s Office and Management address this finding immediately to confirm the applicability of an IRS rule or exemption. The facts associated with the actual usage of each vehicle should be confirmed and the Finance Department, the County Attorney and, at her discretion, outside tax professionals, should confirm whether IRS regulations requires inclusion of the take-home vehicle benefit as a fringe benefit in the employees’ wages. We are concerned that the pertinent IRS regulations may require that each employee assigned a take-home vehicle should include in their wages \$3 for each day the vehicle is used for commuting, resulting in a maximum of \$780 for each assigned driver.

7. **Finding; Cost analysis for take-home vehicle fleet:** Our Office would like to note that of the 30 vehicles sampled:

- 3 had an average daily round trip commute in excess of 30 miles
- 3 had an average daily round trip commute in excess of 40 miles
- 2 had an average daily round trip commute in excess of 50 miles
- 1 driver had an average daily round trip commute in excess of 60 miles

The cost of providing these nine drivers with a take-home vehicle is approximately of \$77,500.

We also bring to the attention of the Executive’s Office and Management the overall commuting cost of providing these 30 employees with a take-home vehicle is based on their round trip from their residential address to their designated parking spot as provided by Management. The result is depicted in **Table 2**.

**Table 2: Commuting Costs to Ulster County per Unit.**

<u>Department/Agency/Office</u>	<b>Estimated Annual Commuting Miles*</b>	<b>Cost to U.C. for Commuting Miles**</b>
Arson Task Force	4,704	\$ 3,627
District Attorney	9,058	6,984
Buildings & Grounds	10,044	7,744
Highways & Bridges	32,810	25,297
Department of Soc. Serv.	14,640	11,287
Emergency Communications	3,187	2,457
Fire Coordinator	10,872	8,382
Probation	5,050	3,894
Safety	8,786	6,774
Sheriff	54,960	42,374
URGENT	22,320	17,209
	<u>176,431</u>	<u>\$ 136,029</u>

\*Miles are based on Mapquest round trip miles from home to designated parking spot as provided by Management. Miles are based on a 5 day work week and 52 weeks a year, excluding any time off.

\*\*Cost for commuting miles is calculated using the established 2012 AAA composite average cost per mile of \$.771

**Recommendation #7:** We have determined that the take-home vehicle practice may be costing the County an estimated \$136,000 on the 30 vehicles randomly sampled. This amount does not take into consideration the other 52 vehicles outside of our sample. This cost could be significantly reduced if the following measures are considered by the Executive’s Office and Management:

- Providing a take-home vehicle only to those employees who meet the qualifying criteria outlined within the SOP
- The SOP should set forth additional internal controls to monitor the take-home vehicle fleets’ usage beyond monitoring the paperwork submitted by the assigned driver
  - For example, other municipalities have installed GPS equipment in government-owned vehicles and monitor their daily use
- The SOP should set forth an acceptable commuting radius, only allowing individuals within the specified radius a take-home vehicle if they meet the required criteria as set forth within the current SOP

8. **Finding; Reusing vehicle numbers:** During our review it was observed that the Department of Public Works is recycling vehicle numbers that pertain to a specific vehicle. Once a vehicle is identified with a unique identification number, the number should be associated with that vehicle for the remainder of its life. These numbers should not be re-used or assigned to another vehicle for tracking and monitoring purposes.

**Recommendation #8:** It is our opinion that in order to maintain consistency and avoid confusion, each vehicle should be provided with its own unique identifying number. This number should never be assigned to another vehicle which replaces that inventory. Good internal controls dictate that the use of unique identifying numbers be assigned to vehicles and remain with that vehicle for its life. We recommend that the Department of Public Works start using sequentially issued numbers in the future and avoid reusing vehicle numbers.

9. **Finding; Policy considerations:** As with the issue of whether the “Offices” of County government can be bound by the SOP, we believe it would be beneficial for the County Attorney and legislative counsel to consider the role of “policy” in question; such as the take-home vehicle issue.

## **XI. CONCLUSION**

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The purpose of our reports are to develop and promote both short and long term strategies and provide recommendations which may reduce costs and increase efficiency whenever possible. During this review it became apparent to our Office that few of the individuals assigned a take-home vehicle are following the current SOP. We do not view these issues as reflective of a dereliction of Management duty, but as an outcome related to a lack of clarity as to the authority and applicability of the SOP and adherence to “past practice.” We have identified and summarized below our recommendations to the County to efficiently and effectively monitor the take-home vehicle fleet.

- Assign one individual to oversee the County fleet and maintain the necessary records
- Language discrepancies within the current SOP should be corrected to avoid confusion
- We suggest that the responsibilities of all parties be outlined so that they are clear
- The SOP should be updated to include a concise list of the Offices/departments/administrative units/employees who are “exempt”
- Communication between the Fleet Manager and Management should be improved to ensure all changes within the take-home vehicle inventory is updated when the change occurs
- The approval for a take-home vehicle should not be made unless the Fleet Manager has received completed and accurate information on the request forms
- The Executive’s Office and Management should reconsider and reevaluate the needs for a take-home vehicle for emergency response purposes
- We recommend that the current SOP be updated to specifically detail the departments and Offices that warrant the need for a permanent take-home vehicle for emergency use assignment based on a clear definition of an “emergency responder”
- We also recommend that the current SOP clearly identify and define what “special equipment” offers the need for a permanent take-home vehicle
- We recommend the Finance Department include within the employees’ wages the fringe benefit associated with a take-home vehicle
- We suggest the SOP set forth an acceptable commuting radius for employees assigned a take-home vehicle which would provide cost savings to the County
- The Legislature and the Executive should look into the costs associated with the installation of GPS equipment for monitoring the daily use of take-home vehicles

As part of our investigation and our standard procedure, a draft copy of this Report was provided to Fleet Manager, Kim Millian, Deputy County Executive, Robert Sudlow, Budget Director, James J. Hanson, and Management of the Units included within our sample, affording them the opportunity to review the Report for its fundamental factual accuracy and to allow those units

which were the subject of the review to comment on the findings and recommendations of the Report as they related to those units.

We received comments from the Ulster County Sheriff's Office and the County Executive's Office. Those comments are attached in **Exhibit 3** as **Exhibits 3.1** and **3.2**, respectively. Distributees have the opportunity to discuss their comments prior to the issuance of our final Report. We did meet with the Executive's staff prior to the release of their comments and this Final Report. Our Response to the written comments, if any, is contained in **Appendix 1**.

We wish to thank the Fleet Manager, the Executive's Office and Management for their help with gathering the necessary information to complete this Report.

Respectfully submitted,

Ulster County Comptroller

**EXHIBIT 1**  
*“Request for Take-Home Vehicle”*  
*“Take-Home Vehicle Weekly Mileage Report”*

#H-05

REQUEST FOR "TAKE-HOME" VEHICLE

Regular/Daily Use

Limited/Occasional Use

Name: \_\_\_\_\_

Address: \_\_\_\_\_ County \_\_\_\_\_

Title \_\_\_\_\_ Department \_\_\_\_\_

OCV# \_\_\_\_\_ Year, Make, Model \_\_\_\_\_ Plate # \_\_\_\_\_

EMERGENCY RESPONSE

SPECIAL EQUIPMENT

1. Actual # of Call-Outs Per Month \_\_\_\_\_

2. Distance from Home to Designated Parking Space \_\_\_\_\_

3. Reason for use of County Vehicle vs. Personal Vehicle \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

1. Describe Special Equipment \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

2. How is it used \_\_\_\_\_  
\_\_\_\_\_

3. Distance from home to Designated Parking Space \_\_\_\_\_

4. Description of Emergencies requiring use of equipment \_\_\_\_\_  
\_\_\_\_\_

Dept. Head Signature \_\_\_\_\_

Dept. Head Signature \_\_\_\_\_

ECONOMIC JUSTIFICATION OF PRIVATE VEHICLE USE

A.	B.	C.	D.	E.	F.	G. *	H.
Number of call-outs in a year	Total yearly call-out miles driven	Reimbursement at County rate	Average daily commute mileage	Average monthly commute mileage	Total yearly commute mileage	ID# _____ cost per mile \$0.____ times yearly commute mileage	Economic benefit to the County Column  C minus G
	miles	\$	miles	miles	miles	\$	\$

All figures must be based on actual numbers, not based on estimates.

Department Head Signature \_\_\_\_\_ Date \_\_\_\_\_

Fleet Manager Signature \_\_\_\_\_ Date \_\_\_\_\_ Adequate \_\_\_ Not Adequate\_\_\_



**EXHIBIT 2**

2011 Ulster County Standard Operating Procedures

## H.6. ...Guidelines for Use of County Owned Vehicles

DATE: May 1, 2011

1. County-owned vehicles shall be used only for County business.
2. The Fleet Manager is responsible for the daily administration and management of the fleet for all departments and administrative units, except that in consultation with the Fleet Manager, the Department of Public Works Highway & Bridges Division is responsible for the day-to-day operation of its fleet.
3. County-owned vehicles shall not be driven outside New York State without written approval from the County Executive.
4. No unauthorized passengers may be carried in a County-owned vehicle without prior written approval from a Head of a Department or Administrative Unit.
5. See SOP C.2 Request for Ulster County Driving Permit to ensure that employees, interns, volunteers and employees of contract agencies who require a driving permit obtain one.
6. **Responsibilities of Driver:** It is the responsibility of the driver to observe all applicable traffic regulations, including the New York State Seat Belt Law, and the prohibition on cell phone usage and text messaging, and to drive in a proper and courteous manner at all times.  
**Traffic and parking violations are the responsibility of the driver.**
7. **Smoking is prohibited in County-owned vehicles.**
8. County Seal and Vehicle Number
  - a. All County owned vehicles must be appropriately identified with the County Seal and/or official County plates, unless there is a reason otherwise. Such cases must be approved by the County Executive's office.
  - b. It shall be the responsibility of the Fleet Manager to assure that all County vehicles are properly marked.
  - c. It shall be the responsibility of the Fleet Manager to assign an Official County Vehicle (OCV) number to each vehicle. This number will remain with the vehicle while it belongs to Ulster County.
9. Unless otherwise authorized by a Head of a Department or Administrative Unit, all County vehicles should be fueled at a County facility. If the fuel tank is less than ½ full and a County fuel facility is open, employee must fill the tank before returning the vehicle.

10. **Disposing of County Vehicles** - The County shall sell all surplus vehicles at auction to the highest bidder. Any vehicle not sold at the auction, must be disposed of by crushing or held over until the next auction. No sale shall be scheduled without the written authorization of the Director of Purchasing.
- a. A receipt of disposition signed by the purchaser or grantee (from both crushing and an auction) will be filed with the Fleet Manager by the employee responsible for disposition. Copies of the receipt will be sent by the Fleet Manager to the Insurance Officer and the Safety Officer.
  - b. Funds paid by a vendor for scrap metal or an auction must be paid by check to the "County of Ulster" and noted on the receipt of disposition.
  - c. All titles, Certificates of Origin and registration forms must be signed by the Fleet Manager.
  - d. County-owned vehicle shall not be disposed of without written approval of the Fleet Manager. This includes, but is not limited to sale, lease, gift, donation, scrap or trade.

## H.7. ...Use of County-Owned “Take-Home” Vehicles

DATE: May 1, 2011

1. This procedure applies to all County departments, administrative units and offices. A “take-home” vehicle is a vehicle assigned to an employee for a six month period for use while conducting County business.
2. The use of County pool vehicles or travel reimbursement is preferred over the assignment of take-home vehicles for conducting County business.
3. Three reasons for allowing employees to take home vehicles:
  - a. **Emergency Responses:** Take-home vehicles may be assigned to County employees who:
    - i. Are called out at least 12 times per quarter, or 48 times a year, and have primary responsibility to respond to emergencies which require immediate response to protect life or property; or
    - ii. Cannot use alternative forms of transportation to respond to emergencies; or
    - iii. Cannot pick up County-owned assigned vehicles at designated sites without impacting the employee’s ability to respond to emergencies, which require immediate response to protect life or property.

**Emergency response assignments must be supported by data demonstrating the actual number and nature of emergency responses in the prior year.** Written justification explaining why an employee cannot use alternative forms of transportation to respond to the emergencies or pick up County-owned vehicles at designated parking areas must be included.

- b. **Special Equipment Vehicles:** Take-home vehicles may be assigned if an employee needs specialized equipment or a special vehicle to perform County work outside of an employee’s normally scheduled workday. Special equipment vehicle assignments must be supported by information describing the special equipment needed to perform the County work, including:
  - i. Description of the special equipment and the type of emergencies that requires use of such equipment.
  - ii. Explanation of
    - why a County vehicle is required to transport the special equipment
    - how the equipment is used
    - why the vehicle cannot be picked up at a designated County parking area.
  - iii. Communication access (radio, telephone, etc.) shall not normally be considered adequate justification for a County vehicle.

c. **Economic Benefit to the County:**

- i. Take-home vehicles may be assigned if an employee’s private vehicle mileage reimbursement costs are greater than the commuting costs for an assigned County vehicle with overnight vehicle usage.
- ii. **Example of Economic Benefit Calculation:** John Doe from DSS is assigned a County vehicle. If the County were to reimburse him/her for mileage driven in his personal vehicle to emergency situations, the calculations would be as follows:

Total yearly miles driven to Call-Out **(B)** 5,800 X County reimbursement rate **(C)** \$0.51 per mile equals \$2958.00 which is the cost of reimbursement to John Doe for the business use of his vehicle.

To calculate if there is an economic benefit for the County the calculations are as follows:

Average Daily Commute Mileage 16 **(D)** X 20 working days per month = Average Monthly Commute Mileage 320 **(E)** X 12 Months = Total Yearly Commute Mileage 3,840 **(F)**. John Doe commutes less than 10,000 per year so he uses 0.739 for the calculation of cost per mile **(G)**. Total Yearly Commute Mileage 3,840 **(F)** X Cost Per Mile \$0.739 = Cost of Yearly Commute \$2837.76 **(G)**.

County Reimbursement for the cost of John Doe using his personal vehicle \$2,958.00 **(C)** minus Yearly Cost to Commute **(G)**. In this example the Economic Benefit to the County is a positive \$120.24 **(H)**. Therefore, it makes economic sense to allow John Doe to bring home a County vehicle for emergency call outs.

<b>A.</b>	<b>B.</b>	<b>C.</b>	<b>D.</b>	<b>E.</b>	<b>F.</b>	<b>G. *</b>	<b>H.</b>
Number of call-outs in a year	Total yearly call-out miles driven	Reimbursement at County rate, <u>\$0.51</u> per mile	Average daily commute mileage	Average monthly commute mileage	Total yearly commute mileage	ID# <u>00154</u> cost per mile <u>\$0.739</u>  times yearly commute mileage	Economic benefit to the County Column  C minus G
64	5,800 miles	\$2958.00	16 miles	320 miles	3,840 miles	\$2837.76	\$120.24

2010 Composite National Average Cost Per Mile\*

Under 10,000 miles – 0.739

10,001 to 15,000 miles – 0.566

15,001 and over – 0.476

\* Based on AAA National Averages 2009 Total Ownership & Operating Expenses (Updated every February)

- d. **Overnight Usage Rule:** Occasional overnight usage of County-owned vehicles is permitted when an employee
  - i. conducts County business away from the employee's normal place of work, and outside the employee's normally scheduled work day, or
  - ii. is on-call, has primary responsibility to respond and there is inclement weather, or
  - iii. is involved with emergency preparedness or a seasonal assignment, the employee is on-call and the vehicle is taken home less than 12 times per quarter on average.

4. **Fleet Administration Responsibilities** - The Fleet Manager will:

- a. In consultation with the County Executive's Office, review and authorize, reauthorize or deny Take Home Vehicle Authorization requests submitted by Head of a Department or Administrative Units or designees. Take-home vehicle authorizations are for April 1st to March 31st of the following year, except otherwise determined by the Fleet Manager.
- b. Notify the County Executive's Office, the appropriate Head of a Department or Administrative Unit, the Safety Officer, the Insurance Officer, and the Commissioner of Finance, in writing, each time a new take-home vehicle assignment is authorized.
- c. Monitor take-home vehicle assignments.
- d. Submit a Summary of Authorized Take-Home Vehicle Assignments to the County Executive, the Commissioner of Finance and Head of a Department or Administrative Units for their department or administrative unit by December 30 and June 30 of each year, including a current list of take-home vehicle assignments by department or administrative unit, division, employee name, position, title, and the basis for which authorization was granted.
- e. Develop and maintain central records of all department or administrative unit take-home vehicle assignments. Records will be maintained in one location. At a minimum, each vehicle's file must contain:
  - i. Take-home authorization by department or administrative unit, division, employee name, position, title and vehicle number.
  - ii. All Take Home Vehicle Weekly Mileage Report Forms [#H-07](#) for the past year.
  - iii. Summary of data from #H-07 forms, including breakdowns of daily commute mileage and business mileage, the number and nature of emergency calls, if applicable.
  - iv. A calculation of economic benefit to the County, if the take-home vehicle assignment is based on an economic justification. (Lost productivity costs, and the cost of the time it takes an employee to travel from a designated County parking facility to their work station, shall not be included in the calculation of economic benefit to the County.)

5. **Head of a Department or Administrative Unit's Responsibilities** -The Head of a Department or Administrative Unit will:
- a. Ensure that all employees with assigned take-home County vehicles complete and maintain all required records.
  - b. Review the need for each take-home vehicle assignment on a bi-annual (six month) basis to ensure that employee continues to respond to emergencies, continues to require a special equipment vehicle or that it remains economically beneficial to the County.
  - c. Apply the following standards for recommending take-home vehicle approvals to the Fleet Manager:
    - i. The employee should reside within Ulster County. The Head of a Department or Administrative Units may, however, approve take-home vehicle assignments for employees residing in adjoining counties if there is reasonable and compelling justification and if such request meets the criteria contained in this Standard Operating Procedure.
    - ii. In cases where the Take-Home Vehicle Assignment requests are based on emergency response or special equipment, the Head of a Department or Administrative Unit must show that emergency response outside of the employee's normal working hours is necessary due to an imminent threat to life or property. The Head of a Department or Administrative Unit must provide historical data showing the number of emergency responses made during the same time period in the previous year.
    - iii. There must be no other employees on duty and available to respond or perform the emergency work during their normal work shift.
    - iv. Before recommending the approval of Take-Home Vehicle Assignment requests to the Fleet Manager, the Head of a Department or Administrative Unit must first consider whether occasional overnight assignment, temporary on-call status or reimbursement for the use of a private vehicle will be of greater economic benefit to the County than a six month take-home vehicle assignment.
  - d. Deny or recommend approval for take-home vehicles to the Fleet Manager.
  - e. Forward all Request for "Take-Home" Vehicle Form [#H-06](#) to Fleet Administration as they are recommended for approval. Only those take-home vehicle authorization requests that are submitted using Form [#H-06](#) will be accepted by Fleet Administration.
  - f. Maintain a current list of authorized take-home vehicles within the department or administrative unit.
  - g. Provide immediate written notification to Fleet Administration whenever individual employees no longer have assigned take-home vehicle authorization.

- h. Notify Fleet Administration in writing whenever an employee with a take-home vehicle assignment is permanently assigned a different vehicle. The following information must be provided: the newly assigned vehicle number, the current mileage on the newly assigned vehicle, and the current mileage and vehicle number of the previously assigned vehicle.
- i. Ensure that a Take Home Vehicle Weekly Mileage Report Form [#H-06](#) is prepared and maintained by employees with assigned take-home vehicles, and that copies of these forms are submitted to Fleet Administration no later than four working days after the end of each week.
- j. Ensure that all information from the Take Home Vehicle Weekly Mileage Report Form [#H-07](#) is entered on the AS 4003 system on a weekly basis for auto fringe benefit withholding. Departments or administrative units without access to the system must submit Take Home Vehicle Weekly Mileage Report Form [#H-07](#) and report auto fringe benefit compensation to the Department of Finance's Payroll Unit.
- k. Ensure that copies of the Take Home Vehicle Weekly Mileage Report Form [#H-07](#), submitted by employees, are retained in the department or administrative unit's files.
- l. In consultation with the Department of Public Works Division of Buildings & Grounds and with the Fleet Manager, identify and designate County parking areas where employees may park County vehicles and direct employees with assigned vehicles to pick up and drop off their vehicles at designated County parking areas, when appropriate.
- m. Approve and maintain requests **for occasional overnight take-home vehicles** when overnight usage is no more than twelve times per quarter on average. If occasional overnight usage is projected to be greater than twelve times per quarter on average, the Head of a Department or Administrative Unit must determine whether there is an economic benefit to the County if the employee is reimbursed for the use of a private vehicle. Department or administrative unit records must include the names of the employee and the time period approved for occasional take-home usage.
- n. Monitor the number of occasional overnight trips made by employees using County vehicles. If occasional overnight usage by any employee exceeds twelve times per year, IRS regulations require that the Take Home Vehicle Weekly Mileage Report Form [#H-07](#) for each overnight commute trip be completed for auto fringe benefit calculations and the information reported to the Department of Finance's Payroll Unit.
- o. Ensure that employees comply with all relevant Standard Operating Procedures, including those governing in this section, as well as the Procedures in the Safety, Insurance and Legal sections.

6. **Employees with Assigned Take-Home Vehicles' Responsibilities:**

- a. Complete the Take Home Vehicle Weekly Mileage Report Form [#H-07](#) for the assigned vehicle and submit a copy to the Head of a Department or Administrative Unit no later than the second working day after the end of each week, so that auto fringe withholdings can be made for those days on which a County vehicle was used for commuting. The Form must be completed in its entirety.

- b. Comply with all Standard Operating Procedures including preventative maintenance scheduling, procurement card usage, accurate odometer reporting and timely submission of all forms.

7. **Finance Department** - The Commissioner of Finance or a designee will:

- a. Prepare and transmit updated lists of employee auto fringe benefit withholdings to Head of a Department or Administrative Units or designees and Fleet Administration once a year, corresponding with the yearly authorization list prepared by the Fleet Manager.
- b. Verify that the list of employees with auto fringe benefit withholdings matches Fleet Administration's list of employees with authorized take-home vehicle assignments for April 1 of each year.
- c. Notify Head of a Department or Administrative Units whenever auto fringe benefit withholdings are made for employees whose names do not appear on Fleet Administration's list of employees with authorized take-home vehicle assignments.

**EXHIBIT 3**  
Management Comments

**EXHIBIT 3.1**  
Comments Received from:  
Ulster County Executive's Office

# ULSTER COUNTY EXECUTIVE

244 Fair St., P.O. Box 1800, Kingston, New York 12402

Telephone: 845-340-3800

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MICHAEL P. HEIN  
*County Executive*

ADELE B. REITER  
*Chief of Staff*



ROBERT SUDLOW  
*Deputy County Executive*

KENNETH CRANNELL  
*Deputy County Executive*

JAMES J. HANSON  
*Budget Director*

## MEMORANDUM

TO: Elliott Auerbach, County Comptroller  
Joseph Eriole, Deputy County Comptroller

FROM: James J. Hanson, Budget Director *JJH*

CC: Michael P. Hein, County Executive

DATE: March 27, 2013

RE: **Request for Comment on *County Use of Take-Home Vehicles Draft Report***

We thank the Comptroller's Office for your assistance in reviewing the County's use of "take-home vehicles" and for sharing your March 11, 2013 draft report: *County Use of Take-Home Vehicle*. As you know, since County Executive Hein took office in 2009, he has requested, both orally and in writing, that your Office review the County's take-home vehicles procedures, as he believed that improvements and efficiencies could be made. We are pleased to see that the Comptroller's Office has accommodated the County Executive's request and appreciate the opportunity to review the draft findings of your report.

There are numerous findings and recommendations in this report, several of which have already been under review by Executive staff and some of which have prompted further examination by Executive staff to evaluate the need for potential change. As we have a shared goal to improve County government, we respectfully submit our comments for consideration.

While our comments focus primarily on the details of your draft report, we respectfully submit that the following should have been included in the report:

1. The Introduction and Conclusion sections should state that the County Executive's Office made several requests to the Comptroller's Office to review the practice of take-home vehicles in Ulster County.

2. The report should include a thorough review of the use of take-home vehicles by the Sheriff's Office because the Sheriff's Office has more take-home vehicles than any other department in Ulster County. Yet, it is barely discussed. It appears that the justification for this lack of review is that the Sheriff's Office does not follow the County's Standard Operating Procedures (SOP). This is a major concern and misinterpretation because the Sheriff's Office, like all other independently elected officials who supervise County staff, should be following the SOPs.

The Sheriff's use of take-home vehicles, as well as any other County Department or Office, has both financial impacts and legal liabilities. In our opinion the Sheriff's Office's use of take-home vehicles requires further review so that this report provides a thorough and complete review of the County's use of take-home vehicles.

## **Areas at Issue**

1. The draft report demonstrates a misunderstanding of the difference between "policy" and "procedure" and regularly interchanges these terms. At the transition to a Charter form of government in 2009, the County Executive's Office became responsible for government operations and the issuance of and adherence to procedures. The County Legislature became responsible for setting policy. The Comptroller's Office should clearly and correctly recognize the distinction between policy and procedures throughout this report. It is important for the County Attorney to review this matter to provide clarification. We also urge the Comptroller's Office to further review this matter.
2. The draft report assumes that adherence to the SOPs is the same as adherence to a County "policy". It implies that there is little flexibility for operations. This misunderstanding of the SOP sets an unrealistic expectation throughout the report. The SOP contains procedures, not policies. It is intended to standardize operations as appropriate and to ensure that County operations conform to standardized procedures as closely as possible, but there are times when the County Executive determines that it is appropriate and reasonable for operations to deviate from the SOP. The final report should include this caveat.
3. The draft report questions whether the explicit addition of "Offices" to the SOP was intentional. It is the intention of the Executive's Office that the SOP is followed by all administrative units (which includes all Offices), as defined in the Code of the County of Ulster, Ch. 1, Art. I, Sec. C-6. In practice the Sheriff's Office does not adhere to the procedures set forth in the SOP. This requires additional review by the Comptroller's Office.
4. The report states;

"In an effort to administer the fleet of vehicles owned by Ulster County, the Ulster County Legislature enacted Resolution No. 319 on September 11, 2007. This resolution adopted the policy for the use of County-owned vehicles to commute to and from work and was titled "The Charlie Busick Policy" ("2007 Policy")."

"The Charlie Busick Policy" was adopted pre-Charter, and is therefore irrelevant. It was superseded by the Charter and the current SOPs.

5. Recommendation 3 states that, "It should be memorialized within the procedures that the departments must provide the Fleet Manager with an updated and accurate listing of the take-home vehicle assignments regularly, and more specifically, when a change occurs to the department's inventory." This is already covered in SOP Section H.7, Paragraph 5, subparagraphs g and h.
6. The draft report states that the 30 vehicles tested may cost as much as \$136,000 or \$4,500 per vehicle. Therefore, it was estimated that the cost for all 82 take-home vehicles would be approximately \$369,000. It appears that the Comptroller's Office used the AAA rate of \$.771 per mile instead of the IRS reimbursement rate of \$.555 per mile. Using the correct rate, the estimated "cost" of the 30 vehicles sampled is \$98,000 or \$38,000 less.
7. Reference to "management," is used throughout the report but never clearly defined. At times it appears that "management" includes Department Heads, and other references imply that it might include Deputy County Executives or elective Offices. The report should define this term and use it consistently throughout the document.
8. Recommendations 5 and 6 suggest "management" address the recommended changes. In both cases the recommendations should be addressed to the County Executive.
9. Recommendation 7 reads, "The Legislature could establish an acceptable commuting radius, only allowing individuals within the specified radius a take-home vehicle if they meet the required criteria as set forth within the current SOP." This recommendation should be addressed to the County Executive, as modifications of the SOP are the responsibility of the Executive's Office as are operational matters addressed herein.
10. In Recommendation 2, the report states that "the legislature should consider whether the current SOP should clearly exempt "offices" from inclusion." This is not a determination of the Legislature. The SOP is an operational document and the County Executive is responsible for County operations and County staff. Debate as to whether an elective Office should or should not follow the SOP should be referred to the County Attorney.
11. The report cites inconsistencies between the inventory records & the take-home vehicle listings provided by the Fleet Manager. According to the Fleet Manager this is not accurate. For instance, a driver's name being associated with a vehicle in the Sheriff's Office does not necessarily mean the person takes home the vehicle. It may mean that they are assigned that specific pool car for daily use. Differences in the time frame the information was requested by the Comptroller's Office also may have caused some of the differences.
12. The report claims that the total vehicle inventory and the take-home vehicle inventory figures are inconsistent. However, the report fails to include dates or sources when referencing the inventories. Records from different dates and sources were used for comparisons by the Comptroller's Office creating the appearance of inconsistency. Without references to dates and sources, it is impossible to address any potential issues.
13. The report states that the Comptroller's Office "questioned management" about whether an employee is compensated for being on call for 24/7 and "were told they are not compensated in their wages, instead, they are provided a take-home vehicle." The estimate cited in the report for commuting costs for these (7) drivers is a combined \$23,000. The report should explain the calculations used to arrive at this figure.

14. Recommendation 5 is unnecessary. Compliance with the current SOP provides adequate information to evaluate take-home vehicle appropriateness.
15. The report references a maximum fringe benefit amount of \$780 per year. This is an overstatement because it does not include holidays and other non-worked paid days.
16. In Finding 7, the report states that the “cost of providing these nine drivers with a take-home vehicle is approximately of \$77,500”. This figure lacks assumption details and support for the cost calculation.
17. The report states, “This report details the following deficiencies in present practice...” This statement should be amended to read, “This report details the following deficiencies for the review period. The scope of the review covered the year ended December 31, 2012.”
18. The report states that the Sheriff’s Office does not follow the SOP, but follows a “General Order.” This term should be defined for the reader, as it is industry-specific jargon typically used exclusively by military and paramilitary organizations, and its meaning here is unclear. Further, the employees in the Sheriff’s Office are County employees and do not have discretion to not comply with the SOP. As previously pointed out, the Sheriff’s Office should be in compliance with the SOP.

### **Areas of Concern**

1. The report posits that there is a general lack of understanding of SOP authority, which has led to a lack of adherence to the SOP. This is a very broad statement without merit or support. It is inclusive of all departments, when in fact the report mistakenly suggests that there is a “lack of understanding” or “adherence” related to one department and the offices of elected officials. With respect to the Department of Public Works, it is not a misunderstanding of the SOP that results in not adhering to the procedures, but specific circumstances unique to that department. Furthermore, with regard to the elected officials, specifically the Sheriff’s Office, non-adherence is not based upon a lack of understanding, but rather on a disagreement between the Sheriff’s Office and the Executive’s Office.
2. The report asserts that the Fleet Manager identified vehicles as “exempt” when no such category exists in SOP. This assertion requires further exploration by the Comptroller’s Office as it is unclear how the report defines “exempt”. Exempt could mean an exemption to the IRS regulations or it could mean an exemption to the SOP requirements.

### **Areas Requiring Further Review**

1. The report makes several recommendations to amend the existing SOP to more closely align the document with actual operations. Prior to the issuance of the draft report the County Executive’s Office was working to update the SOP as the Office did in both 2011 and 2012. The recommendations of the report provide an excellent start point for the Executive’s Office to consider when making changes to the SOP.
2. The report states that records are not being maintained by a central person. We agree that the Fleet Manager should have all data and records and will review the matter further. There is also a theme in the findings that there is inadequate documentation in areas such as

emergency and special equipment situations and weekly mileage logs. All departments and Offices should be in compliance with the required documentation.

3. The report states that data on vehicles and mileage are incomplete and therefore the County is unable to calculate cost or benefit to make determinations on take-home appropriateness and taxability. This is an existing problem. Forms should be fully completed by all persons with take-home vehicles to enable analysis by Fleet Manager and proper IRS reporting regardless of the Office or department.
4. In finding 6 the report states, that additional compensation reporting may not be consistent with current IRS regulations in all cases. The current SOP forms should be updated to reflect specific detailed criteria per IRS publication (Jan 2012) for taxability determinations and semi-annual reporting of the same should be conducted by the Fleet Manager and be reported to the Commissioner of Finance. We agree that the most current IRS regulations and guidance could affect taxable/non-taxable determinations.
5. The report states that there are take-home vehicles issued even though they do not meet criteria set forth by the SOP. We concur that adequate controls are necessary for take-home vehicles. Where the current SOP does not have adequate criteria it should be amended. All take-home vehicles should be reviewed by the Fleet Manager to determine if there are any take-home vehicles that should not be in place and that status should be revoked unless otherwise justified to the County Executive's Office.
6. Several employees used "past practice" as justification for having a take-home vehicle. This "past practice" appears to be from a negotiated agreement regarding take-home vehicles in DPW in lieu of compensation. This will need to be reviewed in more detail with the County's labor law counsel.
7. The report identifies a language inconsistency between the Fleet Manager's and the department records on take-home vehicles assigned. The language and forms used need to be current and consistent. We agree that DPW should comply with the rest of the procedures regarding take-home vehicles unless an exemption is granted by the County Executive's Office.

Currently, the Fleet Manager is working to improve the administration of take-home vehicles. In accordance with this effort the following actions will be taken:

1. In consultation with the departments and Executive's staff, the Fleet Manager will review the SOP to redefine what is expected from all parties. Where appropriate, the SOP will be updated to more accurately reflect current operations including;
  - A review the criteria for a take-home vehicle;
  - A review and define the Fleet Manager's responsibility on department assigned vehicles;
  - A review emergency response criteria;
  - A review of which vehicles and situations are exempt from taxation as a fringe benefit; and

- A review of what special equipment is in accordance with the IRS publications.
- 2. A current inventory of all of the County's take-home vehicles to establish an accurate vehicle list;
- 3. A review of all prior requests for take-home vehicle forms (1/1/12 to current) to ensure completeness, accuracy and proper authorization was given and make any appropriate changes;
- 4. An update to the procedure for maintaining mileage logs will be made with a focus of making the Departments and Offices accountable for the accuracy and the completion of the weekly log;
- 5. A deadline will be set for the weekly log to be sent to Fleet Manager by Tuesday of the following week;
- 6. An updated procedure to instruct County employees on the requirements necessary for take-home vehicles will be issued;

## **Conclusion**

We again thank the Comptroller's Office for your work on this report. We requested your assistance with this matter in an effort to continuously improve operations. While there are areas where we disagree with the report, there are also many areas that we do agree with and as always we are appreciate your suggestions towards improving operations as we all strive to serve the taxpayers of the County. We appreciate the opportunity to comment on the report. The Comptroller's desire to provide quality service to the people of Ulster County is admirable and we look forward to working with the Comptroller's Office on similar projects in the future.

**EXHIBIT 3.2**  
Comments Received from:  
Ulster County Sheriff's Office

## Ulster County Sheriff's Office

### **Sheriff's Office comments regarding the "County Use of Take-Home Vehicles" issued by the Comptroller's Office.**

#### **GENERAL COMMENTS:**

As noted in the Comptroller's report, the Ulster County Legislature enacted Resolution No. 319 on September 11, 2007, which established a County policy for the use of County-owned vehicles to commute to and from work. This policy also exempted the Sheriff's Office and all other County offices from its provisions.

The Sheriff's Office had established its own vehicle policy in 1987; Policy & Procedure Manual No. 1325 (see Exhibit 3). This policy is routinely reviewed and revised as necessary, the last revision having taken place in April 2010. This policy is strictly enforced by the Sheriff and his management team.

As the Sheriff's Office had a vehicle policy in place at the time the County enacted one- and also because we were exempt from the County policy- we adhered to our policy and not the County policy.

On May 1, 2011, the County Executive issued a revised SOP for the County policy. This revision removed the exemption for "Offices," including the Sheriff's Office. The Sheriff's Office was unaware of the County Executive's revision, and we continued to follow our vehicle policy.

The Sheriff disagrees with the County Executive that the Sheriff's Office should fall under the County Vehicle Policy. The Sheriff is an elected official, which makes the Sheriff's Office a separate entity from other county departments. The Sheriff's Office has separately established policies and procedures for Sheriff's Office members to abide by, including a comprehensive vehicle policy. It should be noted that the Sheriff has and will continue to discipline Sheriff's Office members who violate our vehicle policy. The Sheriff's Office will continue to follow its vehicle policy and not the County vehicle policy.

#### **COMMENTS ON REPORT RECOMMENDATIONS:**

Comptroller Recommendation #1 – "If it was the intention of the current SOP to assign one individual to oversee the County fleet and maintain the necessary records, measures should be put in place to ensure that the departments are providing the Fleet Manager with accurate and timely data. These measures would allow the Fleet Manager to maintain files within one central location in order to ensure proper internal

## Ulster County Sheriff's Office

controls over the inventory thus promoting accurate and detailed records. Although we would not recommend such practice, we further suggest that if the County is going to recognize exempt departments or positions, as in "past practice," language should be added to the SOP to reflect this classification. Additionally, the changes should implement procedures that are applicable to these exemptions so that there are controls in place for this class of take-home vehicles. It may, in fact, be determined by the legislature to be good policy to allow certain offices to have policies unique to their needs. But, if that is the case, the SOP should be modified to make this clear and the "exempt" offices or departments should have their policy written and vetted accurately."

**Sheriff Comment:** The Sheriff's Office agrees that the entire County's fleet records be maintained by the Fleet Manager. We have no issues with supplying the Fleet Manager with whatever data is required to maintain accurate records.

Comptroller Recommendation #2 – "We suggest that the current SOP be updated to correct the language discrepancies in an effort to avoid confusion. As stated above, the legislature should consider whether the current SOP should clearly exempt "offices" from inclusion in the generally applicable procedures. Additionally, we suggest that the responsibilities of all parties be outlined so that they are clear in an effort to avoid lack of adherence and to ensure that all procedures are being carried out by the appropriate party. We further recommend that the criterion for overnight usage be removed from the current SOP as this classification does not warrant a permanent vehicle assignment. It is our opinion that the overnight usage criterion instead warrants the use of a County pooled vehicle which is assigned for temporary use for business travel. Removing this would also result in consistency in the language and would lessen confusion amongst users."

**Sheriff Comment:** The Sheriff's Office urges the Legislature to update the current SOP to exempt the Sheriff's Office from the County policy. The exemption should note that the Sheriff's Office has adopted its own vehicle policy.

Comptroller Recommendation #3 – It was apparent during our review that there is a lack of communication between the departments with regard to changes within the take-home vehicle inventory. It should be memorialized within the procedures that the departments must provide the Fleet Manager with an updated and accurate listing of the take-home vehicle assignments regularly, and more specifically, when a change occurs to the department's inventory. This will allow for the maintenance of accurate detailed records to be held in one central location and also implements stronger internal controls over the vehicle inventory. Lastly, as already recommended, it is imperative that measures be put in place to ensure that the responsibilities of each party are being complied with to ensure that the County fleet is being properly monitored effectively and efficiently."

## Ulster County Sheriff's Office

**Sheriff Comment:** The Sheriff's Office has no issue with supplying the Fleet Manager, on a regular basis, with an updated and accurate listing of our personally-assigned vehicle assignments and any change in our vehicle inventory.

Comptroller Recommendation #4 – “In order to maintain completed, accurate files and achieve compliance consistency, the Fleet Manager should not approve the take-home vehicle requests unless all information is accurately included and submitted on the most current request form.”

**Sheriff's Comment:** As the Sheriff's Office is exempt from the county vehicle SOP, the Fleet Manager has no say in assigning members of the Sheriff's Office to a personally-assigned vehicle. The Sheriff's policy has specific guidelines for vehicle assignments.

Comptroller Recommendation #5 – “We recommend that management reconsider and reevaluate the needs for the use of a take-home vehicle for emergency purposes. If a “non-emergency” individual on call must report to duty outside of regular business hours, they should use their personal vehicle to commute to the site that requires their attention, or, they should report to a designated lot for a pooled vehicle, resulting in a lower cost to the County<sup>s</sup>. Additionally, we recommend that those drivers who require special equipment complete the forms in their entirety to detail the justification of its use. We believe that it would be more economically efficient for these departments to use a county-pool vehicle during their regularly scheduled work day and use an “on-call” vehicle for the nights that the respective employee is on-call. This will provide for additional cost savings to the County.”

**Sheriff Comment:** The Sheriff understands the importance of having fully equipped deputies able to respond quickly from their homes to law enforcement emergencies. The number of callouts is not the issue. No one can predict when an emergency will occur: being prepared is the issue. Every deputy with a personally-assigned vehicle, including deputies assigned to critical response units, can respond from home at any time with all the needed equipment.

Without a personally-assigned car, deputies would be forced to respond to the station first, (perhaps proceeding past the incident location). Assuming a patrol car was available at the station, (which would be uncertain), the deputy would then also need to gather equipment and then respond. In critical situations such as barricaded persons, shootings, explosive device threats, manhunts, severe storms, etc., swift manpower allocation is vital and minutes count a great deal. **At a moment's notice, because most deputies are equipped with a personally assigned vehicle, the Sheriff's Office can mobilize a large police presence, fully equipped.** Very few Departments the size of ours can do this.

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Comptroller Recommendation # 6 – “We suggest that management address this finding immediately as its current practice is contrary to IRS regulations. The County Attorney and, at her discretion, outside tax professionals, should confirm whether IRS regulations requires inclusion of the take-home vehicle benefit as a fringe benefit in the employees' wages. We are not convinced based on our reading of the pertinent IRS regulations that each employee assigned a take-home vehicle should not be required to include in their wages \$3 for each day the vehicle is used for commuting, resulting in a maximum of \$780 for each assigned driver.”

**Sheriff Comment:** Publication 15 B which was cited in the draft report, is a summary of the below:

Take-home police vehicles, whether marked or unmarked, are exempt from inclusion as a fringe benefit of income even when the officer “commutes” to his duty station from his residence because it is a qualified non-personal use vehicle pursuant to §1.274-5(k) Treasury Regulation.

A summary provided by the IRS of the 32-page regulation §1.274-5(k):

The value of a "qualified non-personal use vehicle" can be excluded from income as a working condition fringe if the use of the vehicle conforms to the requirements of paragraphs (k)(3) through (7) of section 1.274-5T of the regulations. An employee does not have to substantiate the business use of a qualified non-personal use vehicle in order to exclude its value from wages.

A qualified non-personal use vehicle means any vehicle that is not likely to be used more than a minimal amount for personal purposes. Common examples include a fire engine, a clearly marked police or fire vehicle, a public safety officer vehicle, a flatbed truck, school bus, ambulance, etc. There are limited circumstances under which an unmarked police car qualifies as a non-personal use vehicle.

First, the driver must be a "law enforcement officer." A law enforcement officer must satisfy all of the following requirements. He or she must be a full-time employee of a governmental unit that is responsible for preventing or investigating crimes involving injury to persons or property (including catching or detaining persons for these crimes). The officer must be authorized by law to carry firearms, execute search warrants, and to make arrests. The officer must regularly carry firearms, except when it is not possible to do so because of the requirements of undercover work. A “public safety director,” or any employee, regardless of title, must meet these tests to qualify under this exclusion.

Second, any personal use of the vehicle must be authorized by the government agency or department that owns or leases the vehicle and employs the officer, and, third, the use must be incident to law-enforcement functions, such as being able to report directly from home to a stakeout or surveillance site, or to an emergency situation. Use of an unmarked vehicle for vacation or recreation trips cannot qualify as an authorized use.

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Whether the individual's use of the vehicle is authorized by the governmental agency which employs him or is incident to law-enforcement functions depends on the facts and circumstances. If the individual is allowed to use the vehicle as a courtesy and for commuting purposes, it does not qualify as a non-personal use vehicle, and the commuting value is income subject to FICA and income tax withholding.

Comptroller Recommendation # 7 – “We have determined that the take-home vehicle practice may be costing the County an estimated \$136,000 on the 30 vehicles randomly sampled. This amount does not take into consideration the other 52 vehicles outside of our sample. This cost could be significantly reduced if the following measures are considered by management:

- Providing a take-home vehicle only to those employees who meet the qualifying criteria outlined within the SOP
- The Legislature could implement additional internal controls to monitor the take-home vehicle fleets' usage beyond monitoring the paperwork submitted by the assigned driver
  - For example, other municipalities have installed GPS equipment in government owned vehicles and monitor their daily use
- The Legislature could establish an acceptable commuting radius, only allowing individuals within the specified radius a take-home vehicle if they meet the required criteria as set forth within the current SOP.”

**Sheriff Comment:** The Comptroller bases his estimate of cost to the County on the assumption that our personally-assigned vehicles are used for commuting. The Sheriff maintains that our personally-assigned vehicles are not used for commuting to and from work. As soon as a deputy starts his patrol car's engine, while in his driveway, he is ready for work. He is fully dressed in his uniform, fully equipped and ready to respond to calls for service. Deputies routinely are on-duty handling calls for service thirty minutes to one hour prior to the start of their shift. There is no commuting, hence no commuting cost for personally-assigned vehicles. The County is actually saving money because the work done prior to the start or after the end of their shift is unpaid work.

See Exhibits 1 & 2

The Sheriff's Office started installing GPS technology in our marked patrol units in 1999, and by 2001, all marked patrol cars had GPS. In addition to the obvious officer safety benefit with GPS, our supervisors monitor the daily activity of the deputy on patrol, looking at vehicle speed, locations patrolled, time stopped at any one location, etc. Supervisors can check for any improper off-duty usage of a personally assigned vehicle using GPS.

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Comptroller Recommendation # 8 – “It is our opinion that in order to maintain consistency and avoid confusion, each vehicle should be provided with its own unique identifying number. This number should never be assigned to another vehicle which replaces that inventory. Good internal controls dictate that the use of unique identifying numbers be assigned to vehicles and remain with that vehicle for its life. We recommend that the Department of Public Works start using sequentially issued numbers in the future and avoid reusing vehicle numbers.”

**Sheriff Comment:** All police departments within the county are assigned certain vehicle numbers for their respective fleets. This avoids confusion during 911 dispatches and intra-departmental radio transmissions. Therefore we must recycle our vehicle numbers. To avoid confusion with maintenance and record keeping the Fleet Manager has assigned each of our vehicles a specific number based on its VIN, which stays for the life of the vehicle.

### CONCLUSION

The report concludes that the Sheriff's Office is not following the County vehicle SOP, and we agree. The Sheriff's Office has had its own vehicle SOP since 1987, to which members of the Sheriff's Office adhere strictly. The Sheriff feels that the County vehicle SOP is not relevant to the Sheriff's Office operations and mission and therefore requests that the Legislature exempt the Sheriff's Office from the County SOP.

The report further concludes that “take-home” vehicles may be an unnecessary cost to the County. However, the Sheriff maintains that our personally-assigned vehicle program is an important part of the Sheriff's Office's ability to protect and serve the citizens and visitors of Ulster County. The Sheriff also maintains that the program is a cost saving program for the Sheriff's Office and the County. As a result of implementing the personally-assigned vehicle program, the estimated cost savings to the County is \$342,371 per year and \$2,396,597 over the course of our seven-year vehicle purchasing plan. A breakdown of the annual savings is shown on Exhibit 1.

# Ulster County Sheriff's Office

## EXHIBIT 1

The Sheriff's personally assigned vehicle program is estimated to save \$342,371 in the following areas:

- Annual Vehicle Purchases: \$144,171
- Overtime: \$ 79,475
- Accident Repair Costs: \$ 65,000
- Routine Maintenance: \$ 53,725

### Annual Vehicle Purchases

Under the traditional rotational fleet program we have historically purchased eight (8) vehicles annually to maintain the fleet, at a cost of \$48,057 per vehicle. This cost includes the vehicle, the purchase and installation of emergency equipment, computer, camera, radios, etc. The total spent annually on vehicles is \$384,456.

Under the Personally-Assigned Vehicle Program, the seven (7) year plan developed for the Sheriff's Office would only require the annual purchase of five (5) vehicles or \$240,285 to maintain the fleet, with one additional vehicle purchased every fifth and eighth year. This would be an annual savings of \$144,171.

### Overtime

Deputies are prepared for duty the minute they leave their personal residences and go "on-duty" via signing in on their vehicles' computers. This could take place a half hour to an hour before their shifts actually begin. During shift change, the oncoming deputies routinely take calls for deputies going off duty, without being paid for this time. If the oncoming shift were not already in their patrol cars, deputies near the end of their shift would have to respond, remaining past their shifts and creating overtime.

We have conservatively estimated one call per shift is handled by an in-coming or out-going deputy that saved two hours of overtime.

- $1,095 \text{ (calls per year)} \times 2 \text{ hrs (OT hours per call)} = 2,190 \text{ (OT hrs saved)}$
- $2,190 \text{ hrs} \times \$36.29 \text{ (average OT rate)} = \$79,475 \text{ in OT savings}$

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## Accident Repair

Studies have shown an average 84% reduction in accident and damage repair costs for a personally-assigned fleet vs. a traditional rotational fleet. The average annual cost per vehicle for accident and damage repair in our rotational fleet was \$3,000 or a total annual fleet cost of \$130,000. To be conservative, we used a 50% reduction instead of the 84% average reduction the study showed. Using the 50% figure, the Personally-Assigned Vehicle Program would reduce the average per vehicle repair cost \$1,710. This translates into an annual savings \$65,000 for the fleet.

## Routine Maintenance

Operation and maintenance consists of fuel, tires, oil changes, brakes, etc. All of the studies have shown 30% - 50% reduction in operating costs when using a personally - assigned fleet.

For the years 2007, 2008, 2009 the average operation and maintenance cost per vehicle was \$2,790 per year for our marked fleet under the rotational plan.

Our K9 vehicles, which operate under the Personally-Assigned Vehicle Program, for the same time period, had an average cost per year of \$1,255 or a 55% reduction in maintenance costs. If our entire marked fleet were operating under the Personally - Assigned Vehicle Program the annual maintenance costs would be reduced to \$43,925, a savings of \$53,725 annually.

## **EXHIBIT 2**

Deputies are prepared for duty the minute they leave their personal residences and go "on-duty" via signing in on their vehicles' computers. This could take place a half hour to an hour before their shifts actually begin. These oncoming deputies routinely handle calls for service, respond to request for assistance/backup calls for police officers out on calls, enforce the Vehicle and Traffic Law, and perform maintenance on their vehicles without being paid for this time. This results in an estimated benefit to the County in unpaid work time of \$177,648.

- $245 \text{ (work days per yr)} \times 1.25 \text{ hrs (average extra hrs.)} = 306 \text{ (extra hrs. per deputy)}$
- $306 \times \$24.19 \text{ (average pay rate)} = \$7,402 \text{ (unpaid wages per deputy)}$
- $\$7,402 \times 24 \text{ (# of patrol deputies assigned a car)} = \$177,648 \text{ (unpaid wages/yr.)}$

## EXHIBIT 3

### Sheriff's Office Vehicle Policy #1325

**PURPOSE:**

To establish regulations for members who operate Ulster County Sheriff's Office motor vehicles

**POLICY:**

It shall be the policy of the Sheriff's Office that all department vehicles will be properly maintained, cleaned, and serviced regularly. All department vehicles shall be used for the transaction of police business only. Only department members or authorized service personnel will operate department vehicles. A valid New York State Driver's License is required for anyone operating an UCSO vehicle.

**I. OPERATION OF DEPARTMENT VEHICLES**

- A. The term "Department Vehicle," as used in this section, refers to any vehicle owned, leased, or rented by the Ulster County Sheriff's Office.
- B. Departmental vehicles will be used for official purposes only.
- C. Any damage, loss or destruction of a Departmental Vehicle shall be reported immediately to the Division Head through channels, by written report.
- D. Negligence or carelessness in the use, operation or maintenance of a Departmental Vehicle resulting in damage to, loss or destruction of such vehicle or any part thereof may be cause for disciplinary action and for holding such member financially responsible for the repair, restoration or replacement of such vehicle or part thereof.

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- E. Non-departmental personnel will not be transported in a Sheriff's Office vehicle without prior authorization of a supervisor.
- F. Fraternal banners, advertising placards or stickers will not be placed on any department Vehicles without the Sheriff's authorization.
- G. Except when fully justified in matters of emergency response or pursuit, adhere to All New York State Vehicle and Traffic Laws.
- H. Unmarked department Vehicles will comply with the Vehicle and Traffic Laws when responding to an emergency.
- I. Whenever a department vehicle is parked or placed out-of-service, the windows will be closed, doors locked and keys removed.
- J. When a vehicle is stopped and there is no reason to keep the engine running, turn off the ignition rather than permit the engine to idle.
- K. No repairs or alterations will be made to any department vehicle unless such alteration or repair is authorized by the Sheriff or his designee.
- L. Animals, living or dead will not be transported in a department vehicle.
- M. Operators and passengers riding in a department vehicle will wear seatbelts.

## **II. COUNTY DRIVING PERMIT**

- A. All Department Members who operate department vehicle will apply for a County of Ulster Driving permit.
- B. Complete Ulster County Form ADM-F-101 which is attached to this procedure
- C. Prerequisite for obtaining a County Drivers permit.
  - 1. Must be at least 18 years of age.
  - 2. Must possess a valid New York State Drivers License.
  - 3. Must not have more than 6 points under the New York State Point System.
  - 4. Must not have been convicted for driving while intoxicated or driving while impaired within the previous 18 months.

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5. The driving permits will be periodically reviewed by the Ulster County Safety Officer using the New York State Point System.

### **III. SHERIFF'S OFFICE VEHICLES INVOLVED IN AN ACCIDENT**

- A. When a Sheriff's Office vehicle is involved in a motor vehicle accident the following procedure shall be followed:
  1. The member involved in the accident will immediately notify the on-duty supervisor. If there is no supervisor on duty, than the stand-by or on-call supervisor will be notified.
  2. The shift supervisor / stand-by supervisor will make notification to the chain of command.
  3. The shift supervisor / stand-by supervisor will respond to the scene and complete the accident report, have photos taken of the scene, and update the chain of command as necessary.
  4. The County Safety Office shall be notified as soon as possible following the accident and the scene held intact until their arrival. Notification procedure:
    - a. The dispatcher shall contact County 911, using the direct connect telephone in communications, and request them to notify the County Safety Office that a Sheriff's Office vehicle has been involved in an accident and request them to contact the Sheriff's Office.
    - b. When the Safety Office member contacts Communications, the dispatcher shall put him or her in contact with the supervisor at or responding to the scene.
  5. All paperwork related to the accident shall be completed and forwarded to the First Sergeant, before the member involved and the scene supervisor go off duty. All computer entries shall also be completed prior to going off duty.

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6. The First Sergeant shall do the following:
  - a. Forward appropriate paperwork up the chain of command.
  - b. File reportable accidents with Department of Motor Vehicles.
  - c. Keep a copy of all paperwork related to accident.
  - d. Send a copy of the accident report to:
    - ❖ County Insurance
    - ❖ County Fleet Manager
    - ❖ County Safety Office, along with the County Safety Office's report.
- B. When a Sheriff's Office vehicle requires towing as a result of the accident or break down, the County's Fleet Manager shall be notified. The Fleet Manager will either advise us that a County tow truck will be dispatched or advise us to contact the nearest available tow company.
- C. Members involved in a motor vehicle accident and who are found to be at fault will be subject to disciplinary action.

#### **IV. PERSONALLY-ASSIGNED POLICE VEHICLE PROGRAM - JUSTIFICATION**

- A. Research shows the costs and benefits of a Personally-Assigned Police Vehicle fleet outweigh those of a rotating fleet. The operating costs of a personally-assigned fleet are less than that of a rotating fleet. The personally-assigned fleet requires the purchase of fewer cars per year, and the operating costs (including maintenance and accident repair) are less.
- B. Benefits of a Personally Assigned Fleet
  1. Crime Prevention: Criminals are less likely to commit crimes in a neighborhood where a marked police vehicle is parked. Residents feel safer.

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2. Increased Patrol: Anytime a deputy is using his/her car off duty, patrol is increased, at no charge to the County. Deputies can provide assistance to residents and fellow officers and respond to emergency 911 calls.
3. Cars Last Longer: The typical life span of a police car used 24/7 by several deputies is 2-3 years. Personally-assigned cars can be expected to be in use for 7-10 years.
4. A Sense of Stewardship: It can be argued that deputies will tend to take better care of cars assigned only to them and by having a personally-assigned vehicle, the deputy's morale is increased. It can be a recruitment tool also. The fleet looks better, and the professional projection of the department is bolstered. **Accountability** for the misuse and faulty care of the vehicle and its equipment will be at 100% with only one operator.
5. Overtime is Decreased Almost Daily: Deputies are prepared for duty the minute they leave their personal residences and go "on-duty" via signing in on their vehicles' computers. This could take place up to one hour before their shifts actually begin. During shift change, these oncoming deputies routinely take calls for deputies going off duty without being paid for this time. If deputies were not already in cars on their way at that time, deputies already on duty would have to respond (remaining past their shift and creating OT) or; these calls would have to be "stacked"—response delayed until the oncoming shift was available.
6. Quicker Response to and Better Preparedness for Critical Incidents: Every deputy assigned a vehicle, including deputies assigned to critical response units, can respond from home at any time with all the needed equipment. Without a personally-assigned car, deputies must respond to the station first, (perhaps proceeding past the incident location), locate a vehicle, gather equipment, and then respond. In critical situations such as barricaded persons, shootings, explosive device threats, manhunts, etc., swift manpower allocation is vital and minutes count a great deal. **At a moment's notice, the Sheriff's Office can mobilize its entire police force, fully equipped.** Very few departments the size of ours can do this.

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7. SAVES TAX DOLLARS: There have been many studies on the cost-effectiveness of personally-assigned vehicle programs, dating back to the early 1970s. All of the studies have found that it costs less to operate and maintain a Personal-Assigned Vehicle Program than to operate and maintain a rotational fleet program. There are three main areas in which this savings occurs:
  - a. Annual purchase of new vehicles
  - b. Operation and maintenance
  - c. Accident and damage repair.

### **IV. PERSONALLY ASSIGNED POLICE VEHICLE PROGRAM - PROCEDURES**

- A. It shall be the policy of the Ulster County Sheriff's Office, Criminal Division, to have personally-assigned police vehicles assigned to full time sworn deputy sheriffs, pursuant to section 1325 of the policy and procedure manual.
- B. Sheriff's Office take-home vehicles are issued based upon the need for a timely response to a police incident. Such vehicles are provided to enhance effectiveness, efficiency and to provide better service to County of Ulster residents and the department.
  1. Assignment of a take-home vehicle does not constitute standby status.
  2. Persons issued take-home vehicles are expected to have a high level of responsiveness to department needs beyond normal work hours.
- C. Vehicle Assignments
  1. Deputy Sheriffs assigned to patrol duties, the detective unit, or the command staff, are eligible to participate in the Personally-Assigned Police Vehicle Program.
    - a. At the discretion of the Sheriff, deputies on special assignment may be eligible to participate in the Personally-Assigned Police Vehicle Program.

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2. Deputies will be assigned either a marked or unmarked vehicle, according to the responsibilities of the deputies' position and the needs of the department.
3. Personally-assigned vehicles are assigned to members for official use only.
4. Authorization for participation in the Personally-Assigned Police Vehicle Program may be revoked at any time by the Sheriff.

### D. Requirements for Participation

1. Fulltime, sworn deputy sheriffs who have successfully completed probation, achieved permanent civil service status, and meet the requirements listed in this section to be assigned a vehicle.
  - a. Probationary deputies are not allowed to participate until they have successfully completed probation and achieved permanent civil service status.
2. Deputies must reside within the County of Ulster.
3. Deputies must have achieved a satisfactory or above rating in all of the categories / dimensions on their most recent performance review.
  - a. Deputies must maintain a satisfactory or higher rating in all categories / dimensions in future performance reviews in order to continue being assigned a vehicle.
  - b. Failure to meet this requirement will result in the deputy having to relinquish the assigned vehicle until the performance review rating requirement is met.
4. Before being considered for an assigned vehicle, a deputy must not have been suspended for more than three (3) days, or received command discipline(s) resulting in the loss of more than three (3) earned leave days during the twelve (12) months prior to the assignment of the vehicle.

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- a. Upon assignment of a vehicle, a deputy who incurs three (3) days of suspension or more or receives command discipline(s) resulting in the loss of earned leave time of three (3) days or more during a 12 month period will relinquish the vehicle for a period of up to one (1) year.
- b. If, during the period of not being assigned a vehicle, the deputy does not incur any additional suspension time or loss of earned leave time as a result of a command discipline, the deputy will be assigned another vehicle.
- c. If, during the period of not being assigned a vehicle, the deputy incurs any additional suspension time or loss of earned leave as a result of a command discipline, the deputy will not be eligible to be considered for an assigned vehicle for up to three (3) years.
- d. The Sheriff, at his discretion, may impose a lighter penalty than those indicated in section "3" of this policy.

### E. Vehicle Usage Rules / Guidelines

1. Members who have personally-assigned vehicles must comply with the guidelines and or rules set forth in this policy.
2. Non-compliance or violations of the guidelines and/or rules will result in the personally-assigned vehicle being taken from the member for a period of time determined by the Sheriff. The non-compliance or violation may also result in further disciplinary action depending on the circumstances.
3. Deputies must be at their assigned duty station at the beginning and end of their tour.
4. Deputies on light-duty or suspension are not authorized a personally-assigned vehicle.

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5. Deputies on vacation leave, earned personal leave, compensatory time, or other earned leave equal to or exceeding one duty week (40 hours) will not keep possession of their personally-assigned vehicle during such extended leave.
  - a. Personally-assigned vehicles will be left at the Sheriff's Office headquarters at the end of the last duty shift preceding the start of leave.
  - b. The Fleet Coordinator will be notified by the deputy in advance of the leave and informed of any known maintenance issues for the assigned vehicle. Repairs and preventive maintenance will be scheduled during the member's absence.
  - c. Deputies on leave who are scheduled to work an extra duty assignment during the leave period may access their assigned vehicle, if available, when a police vehicle is authorized for the assignment. The on-duty Shift Commander will be notified of the use.
  - d. Deputies using less than one week of leave can arrange to leave their assigned vehicle with the Fleet Coordinator for maintenance purposes.
  - e. All deputies participating in the Personally-Assigned Police Vehicle program will make their vehicle available for scheduled maintenance.
  - f. All weapons will be removed from the vehicle while it is being serviced.
6. Deputies are responsible for the security, maintenance, and cleanliness of their assigned vehicle.
7. No unapproved equipment or accessories will be installed. Comfort items and police equipment over and above the standard issue may be installed upon approval by the Sheriff or his designee. Stickers, decals, decorative items, or similar materials not authorized and/or installed by the factory or the Department are not permitted.

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8. The following off-duty vehicle use rules will apply to deputies participating in the Personally-Assigned Police Vehicle Program:
  - a. No person other than the assigned member or another member of the Ulster County Sheriff's Office will operate the assigned vehicle.
  - b. Non-departmental personnel will not be transported in the member's assigned vehicle.
  - c. All traffic laws must be adhered to, except when law enforcement action is required or authorized.
  - d. The vehicle must not be used outside the county unless the member is conducting authorized police business.
  - e. Members will not use their personally-assigned vehicle to conduct personal business or errands.
  - f. Deputies must call in service and out of service when operating a marked vehicle.
  - g. Deputies will dress appropriately when using a marked patrol vehicle.
    - ❖ Proper attire must be worn. Deputies will wear some type of identifying attire, i.e., Department-approved tee shirt, hat, or Class A or B uniform.
    - ❖ Deputies will not wear short-shorts, tank tops, etc.
    - ❖ Deputies will equip themselves with police identification, police radio, handcuffs, O.C. spray, firearm, and spare magazines.

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- i. When using the vehicle off-duty, deputies must keep the police radio on and, if necessary, be available to respond to emergency calls. If in the vicinity, the deputy should respond to in-progress crimes or other major calls. The deputy shall notify the dispatcher of the response and should continue to assist until relieved or until the problem is concluded.
9. Shift commanders and supervisors shall make periodic inspections of vehicles assigned to their shift personnel, which will include off-duty use and activity, to ensure that members are complying with the rules, guidelines, and intent of this policy.
10. Nothing in this policy will prohibit the Sheriff, Undersheriff, or Captain of Police Services from authorizing any member the use of a personally-assigned police vehicle for a limited period of time to address any identified need, such as commuting to authorized training or court appearances.

**APPENDIX 1**  
Office of the Ulster County Comptroller's  
Response to the Written Comments

## **RESPONSE TO THE COMMENTS OF THE ULSTER COUNTY SHERIFF**

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The comment letter of the Ulster County Sheriff's Office (UCSO) agreed with Recommendations 1, 2, and 3 of our Report.

As to Recommendation 4, 5, 7, and 8, which pertain to the accuracy of record-keeping, an examination of the efficacy of the take-home vehicle policy for emergency vehicles, and the cost-effectiveness of the program in general, the UCSO's response is essentially a statement of its position that they are exempt from the County SOP and that its unique needs require a unique analysis. The fact of this position, in contrast to the County Executive's position that the UCSO and all other elected, independent offices, are under the jurisdiction of the SOP, is duly noted in the Report, and the resolution of this issue as a matter of fact and law is recommended by our Report.

As to recommendation 6, regarding the IRS implications of treating the take-home vehicle as a fringe-benefit, the UCSO posits that the determination would have to be made on a case-by-case basis. Our report reflects that inquiry should be made to determine compliance.

We thank the UCSO for their comments.

## **RESPONSE TO THE COMMENTS OF THE COUNTY EXECUTIVE'S OFFICE**

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The comment letter of the Executive's Office sets forth comments under general and specific headings. Following are our responses to those comments.

General Comments:

1. The County Executive's previous request for a review of the take-home vehicle program has been noted in our final Report.
2. The County Executive's comment that a more thorough review of the UCSO take-home vehicle policy should have been undertaken is noted, but our Report remains unchanged in this regard for the reasons stated therein. The internal inconsistency in the understanding of "offices" and "departments", including those charged with administering the procedure, requires institutional attention beyond the scope of our Report and rests with policy making and procedural administrators of County Government.

"Areas at Issue":

1. The County Executive's commentary on the distinction between policy and procedure is noted, but in our view, the distinction is not as stark, nor are the two concepts as mutually

exclusive, as their comments would suggest. Clarification of the distinction in general and on any particular issue, is one which the Executive and the Legislature should endeavor to identify.

2. The County Executive's comment that our Report suggests that the SOP is to be viewed as inflexible "policy" is inaccurate. We acknowledge the Executive's position on the SOP's "status." Our position is that the SOP is an operative document which acts as a "criteria" in analyzing the operation of any program, to which it purports to pertain. That position stands, and is axiomatic in our view.
3. The Executive's comment that the SOP is intended to be followed by "Offices" as well is noted. The UCSO has taken a contrary position, and other Offices of County Government may do so as well if the issue is plainly presented to them. The Executive's comment that the issue requires further inquiry by our Office is, we believe, misplaced, as we are not an enforcement nor a legal body. As we have suggested in our Report, we think it is a matter which must initially be followed up by the County Attorney and rests with policy making and procedural administrators of County Government.
4. The Executive's comment 4 as to the history of the SOP related in our Report is noted, but each reference was only by way of history, not present enforceability.
5. The Executive's comment as to recommendation 3 being obviated by the fact that the subject requirements are already contained in the SOP is noted. Our recommendation is that the requirements be more aggressively enforced.
6. We note the comment of the Executive as to the method of calculating the cost of the vehicles from a per-miles basis and do confirm that we used the 2012 AAA rate of \$.771 cents per mile. We believe this is a better reflection of the cost to the County because this cost rate includes estimated insurance costs, depreciation, and financing costs, all items which the IRS reimbursement rate does not consider. We also note that according to the SOP, the Economic Benefit Calculation (Section H.7.3(c)) uses the AAA mileage rate when calculating the cost to the County.
7. Comment 7, as to the definition of "management" in the Report, a definition was provided in the draft and final Report.
8. Comments 8, 9, and 10 again address the distinction between policy and procedure, and what role the Executive's Office and the Legislature play in either or both. Please refer to 3 above for our response. Also, comment 8 suggests that any recommendation directed to management should be directed to the Executive. The definition of "Management" includes heads of "Offices," which would therefore include the Executive's Office. In Some cases, specific reference to the Executives Office is made in connection with its role as the head of the administrative branch of County Government.
9. See 8 above.
10. See 8 above.
11. As to the accuracy of certain factual data in the Report, we obtained our information from the departments and have relied upon it. As of the date of the release of this Report in final, we have updated the Report according to the information provided by Management.
12. See 11 above.
13. Comments 13-17 are commentary on the calculations and conclusions of the Report. These comments are noted. Our Final Report has been brought to date and we stand by the methodology of our calculations, which were also included in the draft report.
14. See 13 above.

15. See 13 above.
16. See 13 above.
17. See 13 above.
18. The County Executive's comment seeks our clarification as to the meaning and enforceability of an UCSO "General Order." We decline to do so. From our perspective, the General Order is a criterion in the same way as the SOP is, in that they are relied upon and understood to be operative in the field. Legal distinctions as to their efficacy and jurisdiction are outside the scope of this report.

"Areas of Concern":

1. We respect the County Executive's comment and position that there is not a "general" lack of understanding of SOP authority. Greater specificity of intent has been included in the Final report, and in general, we will let the Report speak for itself in terms of the issue.
2. The Executive's comment seeking clarification of the term "exempt" is noted. However, it is a term by the Fleet Manager and, we disagree that it is the function of this Office to provide that clarification and stand by our recommendations in this regard.

"Areas Requiring Further Review":

There are two lists of comments in this section: items 1 – 7, and items 1 – 6. In each of them, the County Executive's Office essentially agrees with our recommendations regarding further assessments of the take-home vehicle administrative practice, and notes that its Office was already conducting review of many of these administrative issues prior to the release of the Report. We thank the Executive for its prior and future review and consideration, and expect that its efforts in this regard will result in a benefit to the entire County. We also note that with respect to the second list, 1 – 6, item 1, one of the references is to the conduct of "a review [of] emergency response criteria." On this point, we also received a written email correspondence from Deputy Executive Sudlow in which he suggests that certain vehicles within DPW, and the properly trained personnel to which they are assigned, have an expanded role by which they should also be included in the "emergency" vehicle category as they may operate as "first responders" in certain situations. We thank the Executive's Office for this comment and encourage the memorialization of this practice and categorizations as the Executive's Office sees fit in the context of the SOP review.

We thank the County Executive's Office for its comments and our meeting on March 26 to discuss same.