



Best practices for take-home vehicle programs

Governments sometimes provide their employees a car for work purposes that the employee can take home because of the benefit to the government and the public. This is called a “take-home vehicle.” Because of the cost that commuting miles incur¹, take-home vehicle programs should be well defined and monitored.

To make sure that the government and the public it serves are getting a good return on investment for take-home vehicles, here are some best practices to consider:



1) Assess the risk of a take-home vehicle program periodically. Some things to consider include: a) whether a current policy is in place and communicated to staff; b) the effectiveness of the monitoring mechanisms in place to ensure compliance with the policy; and c) the government's confidence that all take-home vehicles are justified, necessary, and adequately utilized. Some data measures to review might include the number of take-home vehicles in use (by type), the ratio of take-home vehicles to total vehicles, number of miles driven for personal commuting as compared to total mileage, and the entity's annual cost for personal commuting.

2) Develop a comprehensive take-home vehicle policy.² Policies should define take-home vehicles and their purpose. They should outline the authorization process, indicate who is responsible for oversight, as well as provide the objective criteria under which a take-home vehicle is permitted. The policy should address limitations on how the vehicle may be used – what types of personal use or even private employment, as well as address non-employee passengers.³ Also, consider some of the other best practices in this resource for incorporating into policy requirements.

3) Assign take-home vehicles based on an operational purpose, such as emergency response needs. The assignment should be based on an operational purpose, rather than on employee status, seniority, position/rank, or as a “perk” of employment. Take-home vehicles should provide a benefit to the public, not just the employee.

4) Use pre-defined criteria to determine if a take-home vehicle is permitted. The common criteria include those who respond to emergency callbacks, have special equipment, and must respond within a short-time frame such as for after-hours emergencies. For more information about developing pre-defined criteria, see [Appendix](#).

¹ Commuting miles include the cost of fuel, additional maintenance and repair, more frequent replacement of vehicles as they reach their maximum mileage sooner, and increased exposure to property or casualty claims.

² Policies should be developed even if the vehicles are not taken home and might cover such topics such as a standard of conduct when driving the vehicles, how to handle and report accidents, who will pay for fines or infractions incurred while driving the vehicle, and restrictions as to alcohol or drug use before or during operation of the vehicle.

³ Non-employee passengers can increase liability risk as well as reduce employee response time in emergencies.

5) Use actual data to make decisions about take-home vehicles. Perception can be different from fact, so use actual data in this analysis. For example, an employee might be expected to respond to emergency callbacks, but if this rarely or never occurs, this information is quite valuable in determining whether to authorize the take-home vehicle.

6) Ensure vehicle type is justified. Some vehicles are more costly to purchase, maintain, and operate – such as sport-utility vehicles. However, there might be legitimate reasons for various vehicle types. Governments should ensure the vehicle type is justified based on the actual governmental purpose and use of the vehicle.

7) Document authorization, preferably on standardized forms. Authorizations of take-home vehicles should be done in writing and retained to support the assignment. Standardized forms increase consistency and communicate expectations if designed and used appropriately. These forms should incorporate language and criteria from the government's policy.

8) Decide how much discretion departments have for short term take-home vehicle assignments. The government should decide if short-term assignments will be allowed, as well as how much discretion departments will have in making these decisions.

9) Impose a limit on commute mileage. Some governments restrict employees from commuting with a take-home vehicle beyond a certain amount of miles. One option is to have the employee park the vehicle in a safe place (such as a police or fire station) within the mileage limit specified by policy. In other cases, the government could opt to seek reimbursement for those who exceed the commute limits. This serves to offset some of the commute costs as well as make it more equitable among employees.

10) Consider costs vs. benefits when justifying take-home vehicles. The government might want to put some limitations in place to ensure it receives adequate benefits, given the cost of covering personal commuting. Specifically, consider:

- a. Establishing a minimum number of emergency callbacks before a vehicle is authorized to be taken home. For example, King County's policy requires at least 48 emergency responses (actual) a year to qualify for a take-home vehicle.
- b. Setting a maximum emergency response time for the employee to report to the emergency location. Some employees might have exceedingly long commutes, and their ability to respond quickly in an emergency might become questionable.

11) Establish minimum thresholds for take-home vehicle use. There should be a minimum amount of business that the vehicle is used for to justify it. For example, King County policy states employee commute mileage cannot exceed mileage driven for business purposes.

12) Require the collection of important data via vehicle logs or other means. Data gathered can be used for decision-making and/or IRS reporting purposes. In addition to mileage (both business and personal), governments should think about what other data is important. Data points might include number of callbacks or after-hours meetings, off-duty accidents, or accommodation of multiple passengers. Most governments that collect this information do so by requiring a vehicle log. There should also be reporting oversight to ensure vehicle logs are submitted promptly, all vehicle logs are received, and the activity recorded appears reasonable.

13) Keep track of take-home vehicle assignments and records. Governments should have a process for tracking take-home vehicle assignments so this information is known and available, and can be easily re-evaluated. This should include a process to retain all the necessary records that support the program, such as authorizations, vehicle logs, etc.



14) Track vehicle locations when not in use. Governments should know where vehicles not in use are located and parked. Failing to implement controls on where vehicles are located and parked could lead to unauthorized use of government property, including unauthorized take-home use. Some governments install GPS on vehicles to monitor usage. Clearly marking vehicles might also help to discourage improper use.⁴

15) Track costs associated with take-home vehicles. To evaluate the program, as well as make decisions about allocating limited resources, you should keep track of annual costs. This calculation should include all related expenses of the program.

16) Periodically review vehicle assignments, annually or when employee responsibilities change. An employee who previously qualified for a take-home vehicle assignment might no longer qualify upon review. A review should occur at least annually to ensure all take-home vehicle assignments still meet the policy criteria. For employees whose job has changed, review their qualification for a take-home vehicle as soon as the job change occurs.

17) Consider ways to save costs.⁵ Governments might save costs in many ways, including eliminating individual vehicles for lower-cost alternatives, such as a central fleet or motor pool, mileage reimbursement, vehicle allowances, or other alternative transportation. Other options might include eliminating or modifying take-home vehicle assignments, changing to lower-cost vehicle types, and eliminating excess commute miles (you can also read best practice No. 9 for more information).



⁴ RCW 46.08.065 includes requirements about marking publicly owned vehicles.

⁵ Some have found other costs that are saved because of a take-home vehicle program – for example, moving to a shared vehicle approach might require a law officer to change in and out of uniforms and transfer equipment on work time, which also require special facilities. These should be factored into an evaluation process when considering if there are less costly alternatives to a take-home vehicle program. Individual circumstances will vary.

18) Have a process to consider IRS guidance.⁶ Depending upon the circumstances, some employees might have a taxable fringe benefit when using a take-home vehicle. Governments should communicate to employees in what instances personal use of a take-home vehicle is considered taxable income, as well as have a process to collect the information that payroll needs to report on W2 forms. There should be centralized monitoring and a process to inform payroll of any new assignments.

⁶ See the Internal Revenue Service's (IRS) Fringe Benefit Guide, www.irs.gov/pub/irs-pdf/p5137.pdf (Chapter 14, Employer-Provided Vehicles).

Related resources

King County take-home vehicle policy, which includes an assignment authorization request form and a vehicle mileage log form: www.kingcounty.gov/about/policies/aep/facilitesaep/fes1222aep.aspx

For assistance

This resource has been developed by the Center for Government Innovation of the Office of the Washington State Auditor. Please send any questions, comments or suggestions to Center@sao.wa.gov.

Disclaimer

This guidance is intended to supplement information management should consider when establishing internal controls over take-home vehicle programs. It is not authoritative guidance that local governments must follow. It might not include all information that should be considered and is not intended to supersede management's judgement in establishing internal controls and establishing policy. Management is ultimately responsible for internal controls, including regularly monitoring risks and ensuring internal controls are in place to address potential areas of concern.

Appendix: Pre-defined criteria to justify take-home vehicles

There can be many factors to consider when developing your specific criteria. Some questions to consider when determining your requirements include:

Specialized equipment

1. Does the callback (from home to a work location) require response in a specialized vehicle or could a personal vehicle be used?
2. Is there specialized equipment in the vehicle that is needed for the callback response? How much and what type of equipment? How critical is this equipment? Should any equipment be specifically excluded in policy, such as a phone, radio or siren?
3. Does the specialized vehicle being driven home provide other benefits in the community, like a neighborhood police presence? Is the vehicle actually being driven home to a location within the government's boundaries?

Response

4. Does the employee respond to after-hours calls? Are those calls emergencies? Does the employee have specialized duties or skills that makes their participation in the response critical?
5. Is there a standard for response time? If the standard response time is "as soon as possible," do you have this timeframe defined? If there is no established standard, the government employee might have time to pick up a vehicle from a central location.
6. Must the employee respond directly to the emergency location? If the government employee reports instead to a central location, could the vehicle be stored at this location overnight?
7. Is the employee commuting far distances? If so, how much public benefit do they provide in an emergency?

Frequency

8. Does the employee have primary emergency response duties? How often are callbacks? Frequent or rare?
9. Is the employee on call all the time, or does it rotate? If the employee's schedule rotates, can the take-home vehicle be assigned on a part-time rather than full-time basis?
10. Should policy require a set number of callbacks a year to justify a take-home vehicle? Does the actual number of callbacks justify the expense of the government covering personal commuting miles (cost/benefit analysis)?

