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STATE OF NEW YORK  
OFFICE OF THE STATE COMPTROLLER

September 19, 2000

Mr. Bernard B. Kerik  
Commissioner  
New York City Police Department  
One Police Plaza  
New York, NY 10008

Re: Report 99-F-50

Dear Commissioner Kerik:

Pursuant to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution; Article II, Section 8 of the State Finance Law; and Article III of the General Municipal Law, we have reviewed the actions taken by the New York City Police Department (NYPD) as of July 28, 2000, to implement the recommendations contained in our audit report, *Opportunities to Increase Efficiency and Reduce Costs of Motor Vehicle Fleet Maintenance Program* (Report 96-N-6). Our report, which was issued January 10, 1997, examined whether NYPD repaired and maintained vehicles in a timely and cost-effective manner.

**Background**

The NYPD fleet consists of more than 5,000 motor vehicles and includes patrol cars, unmarked cars, vans, trucks, buses, motorcycles and scooters. NYPD's Fleet Services Division (Division) (formerly the Motor Transport Division) maintains and repairs the fleet utilizing a preventive maintenance (PM) program to minimize vehicle downtime. With a City fiscal year 2000 budget of about \$26.2 million (Expense) and \$8.5 million (Capital), the Division operates a central repair facility in Queens and 12 satellite shops citywide which are staffed with 86 full/modified/restricted duty uniformed and 414 civilian workers.

**Summary Conclusions**

Our prior audit found that precincts were frequently late in sending vehicles to the Division for scheduled PM, and the Division lacked a tracking system to identify and to follow-up, in a timely manner, when such lateness occurred.

We also observed that the procedure for replacing tires was inefficient; as it removed police officers from law enforcement duties for extended periods of time. Generally, when a car required a new tire, one or more uniformed officers were required to travel to a Motor Transport Division facility and pick up the new tire. The officers then took the tire to an outside vendor and waited until the tire was mounted on the vehicle. The officers then had to return the old tire to a Motor Transport Division facility before returning to their normal duties. We estimated that NYPD could save at least \$400,000 annually if it were to perform routine tire replacements in-house instead of contracting out this activity. In addition, while Division controls over the parts and supplies inventory were generally effective, we identified a significant number of obsolete items in stock.

Our follow-up review found that NYPD has made significant progress in implementing the recommendations contained in our audit report. NYPD anticipates that the new Maintenance Control and Management System (MCMS) will both flag vehicles “coming due” for PM and adjust stock levels for the parts inventory. NYPD is also using a new vendor system to reduce inventory.

### **Summary of Status of Prior Recommendations**

Of the nine prior audit report recommendations, the Division implemented seven recommendations, partially implemented one recommendation and has not implemented one recommendation.

### **Follow-up Observations**

#### **Recommendation 1**

*Require that precincts prepare schedules listing those vehicles that are due for preventive maintenance until a new automated tracking system is in place. Appoint a civilian staffer to ensure that precincts comply with the maintenance schedule.*

Status - Partially Implemented

Agency Action - The City of New York is adopting a Maintenance Control and Management System (MCMS) at all agencies with vehicle fleets to replace the current inventory-based system. NYPD is the first to have MCMS installed and anticipates that within six months it will generate reports using fuel mileage and repair order mileage inputs to flag vehicles “coming due” for PM. In the interim, the Division has met with each precinct’s 2<sup>nd</sup> platoon commander (who is responsible for ensuring that vehicles are properly maintained), and holds quarterly follow-up meetings with precinct PM coordinators so as to be kept informed of current PM schedules and issues. Pro-active PM scheduling by the Division will commence with the complete installation of MCMS. However, NYPD officials could not specify a completion date.

**Recommendation 2**

*Perform routine tire replacements at its own repair facilities.*

Status - Implemented

Agency Action - All Division repair shops are now equipped with tire mounting equipment. Whenever vehicles are in for service, the Division replaces defective/worn tires with new ones. Additionally, in an effort to ensure that officers can get new tires when the Division's maintenance facilities are closed, precincts are furnished with a supply of tires. Tires issued from precincts are recorded in a logbook and replenishment of precinct tires requires presentation of this logbook at the Division's tire warehouse. The Division also maintains supplies of mounted tires at various locations throughout the City for use in the event of a public disorder.

**Recommendation 3**

*Instruct the Tire Integrity Unit to track the status of all tires issued, and promptly follow up if it does not receive timely verification of installation.*

Status - Implemented

Agency Action - The Tire Integrity Unit now notifies the precinct when verification of tire installation is not received. Failure to comply after initial notification results in a follow-up call to the precinct. Further failure to comply results in a form letter being sent to the precinct commanding officer notifying him/her of the failure to comply. Additionally, a follow-up visit to delinquent commands is conducted as personnel scheduling permits.

**Recommendation 4**

*Instruct the Tire Integrity Unit to follow up on a sample of transactions from the backlog of tires whose installation has not been verified.*

Status - Not Implemented

Agency Action - NYPD believes this recommendation has merit but indicated that implementing it would strain the small staff of the Tire Integrity Unit while, at the same time, it is attempting to keep current with the verification of new tire installations. Another problem at this time, is the precincts' ability and willingness to free administrative personnel to do the work necessary to respond to the Tire Integrity Unit. As indicated in NYPD's response to Recommendation 3, its priority is now the ongoing verification of new tire installations.

**Recommendation 5**

*Carefully supervise the review of bid tabulation sheets and the notification of award process.*

Status - Implemented

Agency Action - The Patrol Service Bureau purchases tire repair services for each command. A February 2000 memo from the Chief of Patrol to all commands details the solicitation and command review process for bidding tire-repair services, and includes a Tire Repair Agreement to be signed by the vendor and NYPD.

**Recommendation 6**

*Ensure that all items are included in physical inventory counts as frequently as required by Motor Transport Division procedures.*

Status - Implemented

Agency Action - The MCMS discussed in the response to Recommendation 1 includes an advanced bar coding recognition module as part of the software updates. Physical inventories are conducted quarterly at all field repair facility stockrooms, and physical inventories are performed constantly at the Central Repair Shop Stockroom and Warehouse due to their size.

**Recommendation 7**

*Ensure that inventory levels do not exceed the maximum reorder points.*

Status - Implemented

Agency Action - MCMS sets and constantly readjusts the minimum/maximum stock level for each part in inventory. Minimum/maximum levels are established according to usage and lead time between order and receipt of parts. There may be times when parts exceed maximum levels, such as when outside shops return obsolete parts to the Central Repair Shop Stockroom or Warehouse or when, at the end of the fiscal year, NYPD orders sufficient stock until new purchase orders may be issued in the next fiscal year. The Division is piloting a new private vendor system (Parts Plus) which is designed to reduce on-hand inventory. Parts Plus will maintain an inventory of fast-moving parts in each repair facility's stockroom and will trigger delivery of slow moving or special order parts, as required. Parts Plus will credit obsolete parts to future NYPD purchases.

**Recommendation 8**

*Ensure that the Department of General Services is notified to accept obsolete inventory from the Motor Transport Division's Central Repair Shop.*

Status - Implemented

Agency Action - The Department of Citywide Administrative Services (formerly the Department of General Services) now accepts obsolete inventory from NYPD. Additionally, as cited in response to Recommendation 7, the Division is piloting Parts Plus which is designed to reduce on-hand inventory.

**Recommendation 9**

*Separate the functions of billings, receiving and recording warranty reimbursement checks at its Motor Transport Division.*

Status - Implemented

Agency Action - The three functions of billing, receiving and recording warranty reimbursement checks are no longer performed by one individual assigned to the Warranty and Technical Services Section. The Division's Fiscal Office, managed by a Supervisor, now performs the function of receiving and recording the warranty reimbursement checks.

The major contributor to this report was Walter Mendelson.

We would appreciate your response to this report within 30 days, indicating any actions planned or taken to address any unresolved matters discussed in this report. We also would like to thank NYPD management and staff for the courtesies and cooperation extended to our staff during this review.

Very truly yours,

William P. Challice  
Audit Director