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OIG Tips and Trends #2015-0001
January 2015



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Vehicle Leases – Unnecessary Additional Insurance Coverage Options Can Cost Taxpayers Thousands

Without clear policy guidance on insurance for vehicle leasing/rentals, local governments may be losing thousands of dollars in unnecessary additional coverage. Without written policies stating which options are necessary and authorized, government employees could opt for additional coverage knowing the government will pay for these costs. The result is wasted taxpayer dollars.

Case in point: During a recent OIG Investigation regarding the leasing of vehicles by a city employee, we found that in addition to costs directly associated with the leasing of vehicles, the employee also opted for **\$11,604.68** in additional insurance coverage options such as Damage Waivers, Roadside Assistance, Personal Accident Insurance, and Supplemental Liability Protection. While the City maintained a policy that included some levels of insurance coverage for employees leasing or renting vehicles, the City had no written policy addressing these expenditures by city employees, which resulted in unnecessary costs to taxpayers.

To ensure the best use of government dollars, the OIG recommends consideration of the following:

- Whether your current vehicle insurance policy extends to leased or rented vehicles. If so, what are the types of coverage and is it enough?
- Whether you have in place any written policies that address what, if any, additional coverage options employees can incur when leasing or renting vehicles?
- If you have written policies currently in place, whether employees are knowledgeable regarding those policies?

“Tips and Trends” highlights lessons learned from our projects, things to avoid, and best practices to consider.

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