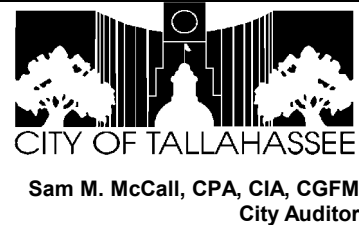


Final Audit

Follow up

As of March 31, 2001



“Audit of the Fleet Management Program”

(Report #9702, Issued July 2, 1998)

Report #0122

June 5, 2001

Summary

This is a final follow up report of our previous Audit of the Fleet Management Program (#9702), issued July 2, 1998. Public Works Management has submitted a Fleet Management Policy to the City Commission for action in June 2001. The policy together with administrative guidelines addresses most of the fleet management issues contained in Report #9702.

In that audit we identified several areas where management and administration of the City's fleet could be improved. Specifically, in the area of fleet management and administration, we recommended:

- revising of the Vehicle Use Policy,
- adhering to the vehicle replacement criteria,
- monitoring vehicle usage,
- reviewing the vehicle utilization criteria,
- controlling unauthorized additions to the fleet,
- reviewing the vehicle replacement criteria based on past experience,
- reassigning surplus vehicles,
- establishing performance measures for fleet management,
- establishing accurate mileage records in the fleet management system (FASTER), and
- using information from FASTER to manage the City's fleet.

The new Fleet Management Policy and administrative guidelines address each of

these issues. The policy assigns certain responsibilities to department directors, Director of Public Works, superintendent of Fleet Management, Director of Department of Management and Administration, Assistant City Managers, and the City Manager.

We also addressed the implementation of recommendations contained in the Fleet Reserve Fund Review, the concept of vehicle pools by location and type, and the need to increase the frequency of the sale of surplus vehicles. Budget & Policy has completed tasks to implement the Fleet Reserve Fund Review and new fleet reserve rates.

Public Works conducted a survey of departments to determine if backhoes could be centralized and placed in a pool. Fourteen divisions with 48 backhoes were surveyed, eight divisions responded with usage logs on 16 backhoes (33%). Based on these limited responses, Public Works determined that vehicle pools would not be effective and deleted these tasks.

Scope, Objectives, and Methodology

Report #9702

The scope of report #9702 was to determine the efficiency and effectiveness of the City's Fleet Management Program. The primary objectives of the audit were to determine if:

- the City Commission's Vehicle Use Policy is being followed to minimize the number of vehicles in the fleet,
- the Fleet Division replacement policy for vehicles is followed and provides for the efficient and effective use of resources, and
- administrative responsibility for managing the City's fleet of vehicles is appropriate for

achieving the effective and efficient use of the City's resources.

Report #0122

This follow up report focuses on action steps taken by Budget & Policy, Procurement Services, Public Works, and the Fleet Management Division. Public Works has submitted a draft Fleet Management Policy for City Commission approval in June 2001. Included with the policy are administrative guidelines for implementation.

Background

In Report #9702, we identified that the City's fleet of vehicles, excluding Taltran, consisted of 1,776 vehicles that cost over \$56 million and had a replacement value of over \$89 million. From FY94 through FY98 over \$28.5 million had been appropriated for vehicle replacement.

Previous Conditions and Current Status

In Report #9702, we identified two main areas in the management and administration of the City's fleet: vehicle replacement and vehicle utilization.

The majority of tasks have been completed by the departments. Public Works has prepared a draft Fleet Management Policy that addresses almost all of the action plan steps left for completion. The draft policy is scheduled for submission to the City Commission in June 2001. Fleet Management still has some tasks due as outlined below.

Table 1 shows the conditions in the audit and the current status.

**Table 1
Conditions Identified in Report #9702 and Current Status**

Previous Conditions	Current Status
Vehicle Replacement Issues	
<p>Public Works Management</p> <ul style="list-style-type: none"> • Revise vehicle replacement criteria based on a review of vehicle maintenance costs, mileage, and age by type of vehicle. 	<ul style="list-style-type: none"> ✓ Originally scheduled for October 1998, the revised Fleet Management Policy is scheduled to be presented to the City Commission in June 2001.
<ul style="list-style-type: none"> • Assign responsibility and authority to monitor vehicle mileage and age to ensure adherence to the vehicle replacement criteria. 	<ul style="list-style-type: none"> ✓ The draft Fleet Management Policy assigns this responsibility to department directors.
<p>Fleet Management</p> <ul style="list-style-type: none"> • Review vehicles that have not been replaced to determine if the replacement criteria should be changed or if these vehicles need to be replaced. 	<ul style="list-style-type: none"> ✓ Fleet Management considers age, accrued miles, service history and current condition. A 1994 survey for Los Angeles County shows our replacement criteria is well within the average of vehicle replacement criteria.
<ul style="list-style-type: none"> • Review and update FASTER for revised replacement dates and new reserve rates based on the extended life of several vehicles. 	<ul style="list-style-type: none"> ✓ Each vehicle was reviewed and new replacement dates were established.

Vehicle Utilization Issues	
<p>Assistant City Managers (ACM)</p> <ul style="list-style-type: none"> • Adopt Fleet Management performance criteria for annual evaluation of department directors. 	<ul style="list-style-type: none"> ✓ Evaluation will be based on percent of vehicles missing scheduled preventative maintenance and percent of vehicles not meeting minimum utilization criteria.
<p>Public Works Management</p> <ul style="list-style-type: none"> • Revise the City's Vehicle Use Policy 	<ul style="list-style-type: none"> ✓ A draft Fleet Management Policy is scheduled to be submitted to the City Commission in June 2001.
<ul style="list-style-type: none"> • Establish criteria for the assignment of take-home vehicles. 	<ul style="list-style-type: none"> ✓ The draft Fleet Management Policy outlines criteria for take-home vehicles and places responsibility with department directors.
<ul style="list-style-type: none"> • Assign responsibility and authority for reissuing vehicles that are scheduled for replacement. 	<ul style="list-style-type: none"> ✓ The draft Fleet Management Policy assigns the Fleet Management supervisor the responsibility to recommend reissue of surplus vehicles with approval by the ACMs.
<ul style="list-style-type: none"> • Develop methodology for reassignment of vehicles driven consistently less than the number of miles per month as established in Vehicle Use Policy. 	<ul style="list-style-type: none"> ✓ The draft Fleet Management Policy assigns this to department directors.
<ul style="list-style-type: none"> • Develop performance measures to assess the efficiency and effectiveness of the Fleet Management Program. 	<ul style="list-style-type: none"> ✓ Public Works has developed performance measures that assess the age and number of vehicles in the fleet and the effectiveness of the Fleet Management division in providing services.
<ul style="list-style-type: none"> • Establish procedures to ensure compliance with the Vehicle Use Policy. 	<ul style="list-style-type: none"> ✓ The draft Fleet Management Policy assigns this responsibility to department directors.
<ul style="list-style-type: none"> • Evaluate pilot project for heavy equipment vehicle pool by location. 	<ul style="list-style-type: none"> ◇ Originally scheduled for March 2000, Public Works has deleted this item based on information collected for backhoes in February 2001.
<p>Fleet Management</p> <ul style="list-style-type: none"> • Prepare annual exception report on those vehicles within their area that are driven an average of less than the established miles per month outlined in the Vehicle Use Policy. 	<ul style="list-style-type: none"> ✓ Fleet operations prepared a report for each ACM and each department director in September 1999.
<ul style="list-style-type: none"> • Develop pilot project for vehicle pool by location. 	<ul style="list-style-type: none"> ◇ Originally scheduled for December 1998, Public Works deleted this task in March 2001.
<ul style="list-style-type: none"> • Operate and conduct pilot project for vehicle pool by location. 	<ul style="list-style-type: none"> ◇ Originally scheduled for January 2000, Public Works deleted this task in March 2001.
<ul style="list-style-type: none"> • Add information to FASTER to improve the effectiveness of utilization reports. 	<ul style="list-style-type: none"> ◇ Originally scheduled for December 1998, this task was deleted since the data was outdated.
<ul style="list-style-type: none"> • Develop procedure to ensure accurate mileage data for utilization monitoring purposes. 	<ul style="list-style-type: none"> ✓ A new mechanism on the fuel pumps reads the odometer, providing accurate mileage when filling the gas tank.

<ul style="list-style-type: none"> • Develop reports for departments and ACMs to assess the efficiency and effectiveness of the City's Fleet Management Program. 	<ul style="list-style-type: none"> x At this time, the task has not been resolved and will no longer be monitored by the Office of the City Auditor. Originally scheduled for December 1998, semi-annual reports are to begin in June 2001.
<ul style="list-style-type: none"> • Provide reports to departments and ACMs on the efficiency and effectiveness of the City's fleet. 	<ul style="list-style-type: none"> x At this time, the task has not been resolved and will no longer be monitored by the Office of the City Auditor. Originally scheduled for March 1999, semi-annual reports are to begin in June 2001.
<p>Procurement Services</p> <ul style="list-style-type: none"> • Establish goals for the Internet Surplus Sales Program. 	<ul style="list-style-type: none"> ✓ Goals were established in October 1999, and four sales of surplus items have taken place.
<ul style="list-style-type: none"> • Develop, implement, and evaluate an Internet Surplus Vehicle Sales Program to optimize sales revenue. 	<ul style="list-style-type: none"> ✓ These tasks have been deleted by DMA. It was determined that selling surplus vehicles on the Internet would negatively impact the annual auction and reduce the ability to dispose of less desirable items at auction.
<p>Departments</p> <ul style="list-style-type: none"> • Review vehicles that do not currently meet the utilization criteria of 600 miles per month and reassign/eliminate as appropriate. 	<ul style="list-style-type: none"> ✓ Fleet operations provided listing of vehicles by department to directors.

Table Legend:

- Issue addressed in the original audit
- ⇒ Issue sub-components

- ◇ Item deleted by Management
- ✓ Issue addressed and resolved
- x Issue not resolved

Significant Outstanding Issues

As noted above, the majority of issues will be addressed by the adoption of the Fleet Management Policy by the City Commission. The issuance of management reports on the effectiveness and efficiency of the fleet is the only remaining issue outstanding. We have been informed that semi-annual reports are to begin in June 2001.

We appreciate the cooperation of the Department of Management and Administration, Public Works management and Fleet Management Division for the assistance provided in this Audit Follow Up.

Appointed Official Response

City Manager Response: Public Works concurs with the preliminary draft report issued May 25, 2001. The draft report indicates that the recommended changes to the management and administration of the City's fleet have been implemented or determined to be not applicable with the exception of management reports. Fleet Division staff has finalized report formats and are working with ISS to insure the integrity of the data being transferred into these reports. It is anticipated that this issue is resolved by issuance of the June reports. Additionally, full implementation of the recommended changes will occur with Commission approval on the revised Vehicle Management Policy. The revised policy is scheduled for presentation to the City Commission in June.

Copies of this Final Audit Follow Up or audit report #9702 may be obtained via request by telephone (850 / 891-8397), by FAX (850 / 891-0912), by mail or in person (City Auditor, 300 S. Adams Street, Mail Box A-22, Tallahassee, FL 32301-1731), or by e-mail (dooleym@talgov.com).

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