

Audit

Follow up

As of September 30, 2000



CITY OF TALLAHASSEE

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“Audit of the Fleet Management Program”

(Report #9702, Issued July 2, 1998)

Report #0115

February 1, 2001

Summary

Public Works Management has prepared a draft Fleet Management Policy for submission to the City Commission in February 2001. The draft policy and draft administrative guidelines for fleet management addresses the issues in our previous Audit of the Fleet Management Program (#9702), issued July 2, 1998.

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 proposed Fleet Management Policy and administrative guidelines address each of these issues. This draft policy was scheduled for

implementation in October 2000, but is now scheduled for implementation in February 2001. The draft 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. Subsequent to this reporting period, Public Works Management completed three of the nine tasks assigned.

We also addressed the implementation of recommendations contained in the Fleet Reserve Fund Review 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. Procurement Services has begun the Internet Surplus Sales Program. Fleet Management has completed half of the tasks assigned.

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 #0115

This follow up report focuses on action steps taken by Budget & Policy, Procurement Services, Public Works, and the Fleet Management Division. Public Works management and Fleet management indicated that a draft Fleet Management Policy was presented to the E-Team in July 2000 and submitted to the L-Team in November 2000. Public Works management indicates that the policy will be submitted to the City Commission in February 2001.

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 February 2001. Fleet Management still has several 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. 	<p>Originally scheduled for October 1998, the revised Fleet Management Policy is scheduled to be presented to the City Commission in February 2001.</p>
<ul style="list-style-type: none"> Assign responsibility and authority to monitor vehicle mileage and age to ensure adherence to the vehicle replacement criteria. 	<p>The draft Fleet Management Policy assigns this responsibility to department directors.</p>
<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. 	<p>✓ Fleet operations consider 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.</p>
<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. 	<p>✓ Each vehicle was reviewed and new replacement dates were established.</p>

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. 	<p>X Originally scheduled for October 1998, revised date for completion is February 2001. Evaluation will be based on percent of vehicles missing scheduled preventative maintenance and percent of vehicles not meeting minimum utilization criteria.</p>
<p>Public Works Management</p> <ul style="list-style-type: none"> Revise the City's Vehicle Use Policy 	<p>A draft Fleet Management Policy is scheduled to be submitted to the City Commission in February 2001.</p>
<ul style="list-style-type: none"> Establish criteria for the assignment of take-home vehicles. 	<p>The draft Fleet Management Policy outlines criteria for take-home vehicles and places responsibility with department directors.</p>
<ul style="list-style-type: none"> Assign responsibility and authority for reissuing vehicles that are scheduled for replacement. 	<p>The draft Fleet Management Policy assigns the Fleet Management supervisor with the responsibility to recommend reissue of surplus vehicles with approval by the ACM's.</p>
<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. 	<p>The draft Fleet Management Policy assigns this to department directors.</p>
<ul style="list-style-type: none"> Develop performance measures to assess the efficiency and effectiveness of the Fleet Management Program. 	<p>Originally scheduled for September 1998, performance measures were developed in November 2000, subsequent to this report period.</p>
<ul style="list-style-type: none"> Establish procedures to ensure compliance with the Vehicle Use Policy. 	<p>The draft Fleet Management Policy assigns this responsibility to department directors.</p>
<ul style="list-style-type: none"> Evaluate pilot project for vehicle pool by location. 	<p>X Originally scheduled for March 2000, revised date for completion is March 2001.</p>
<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. 	<p>✓ Fleet operations prepared report for each ACM and each department director in September 1999.</p>
<ul style="list-style-type: none"> Develop pilot project for vehicle pool by location. 	<p>X Originally scheduled for December 1998, revised date for completion is February 2001.</p>
<ul style="list-style-type: none"> Operate and conduct pilot project for vehicle pool by location. 	<p>X Originally scheduled for January 2000, revised date for completion is February 2001.</p>
<ul style="list-style-type: none"> Add information to FASTER to improve the effectiveness of utilization reports. 	<p>X Originally scheduled for December 1998, revised date for completion is December 2000.</p>
<ul style="list-style-type: none"> Develop procedure to ensure accurate mileage data for utilization monitoring purposes. 	<p>✓ A new mechanism on the fuel pumps reads the odometer, providing accurate mileage when filling the gas tank.</p>
<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. 	<p>X Originally scheduled for December 1998, revised date for completion is December 2000.</p>

<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"> ✗ Originally scheduled for March 1999, revised date for completion is December 2000.
<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

- ✓ Issue addressed and resolved
- ✗ Issue not resolved

Significant Outstanding Issues

As noted above, a significant number of issues have now been postponed until December 2000 and February 2001, two years after issuance of the original audit.

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: Subsequent to the end of this reporting period (September 30, 2000), Public Works Administration has finalized its revisions to the vehicle policy based on input from the E Team and comments from departments. Two documents have been prepared, the proposed Fleet Management Policy and the Fleet Management Administrative Guidelines, that address each of the nine issues outlined in the Audit. Pending review by the E Team, the proposed Fleet Management Policy is scheduled to be presented to the City

Commission in February 2001. Additionally, with the completion of installation on new modules to FASTER last month, Fleet Management will be able to produce improved utilization and billing reports.

Centralized equipment pools for backhoes and dump trucks may not be practical. The potential cost savings by decreasing the size of the fleet and by more effective planning of work activities may be more than offset by the reduced ability to respond to emergencies, the increased cost associated with establishing and operating a centralized marshaling facility, and the potential increased maintenance costs associated with the reduced lack of ownership by operators. Based on a survey that will be conducted in February 2001, a recommendation will be made on this issue. Regarding the sale of surplus vehicles via an Internet Sales Program, it has been determined that removal of vehicles from the annual auction would negatively impact the ability to generate interest at this event, which in turn would make it difficult to dispose of less desirable items that would not have national interest. DMA will continue to review this direction and explore other options for equipment disposal.

Copies of this 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@mail.ci.tlh.fl.us).

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