

Fleet Services Performance Review Report



Audit Fieldwork Start Date

September 30, 2019



Audit Target Completion

February 28, 2020

Table of Contents

Purpose, Background and Scope	3
Results.....	5
Issue Summary	6
Annual sample vehicle inventory.....	7
Segregation of duties relating to the fuel process	8
Reconciliation of Fuel.....	10
Policy and Procedures.....	11
Reconciliation of Auto Parts	13
User Access Rights to AssetWorks	15
AssetWorks data accuracy	16

Purpose, Background and Scope

Purpose

Performance audits are defined as engagements that provide assurance or conclusions based on an evaluation of sufficient, appropriate evidence against stated criteria, such as specific performance requirements, measures, or defined business practices. Performance audits provide objective analysis so management and those charged with governance and oversight can use the information to improve performance and operations, reduce costs, facilitate decision making by parties with responsibility to oversee or initiate corrective action, and contribute to public accountability. The purpose of this report is to communicate our analysis, findings, and recommendations based on our review of the Fleet Services Department.

Background

Fleet Services provides reliable and cost-effective services that include:

- Preventative maintenance
- Major and minor repair services
- Tire repair / replacement
- Service calls
- Welding/fabrication
- Fueling
- Warranty recalls
- New vehicle preparation
- Vehicle disposal preparation to user departments

The department manages and maintains a fleet of over 1,400 vehicles/equipment. The fleet is serviced and maintained by a team of 39 employees in a variety of positions. In addition, the department is responsible for the acquisition of new vehicles/equipment, preparing specifications, and ensuring compliance with local, state, and federally mandated regulations.

Scope

OOPA assessed Fleet Services Department processes for vehicle replacement, vehicle inventory, system data in AssetWorks, vehicle repair and maintenance, fuel consumption and inventory of parts. To accomplish the review, the following was completed:

- Interviewed
 - Rafael Vega, Fleet Service Director
 - David Maxwell, Chief Financial Officer
 - Melissa Carter, Chief Budget Officer
 - Craig Mazzara, Shop Superintendent
 - Ervin Williams, Assistant Fleet Director
 - Kevin Hicks, Vehicle Coordinator & Shop 3
 - Rondrico Deloach, Lead Mechanic (Shop 1)
 - Carolyn Williams, Management Analyst
 - Mary Morrell, Accounting Technician
 - Andrew Shuman, Inventory Coordinator
 - Renee Turner, Storekeeper

- Reviewed
 - Policies/Procedures including:
 - SOP-Vehicle and Equipment Replacement
 - SOP-Fleet Services Shop Operations
 - SOP-Parts Warehouse
 - Access rights to AssetWorks

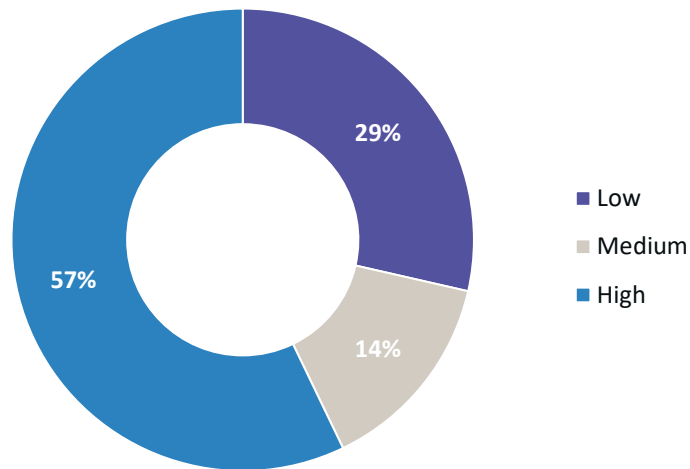
- Observed/Tested
 - Annual parts warehouse inventory
 - Data in AssetWorks for consistency

Results

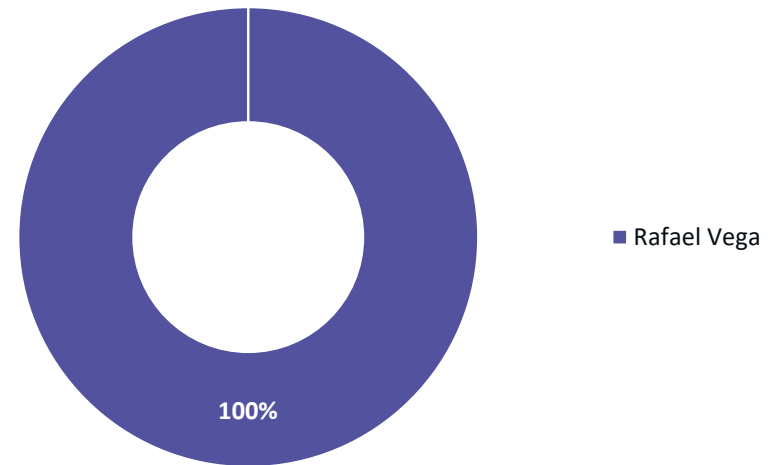
Overall Assurance

Conclusion/Rating

Issue by Severity



Issue by Owner



Conclusion/Rating Description

This review of Fleet Services (FS), contained issues from high to low, with majority of the issues being high. The final rating for this report is a Significant Deficiency (SD). The reconciliation and lack of updated SOP's was enough to make this an SD.

Issue Summary

Risk/Issue	Owner	Severity	Remediation Deadline
Annual sample vehicle inventory	Rafael Vega	High	November 30, 2020
Segregation of duties relating to the fuel process	Rafael Vega	High	May 31, 2020
Reconciliation of Fuel	Rafael Vega	High	June 30, 2020
Policy and Procedures	Rafael Vega	High	December 31, 2020
Reconciliation of Auto Parts	Rafael Vega	Medium	May 31, 2020
User Access Rights to AssetWorks	Rafael Vega	Low	March 13, 2020
AssetWorks data accuracy	Rafael Vega	Low	March 13, 2020

Annual sample vehicle inventory

Objective: Vehicle Inventory

Owner: Rafael Vega

Issue Information

Overall Status

Open

Severity

High

Escalation Level

Date Identified

December 5, 2019

Remediation Deadline

November 30, 2020

Remediation Status

Open

Description

Annual sample inventory procedures do not exist. A sample vehicle inventory count is needed to satisfy the existence assertion.

Risk/Impact

Without having a baseline, a reconciliation is not possible.

Recommendation

Perform a complete Inventory. This will set the baseline for future sample inventories. Communicate to the departments a week in the future for the inventory to take place. Either Outsource or perform internally.

Remediation Plan

Fleet Services will hold three sample inventory clinics. Department will bring vehicle or equipment to the Sallie Mood Drive location. FS will set up drive thru stations where staff will verify inventory against information stored in AssetWorks. Tentative dates, June, September and November.

Segregation of duties relating to the fuel process

Objective: Fuel Process

Owner: Rafael Vega

Issue Information

Overall Status

Open

Severity

High

Escalation Level

TBD

Date Identified

January 28, 2020

Remediation Deadline

May 31, 2020

Remediation Status

Open

Description

The fuel process is handled by one individual, Ms. Mary.

She is responsible for the following duties:

- Observing fuel levels and makes purchases as necessary
- maintains the receiving records for the deliveries of the purchased fuel
- uploads data into AssetWorks
- issuance of Fuel Fobs (no controls in place) (Accountability and monitoring is non-existent)
- provides information for journal entries to finance.

Based on interviews, she is the main staff responsible for these duties and her duties are not verified or checked by other staff.

The lack of segregation of duties and verification exist for the overall handling of fuel.

Risk/Impact

The result from the lack of monitoring or verification of the fuel process can lead to the following:

- Misuse and abuse of fuel by staff
- Unreliable data relating to fuel purchasing, receiving, and reporting
- the overall lack of control over Fuel Fobs is a moderate risk for the abuse of fuel also

Recommendation	Remediation Plan
<p>Ensure other staff are involved in the fuel process to reduce potential risks</p>	<p>Fleet Services Administrative staff is currently reviewing the fuel processes. This review includes the step by step process of how the fuel system is reported. Upon completion of this exercise, Fleet Services Administrative staff will determine which additional staff will be involved in the validation process of the monthly fuel report. This review will be completed by May 31, 2020.</p>

Reconciliation of Fuel

Objective: Fuel Process

Owner: Rafael Vega

Issue Information

Overall Status

Open

Severity

High

Escalation Level

TBD

Date Identified

January 29, 2020

Remediation Deadline

June 30, 2020

Remediation Status

Open

Description

Per the Finance Department, reconciliation of the Fuel Inventory was performed by the "Internal Audit" Department in the past. Since the City's Re-Org, this procedure has not been completed. (Since 2017).

Risk/Impact

The following are potential risks that will result in the lack of a reconciliation:

- Misleading/misstated amounts in general ledger and financial statements
- abuse/misuse of fuel resulting in loss
- Tracking of fuel deliveries, purchases, and amounts may contain variances and will go undetected resulting in loss

Recommendation

Contact Finance to perform a Reconciliation of fuel.

Remediation Plan

FS will contact Finance to perform a Reconciliation of fuel by June 30, 2020.

Policy and Procedures

Objective: Policies and Procedures/SOP's

Owner: Rafael Vega

Issue Information

Overall Status

Open

Severity

High

Escalation Level

TBD

Date Identified

December 17, 2019

Remediation Deadline

October 31, 2020

Remediation Status

Open

Description

In each process area, policies and procedures were reviewed. The current AssetWorks software version was installed March 2019. Procedures have not been updated for the current software version. In addition, key management positions in the department have recently been filled; policies and procedures need to reflect their expectations.

1. Vehicle Acquisition SOP was last revised in April 2015.
2. Fleet data in AssetWorks-written procedures did not reference the current version of AssetWorks.
3. Vehicle repair and maintenance-reviewed written procedures were more than three years old.
4. Monitoring fuel consumption-no written procedures existed.
5. Accountability of auto parts-the SOP parts manual had a revision date of April 2015.

Workpapers are in each section.

Risk/Impact

Lack of policies and procedures can limit the City's ability to reach its goals.

Recommendation

Review and update all policies and add new policies if missing.

Remediation Plan

Fleet Services is currently working with the office of Organization Performance and Accountability, in addition, the department is researching a consultant firms that can provide services to include review of the administrative and operating services and procedures. Once the consultants make recommendations Fleet Services will update policies and procedures, shop and administrative operations by October 31, 2020.

Reconciliation of Auto Parts

Objective: Auto Parts

Owner: Rafael Vega

Issue Information

Overall Status

Open

Severity

Medium

Escalation Level

TBD

Date Identified

January 29, 2020

Remediation Deadline

May 31, 2020

Remediation Status

Open

Description

Per the Finance Department, reconciliation of the Auto Parts Inventory was performed by the "Internal Audit" Department in the past. Since the City's Re-Org, this procedure has not been completed. (Since 2017).

An "in-house" inventory count of parts was performed in December 2019 and any variances would be adjusted in system to reflect the count. In the past, an "outside agency" would perform this annual inventory count.

Risk/Impact

The following are potential risks that will result in the lack of a reconciliation:

- Misleading/misstated amounts in general ledger and financial statements
- abuse/misuse of auto parts resulting in loss
- tracking of deliveries, purchases, and amounts may contain variances and will go undetected resulting in loss

Recommendation

Contact Finance to perform a Reconciliation of auto parts.

Remediation Plan

Fleet Services Administrative staff are currently reviewing the auto parts acquisition and inventory processes. This review includes a step by step process of how parts are counted and ordered. Upon completion of this exercise, Fleet Services Administrative staff will contact Finance to perform a Reconciliation of auto parts. This review will be completed by May 31, 2020

User Access Rights to AssetWorks

Objective: Fleet Data - AssetWorks

Owner: Rafael Vega

Issue Information

Overall Status

Closed

Severity

Low

Escalation Level

N/A

Date Identified

December 5, 2019

Remediation Deadline

March 13, 2020

Remediation Status

Completed

Description

Users should be assigned to user groups based on their duties. As users become inactive, their access to AssetWorks should be disabled.

Downloaded a list of all active status users and group assignments. Rafael had determined all active users are assigned to the correct group. Some active status users were no longer City employees. Rafael assigned responsibility to review active users.

Risk/Impact

User Access is a critical control, without it, it can cripple an organization.

Recommendation

Review active AssetWorks users to determine if their access to AssetWorks should be disabled.

Remediation Plan

All users have been assigned to the correct user group. Users' rights have been revised. City employees no longer employed have been disabled. Periodic system check will be implemented by the Administrator, this task was completed March 13, 2020.

AssetWorks data accuracy

Objective: Fleet Data - AssetWorks

Owner: Rafael Vega

Issue Information

Overall Status

Closed

Severity

Low

Escalation Level

N/A

Date Identified

December 10, 2019

Remediation Deadline

March 13, 2020

Remediation Status

Completed

Description

Downloaded data from the AssetWorks system. Analyzed data for inconsistencies. Found: 1. Unit 2827-PM Program Class is listed as PM-5M6K, other similar trucks are assigned PM-6M5K. 2. Unit 2512 -listed as Model ID F150, but in equipment description as 2012 F-250 Pick Up and is listed in PM Program Class PM-6M6K, the only vehicle in that class.

Risk/Impact

Without Data Integrity, you will not retain accurate data

Recommendation

Make corrections to the identified units and review current data for other inconsistencies.

Remediation Plan

Both units, 2827 and 2512 discrepancies have been corrected. Fleet services is constantly looking for data discrepancies since the input is manually done and there is room for errors. Corrections are done as soon as they have been identified. To remediate errors, periodical check will be implemented. Having the inventory clinic will reduce errors in the system. This task was completed March 13, 2020.

