Internal Audit Report
Fleet Management
Operational Review

Contents

Auditor's Opinion

May 13, 2019

Internal Audit has completed the Fleet Management Operational Review. We conducted this engagement as part of our 2018 Annual Audit Plan.

To fulfill our engagement objectives, Internal Audit:
- Reviewed existing Fleet policies and industry best practices;
- Interviewed Fleet staff regarding key processes;
- Mapped key processes and evaluated the internal control environment; Internal controls consist of all the measures taken by management to:
  - Protect its resources against accidental loss, waste, fraud, and inefficiency;
  - Ensure the completeness, accuracy, timeliness, and reliability of accounting and operating data
  - Ensure compliance with federal, state, and local laws; regulations; and internal policies and procedures;
  - Promote efficient and effective operations; and,
  - Monitor the achievement of management's goals and objectives.
- Identified and evaluated risks; and,
- Performed the fieldwork steps necessary to gather sufficient evidence upon which to base our conclusions related to the engagement objectives.

Objective 1: Ascertain the existence and effectiveness of internal controls
It is our opinion, based upon the results of our audit procedures, that significant control weaknesses exist. Internal controls are either missing or ineffective.

Objective 2: Determine compliance with established policies and procedures
Due to the lack of documented policies and procedures, we could not determine a degree of compliance.

Objective 3: Evaluate the efficiency and effectiveness of the citywide fleet processes
It is our opinion, based upon the results of our audit procedures, that there are inefficient and ineffective processes.

We would like to acknowledge the efforts of the Heavy Supervisor Brad Inhulsen to proactively identify and address overdue assets and the Fire/Parts Supervisor Troy Garton to proactively identify and address concerns with Fire service times and the parts processes. We have detailed our issues and recommendations in the previously issued Milestone and Fieldwork reports.

Wayne C. Sommer, CPA, CGMA
Internal Audit Manager

Audit Profile
Audit Team
Wayne Sommer, CPA, CGMA – Internal Audit Manager
Michelle Crawford, M.Acct., CIA, CFE – Lead Auditor

Background
Fleet Management is responsible for the acquisition and disposal, repair and maintenance of the City's vehicle and equipment assets and the fuel that powers them. The Fleet Maintenance staff maintains over 2,500 pieces of City-owned vehicles and equipment, ranging from small grounds maintenance equipment to fire apparatus. The condition and availability of fleet assets is critical to maintaining public safety and discharging City services. In addition, the City fuels its vehicle and apparatus fleet through City-owned fuel pumps and City-provided fuel cards used at local gas stations.

Fleet uses FASTER, a Fleet management software. The software tracks fuel usage, work orders for Fleet services (maintenance, other services), parts inventory management, and asset management.

During 2017, fleet completed 9,873 work orders and performed 4,720 preventative maintenance services. Fleet spent $1,991,574 in fuel and $2,537,822 in parts.

Scope
January 1, 2017 through April 30, 2018

Milestone Reports   Issued Date
Milestone 1 Entrance Conference Memo   May 18, 2018
Milestone 2 Client Evaluation   August 28, 2018
Milestone 3 Process Controls and Efficiency   February 21, 2019
Milestone 4 Risks   March 15, 2019
Milestone 5 Revised Engagement Letter (if issued)   March 15, 2019
Fieldwork   May 13, 2019

August 28, 2018

BACKGROUND

In Milestone 2, we seek to gain a deeper understanding of the client's operating environment and client issues that may affect the engagement objectives and that may influence subsequent engagement procedures. We accomplish this by reviewing policies and procedures, performance measures, statistics, and administering culture and customer service surveys.

PROCEDURES	CONCLUSIONS
• Review policies and procedures	• Fleet policies and procedures do not address relevant topics such as utilization, inventory, driver training and behavior, sustainability, etc. See **ISS. 1** below. • The Fleet parts room leave policies include sections that may not be legally defensible by the City. See **ISS. 2** below. • Fleet procedures do not include backup procedures for the Phoenix software used to export bulk fuel transaction data. See **ISS. 3** below.
• Review performance measures	• Performance measures in place measure Fleet's service operations uptime and downtime. The measures do not address all of Fleets operations such as the parts department, accounting, etc. Fleet is currently reviewing their performance measures. We will evaluate any new performance measures adopted during this engagement.

• Issue culture survey	• The survey results point to an overall positive culture within Fleet. We believe there are areas where Fleet has an opportunity to improve the positive environment.
	   o <u>Leadership</u>: While overall leadership results were positive, there were subsets that replied that they were not very comfortable talking to their supervisors about job-related issues and that management was seldom receptive to their ideas.
	   o <u>Teamwork</u>: Fleet staff perceives high degrees of cooperation across their department and with other departments; there was a lower perception of cooperation within the divisions.
	   o <u>Communication</u>: Effective communication is critical to a team's success.
	Overall staff communication perceptions were positive; however, there were differing

	perceptions related to the direction of communications (nearly one quarter perceiving that most communications were downward) and that superiors did not always understand the problems staff face. Ensuring that communication occurs up, down, and sideways increases everyone's knowledge and improves decision-making. By taking an active interest in staff, management may uncover important issues and improve staff's perception of management. o Decision-making: By increasing staff involvement in and transparency around where and how decisions are made, staff may feel more involved and take greater ownership over work-related decisions. Management can benefit from staff's experience and their understanding that comes from being closest to the customer. o Goals: Reviewing how goals are currently set and ensuring that staff is involved in the process can increase staff's participation and buy-in. o Control: A noticeable subset perceives that performance data is used for policing and punishing staff.
• Issue customer service survey	The customer survey results show 93% of Fleet's customers surveyed are satisfied with the quality of services, concern for their needs, and scheduling for preventative maintenance. Customers perceive Fleet to demonstrate high levels of integrity and respect. We believe there are some areas where Fleet has the opportunity to improve its operations to improve customer satisfaction including scheduling repairs, delivering equipment/vehicles when promised, improving the length of time to complete services, communicating throughout the process, explaining services, advising of future preventative maintenance needs, and completing repairs correctly the first time. Some customers perceive Fleet to demonstrate lower levels of customer service and professionalism. This represents an opportunity for Fleet to focus on these two areas of Core 4 with their staff.

Wayne C. Sommer, CPA, CGMA
Internal Audit Manager

ISS.1 Policies and procedures

Fleet does not have complete and formal policies and procedures that are centrally located for staff reference. Fleet policy and procedures do not address relevant topics such as vehicle and equipment utilization, parts and vehicle inventory, driver training and behavior, sustainability, etc. Current policies and procedures are a combination of Administrative Policy Memorandums, internal policies, and internal process documentation. By providing formal policies and procedures, Fleet allows everyone to be on the same page and focus on achieving the department's objectives in a consistent and effective manner.

A 'Policy' is a direct link between an organization's 'Vision' and their day-to-day operations. Policies identify the key activities and provide a general strategy to decision-makers on how to handle issues as they arise. This is accomplished by providing the reader with limits and a choice of alternatives that can be used to 'guide' their decision-making process as they attempt to overcome problems. The ultimate goal of every 'Procedure' is to provide the reader with a clear and easily understood plan of action required to carry out or implement a policy. A well-written procedure will also help eliminate common misunderstandings by identifying job responsibilities and establishing boundaries for the jobholders. Good procedures actually allow managers to control events in advance and prevent the organization (and employees) from making costly mistakes.[1]

Recommendation

Fleet updates policies and procedures to include all of Fleet operations, such as inventory management, and to address citywide Fleet topics such as ride share. Centrally store Fleet policies.

Management Response

Fleet will review create policies regarding:
- Vehicle/equipment utilization
- Vehicle/equipment and parts inventory
- Look into driver training
- Centralize policies on Fleet "G" Drive and wherever else deemed necessary.

Estimated Implementation Date: December 31, 2019
Issue Owner: Mark Hinterreiter
Issue Final Approver: Janice Napper

ISS.2 Parts room leave policies

The Parts Room leave policy includes wording that may not be legally defensible. One of the sections includes, "*Once the employee receives verbal approval from the Operations Supervisor or the Fleet Manager, the employee is required to notify by e-mail the other Parts staff members and the Operations Supervisor. The person requesting leave must request leave using the on-line leave request form within 48 hours. If this is not done within the 48 hour (work hours) time frame the request from the employee will be*

---

[1] http://www.pcg-services.com/are-your-policies-and-procedures-a-barrier-to-growing-your-company/

considered invalid." A policy that includes potentially indefensible language may result in financial liability from lawsuits.

Human Resources in conjunction with the City Attorney's Office should review Employee related policies prior to implementation to ensure they comply with related laws, rules and regulations.

Recommendation
Work with Human Resources to review the parts room leave policies to ensure they are appropriate and compliant.

Management Response
Fleet will work with HR in rewriting coverage requirements.

Estimated Implementation Date: December 31, 2019
Issue Owner: Mark Hinterreiter
Issue Final Approver: Janice Napper

ISS.3 Phoenix software backup procedures
The vendor software Phoenix pulls transactional data from the bulk fuel pumps. The software is not on the City network; it resides on a stand-alone computer at Fleet. No software backups exist and in December 2017 all user data was lost and Fleet had to reenter the data. IT verified that no Phoenix software backups exist. The Phoenix software includes users names, which could be classified as private data. Lost data can create additional work for staff reentering the data or, in the worst-case situation, result in an irretrievable loss of data.

An ISACA (Information Systems Audit and Control Association) article "What Every IT Auditor Should Know About Backup and Recovery" includes the following as best practice for data backups.

> *"Management should provide for a means to back up relevant data on a regular basis. The principle for regular data backups is to back up data daily. That backup could be to media (e.g., tape or external hard drive), or it could be to a remote location via the cloud (i.e., the Internet). If an enterprise is backing up to media, the aforementioned principle recommends that backups be conducted to a different media for end-of-week and end-of-month backups (this daily, weekly and monthly set of backups is known as "grandfather-father-son").*

> *The next concern is whether the backup process is reliable. Therefore, upon using a new backup methodology or technology, management should provide a means to test the data afterward to ensure that the process is actually recording all of the data onto the target backup device. Another concern is where the backup is stored. If it is stored onsite and if the entity suffers a pandemic event such as a fire, the event would destroy the operational data and the backup data. Thus, the backup principle for storage is to provide a location that is at a safe distance from the entity's location. The cloud automatically provides this element.*

Additionally, management should provide a test for restoring the backup at least once a year. That test should be documented, even if it is just a screenshot showing the data restored."

Recommendation
Fleet immediately works with IT to evaluate methods to backup the Phoenix software data in a method that conforms to best practices.

Management Response
Fleet will open up a help desk request with IT to partner for a solution. It would a benefit if the phoenix computer was on the city network so reports could be run. (i.e. unused driver ID numbers and cross check vehicles sent to auction.)

Status: *Implemented 10-17-18*

Milestone 3 Report
Fleet Management Operational Review

Issued   **February 21, 2019**
Updated implementation dates   **April 4, 2019**

Internal Controls

The Milestone 3 objective is to determine whether appropriate process controls exist for key processes and whether these processes are efficient. We accomplish this by flowcharting the processes, performing process walkthroughs, and identifying missing controls and process inefficiencies.

PROCEDURES

- Flowchart key processes. Evaluate key processes for missing or weak internal controls; efficiency issues; and IT related issues.

- Determine any impact on fieldwork procedures.

CONCLUSIONS

We evaluated the processes related to the following:
- Bulk Fuel
- Fuel Cards
- Pool Cars
- FASTER
- Asset processes (acquisition, disposals, utilization, inventory)
- Parts processes
- Payable processes
- Heavy, Light, and Fire shop processes

Our review identified missing or weak internal controls and inefficient processes. We provide below recommendations to address the identified issues.

As a result of our work in this milestone, we will focus on the following areas during Milestone 5:
- Parts inventory
- Terminated fuel driver ID's
- Overdue services
- Downtime of AFR assets
- Pool Cars

Wayne C. Sommer, CPA, CGMA
Internal Audit Manager

Contents

Issue Details

Issues 1-3 were included in Milestone 2.

Parts room processes
ISS.4 - Parts room processes

The parts room is responsible for all parts for Fleet. The parts room staff performs all duties including ordering, receiving and stocking, issuing, reconciling, and performing inventory counts. The parts room performs partial inventories throughout the year and a complete inventory in the fourth quarter. Parts inventories are completed manually using FASTER reports. Inventory processes for the parts room need improvement.

We identified the following issues related to inventories:

- No documented inventory process. A documented detailed inventory process ensures that Fleet conducts inventories consistently.

- Fleet does not conduct partial inventories with a set frequency. The risk of theft of parts increases when Fleet does not conduct inventories on a consistent basis.

- Documentation of who performed the inventory, when the inventory was completed, and an independent verification of discrepancies or adjustments is absent. Documenting the review of discrepancies and adjustments reduces the risk of theft of inventory by ensuring discrepancies are addressed and adjustments are appropriate.

- Manual inventory process. The Fleet software, FASTER, has the capability to integrate with barcode readers. Other FASTER users utilize barcode technology for inventory. Utilizing barcode systems helps with inventory control, reduces human errors, and documents historical inventory data.

- Duties are not segregated and staffing is limited. Limited staffing creates risk by requiring staff to perform all duties. Security cameras would allow Fleet management to review footage when they identify inventory discrepancies to ensure that they have not resulted from theft. Additionally, if Fleet management evaluates staffing the parts room during snow shifts and determines it is no longer effective, a camera could record any activity in the area by non-parts personnel.

Recommendation

We recommend Fleet document the inventory process and include the following:
- Frequency of partial inventories using a risk based approach (higher risk, higher frequency)
- Document who performs the inventories and when
- Process for Parts Supervisor to review inventory including frequency, review of discrepancies and adjustments

We also recommend Fleet implement barcode technology for parts inventory management. Fleet should segregate duties related to parts and inventory, if Fleet cannot segregate duties, Fleet should add additional controls such as surprise reviews from someone outside the parts operations and security cameras.

Management Response

Fleet will create inventory processes as recommended to ensure inventories are consistently completed.

We are working toward the implementation of bar coding and readers. The lack of Wi-Fi is one obstacle. Total implementation cost is $26,492
- Wi-Fi installation $6,900
- Faster Bar Code software $6,000
- Faster Bar Code annual maintenance $1,200
- (4) Bar Code scanners $3800
- (4) Tablets $5092
- (2) Bar Code printers and print labels $3,500

Fleet believes unless someone is constantly viewing or reviewing camera footage, it would be difficult to identify inventory discrepancies or theft. Fleet also believes in regard to snow shifts it would be inefficient for mechanics to search through parts shelves to find the parts they need. If shop staff is allowed access to the parts rooms' fleet believes there would be an increased risk of parts not being properly tracked. This could become a big issue if/when high priority parts are not available when needed. While working snow removal parts staff not only hand out parts, they are the first point of contact. They meet customers identifying repair needs, create work orders for incoming work and answer phones. This allows the technicians to focus on repairing snow equipment.

Estimated Implementation Date: December 31, 2019
Issue Owner: Mark Hinterreiter
Issue Final Approver: Janice Napper

ISS.5 – Parts requests

The parts request process is inefficient due to manual processes and incomplete forms. The process requires a repair code for all parts. Mechanics complete a manual form with a repair code line and give it to the Parts room. Mechanics are not consistently documenting the repair code on the parts form, resulting in parts staff having to use their judgement or spend time to research the repair code. Repair codes associated with parts therefore may not be accurate.

FASTER includes a parts request functionality within the software that would eliminate the need for a manual form and automate assigning the repair code. This would also reduce time spent by the Parts staff and Mechanics completing the repair code line and increase the accuracy of information.

Recommendation

Work with FASTER to identify the steps and resources (staffing, equipment) necessary to begin using the parts request functionality and implement those steps.

Management Response

When Fleet upgraded to Faster Web in 2016. Trades Workers were using the online parts request field and after a few weeks it was determined by Parts and Trades Workers to be less efficient than using the Parts Request Form. We are expecting several parts related enhancements in the upcoming FASTER upgrade and Fleet will do some additional testing at that time. In the meantime we will work to improve communication on our existing Part Requisition Forms.

Estimated Implementation Date: December 31, 2019
Issue Owner: Mark Hinterreiter
Issue Final Approver: Janice Napper

Heavy, Light, Fire Shop processes
ISS.6 - Scheduling services

Scheduling and customer check-in processes need improvement. Fleet schedules services for light and heavy shops equipment outside of FASTER in Outlook. (The Fire shop does not schedule services.) Outlook does not provide an audit trail; the risk being that staff could accidentally delete or move data undetected. This could result in scheduling conflicts or missed services. Data in Outlook is not easily accessible or in a format that is useful in trend analysis. Trend analysis can be helpful in identifying issues in need of attention, such as repeat no-shows or cancelations.

FASTER includes a customer portal that allows users to schedule their own services. Using the portal would reduce Fleet time spent on scheduling. Other municipalities are successfully using the customer portal.

When customers arrive for service (scheduled or unscheduled), they complete a manual form documenting their vehicle number, mileage, and any vehicle concerns. Fleet staff uses the form to enter the information into FASTER.

Providing limited FASTER access via a kiosk or computer would allow customers to enter their information directly into FASTER and eliminate the reentry step and reduce manual forms. Fleet staff would gain time by not having to reenter information into FASTER and file paper forms.

Recommendation

Develop procedures utilizing FASTER to schedule services via a customer portal. Develop training and guidelines to allow customers to schedule their own services where appropriate.

Evaluate the requirements necessary to allow users to enter required information via a kiosk or desktop computer. Assess the cost of any equipment with the benefit of reducing the time required for dual entry and printed forms.

Management Response

Fleet has moved away from Outlook and now we are utilizing the Faster calendar.

I just received access to the portal and have not had an opportunity to really review it. I would like to talk with the municipalities Audit spoke with to hear if they are experiencing any issues and overall how well the portal works. We need to look closer at the customer portal to see if this recommendation is feasible and how it operates. In the brief overview I have not found the customer portal to be able to create work orders eliminating the need for fleet staff to create one.

I do not believe this recommendation will increase efficiency. Usually we have multiple customers dropping off assets for repair at the same time. Most of our customers do not have computer access readily available to them, especially if they are coming in from the field. Customers working through a kiosk(s) would lower productivity for both the customer and fleet. Fleet staff will be required to train every customer in some cases multiple times how to use the system.

Fleet believes a hard copy is essential. Especially in cases were the customer has issues or questions regarding previously written up repairs. In the past Fleet staff has been summoned to testify in court. Lawyers have asked to see a hard copy of repairs requested in the customer's hand writing.

Auditor's Comment

Internal Audit believes allowing customers to schedule their own services, in addition to scheduling through Fleet will reduce the time Fleet spends scheduling.

Internal Audit believes using a kiosk(s) to enter the required information (currently via the manual form) into FASTER creates a more efficient process by eliminating time spent by Fleet reentering data.

Estimated Implementation Date: December 31, 2019
Issue Owner: Mark Hinterreiter
Issue Final Approver: Janice Napper

ISS.7 - Work order tracking

The process for tracking and assigning work orders is inefficient. Fleet light and heavy shops use a magnet board to track work orders. Fleet staff creates a work order in FASTER and then use the FASTER information to create a magnet. Fleet places the magnet in the appropriate column on the magnet board. Mechanics use the magnet board to identify their next assignment and document the status of work orders. FASTER includes the functionality of assigning and tracking work orders and dashboards to track work order statuses. Using FASTER to track work orders decreases the time to create and move magnets and eliminates duplication of work.

Recommendation

Develop processes to use FASTER to track work orders and identify any technology such as tablets and monitors necessary to track the work orders. Once the process is in place, cease the use of the magnet boards.

Management Response
Fleet tested the Faster Dashboard after the upgrade in 2016. It was found to be very cumbersome and you had to continually drill down to the find the information you were looking for.

Fleet has used magnetic boards for years and believes the tracking of assets on the board is visually very efficient. Over the years we have had several municipalities come here for training activities and/or site visits. They like the magnetic boards system and have implemented this practice into their fleet operations.

The tracking of work progression on the magnetic board is very efficient and is quick visual with no effort and assets status can be reviewed and found at a glance.

Auditor's Comment
Internal Audit believes the current magnet process is inefficient. Utilizing the current software eliminates the time spent creating magnets and time spent by Fleet checking the magnet board for work assignments and moving magnets through the various stages.

Estimated Implementation Date: April 30, 2020
Issue Owner: Mark Hinterreiter
Issue Final Approver: Janice Napper

ISS.8 - Labor and overhead rates
The City uses Fleet labor and overhead rates to charge City departments for Fleet services. The City has not recalculated Fleet labor and overhead rates in over five years. Fleet management could not say when the last rate review occurred. The Finance Budget office calculates the labor and overhead rates. The labor rate used has not changed in the last five years. The budget office adjusts the overhead rate annually, but they have not reviewed that rate to ensure it covers actual costs. The City recently completed a compensation study, which resulted in pay adjustments to City staff, as a result current rates may not reflect and cover the actual costs for Fleet.

Recommendation
Develop procedures to work with the Finance Budget office to recalculate the labor and overhead rates using actual expenses on an annual basis or as necessary.

Management Response
Fleet agrees with the recommendation a review needs to be done especially with the creation of career development plans and market adjustments.

Estimated Implementation Date: September 30, 2019
Issue Owner: Mark Hinterreiter

Issue Final Approver: Janice Napper

ISS.9 - Scanning documentation
FASTER allows users to scan documentation and attach it directly to an asset. The Heavy shop scans work orders and other documentation directly to assets. This eliminates having to search through files to find copies of records. The light shop does not scan documentation to assets and the Fire shop does not scan consistently. Attaching documentation to assets decreases the time to find documentation and allows users a complete record of all asset documentation.

Recommendation
Develop a list of all documentation that is key to shop operations (such as photos of vehicle damage) to scan and attach to assets such as work orders. Train staff on how to scan the documentation and attach them to the work orders.

Management Response
Fleet agrees with the recommendation and believes scanning all documents directly to work order decreases the amount of time researching customer information requests. All shops scan all invoices onto the work order i.e. sublet and warranty repairs, pictures of accident damage, repair estimates etc. All shops will begin scanning the initial customer repair requests to the work order.

Estimated Implementation Date: December 31, 2019
Issue Owner: Mark Hinterreiter
Issue Final Approver: Janice Napper

ISS.10 - Wi-Fi
Fleet does not have access to Wi-Fi at all buildings and in all areas. Our recommendations include implementing barcode readers and tablets; these will require Wi-Fi. Wi-Fi allows portable devices to connect to the City's network wirelessly.

Recommendation
Work with IT to evaluate expanding Wi-Fi to all Fleet areas.

Management Response
Fleet received a quote from IT, cost is $6,900 total to install Wi-Fi in both buildings.

Auditor's Comment
Internal Audit stresses the importance to management that Fleet buildings have Wi-Fi access as technology and equipment increasingly relies on it.

Estimated Implementation Date: December 31, 2019
Issue Owner: Mark Hinterreiter
Issue Final Approver: Janice Napper

Fuel processes
ISS.11 - Fuel card processes
Fleet could improve its processes for fuel card management. Fleet uses fuel cards for fueling outside of city facilities. Each vehicle has a fuel card; however, Fleet keeps the majority of fuel cards on-site. Users can check out the cards as needed. Below are issues we identified related to fuel cards.

Segregation of duties
The Fleet Analyst performs all duties for fuel card processes and no one reviews any steps performed in discharging these duties. The Fleet Analyst is responsible for ordering, receiving, issuing, and handling of fuel cards. Someone other than the Fleet Analyst should handle the initiation of new fuel cards and a supervisor or manager should review the addition and termination of users. Segregating these duties ensures that one person does not have the ability to initiate a new card and assign it to a fake user.

Fuel card processes
Fleet has not documented its processes for the following: handling requests for new fuel card, addition and termination of fuel card users, and process to check out fuel cards. Fleet also lacks procedures to ensure that they retrieve fuel cards from vehicles prior to disposal. Documented policies and processes eliminate misunderstandings and ensure consistent practices are in place.

Cards on-site
At the time of the audit, Fleet did not securely store or inventory fuel cards held on-site. The risk of lost, stolen, or misused fuel cards increases when there is no process to govern fuel card inventory or storage.

Recommendation
Fleet documents the following:
- Roles and responsibilities of Fleet Analyst and Supervisors/Manager related to fuel cards (Fleet Analyst does not initiate new cards and Supervisor or Manager reviews user additions/terminations)
- Procedures for initiating new fuel cards
- Procedures for adding and terminating users
- Process for verifying fuel cards removed from vehicles prior to disposal
- Process for checking out fuel cards
- Procedures for inventorying and storing fuel cards

Management Response
Fleet agrees the roles and responsibilities should be looked at and security procedures written. The on-site fuel card cabinet is now kept secure.

To help, Fleet recommends Human Resources review the communication processes used to inform of staffing departures. Reports from HR indicate employee exits with "warning employee still active". Follow up communication is lacking when still active employees leave.

Auditor's Comment

Internal Audit believes that Fleet needs to develop its own internal fuel card processes including adding and removing users. We encourage Fleet to reach out proactively to HR to solve the communication issue they identified.

Estimated Implementation Date: September 30, 2019
Issue Owner: Mark Hinterreiter
Issue Final Approver: Janice Napper

ISS.12 - FASTER fuel error reports

The FASTER system identifies potential errors when Fleet uploads fuel usage data. The Fleet Analyst uploads Fuel data into FASTER, runs a FASTER fuel error report, reviews and corrects errors, reconciles fuel, reviews fuel invoices and reports, and uploads data to Finance.

FASTER does not provide an option to export the error report detailing any errors accepted or corrected. This inhibits the ability for management to conduct an efficient secondary review of the system changes. A secondary review cannot occur without an errors/corrections report. Additionally, without error reports, there is no documentation to review to ensure that legitimate errors were corrected appropriately.

Recommendation

We recommend that Fleet work with the software vendor on how to save or export the FASTER error reports and corrections from the system. The Fleet Manager or Supervisor should perform periodic reviews of the error report and any corrections made for accuracy and propriety.

Management Response

Fleet contacted Faster and they are not planning to write a Faster vs. Petro-Vend error report at this time. FASTER's best business practice is a requirement that all errors are corrected at the time of the download. As recommended the manager will periodically review the error reports. FASTER can write a program at our request at our cost.

Auditor's Comment

Internal Audit notes that there is currently no report for management to review. Internal Audit believes Fleet should work with FASTER on the ability to <u>export the error report data</u>.

Estimated Implementation Date: September 30, 2019
Issue Owner: Mark Hinterreiter
Issue Final Approver: Janice Napper

Utilization processes
ISS.13 - Utilization reviews

The Fleet process to review asset utilization is inconsistent and not documented. Fleet performs asset utilization reviews upon a Department's request.

Fleet has not documented its process for these reviews, including how they determine whether an asset is under or over utilized. Regular asset utilization reviews allow for asset reassignment or the disposal of underutilized vehicles. Over-utilized vehicles can shorten an asset's useful life result and require additional maintenance costs. Underutilized vehicles result in unnecessary costs such as maintenance, storage, and other indirect costs. Documenting the process in line with best practice provides a rational consistent basis for conducting regular reviews.

An article from Government-Fleet called *What to Do About your Underutilized Vehicles* recommends five steps for a utilization improvement plan.

1. Have good usage data, whether that is through odometer readings, work orders, or telematics (*Vehicle telematics is based on the idea of gathering, storing, and transmitting information about the vehicle for tracking purposes. This information can be used to analyze vehicle performance, vehicle conditions, driver performance, and more.*)[1]
2. Have a process to analyze that data. This could be part of a staff member's monthly duties.
3. Establish standards or thresholds. Ideally, this would be customized for each type of organization. A Parks Department would have a different utilization threshold from a Police Department.
4. Create reports and share the results of your analysis with fleet users and decision makers.
5. Be prepared to reallocate vehicles. Your effort goes to waste if you do not have the ability to reallocate underutilized assets. Have a champion up the chain of command, such as a police chief, or a city or county manager. Get stakeholders involved and make sure they understand the importance of managing utilization and fleet size.[2]

Recommendation

Develop the process for utilization following the five recommended steps above and present utilization data to management at regular intervals (annually, at a minimum, and especially before budgeting decisions are made.) Fleet should also develop a schedule for regular utilization reviews for all Departments. At minimum, complete reviews annually.

Management Response

Fleet agrees with the recommendations and believes tracking asset utilization is very important. As part of the monthly billing vehicle mileages are sent to department for their review. I have not experienced departments requesting utilization studies.
Telematics would help with identifying usage, driver behavior and getting correct mileage. We have looked into telematics software but the monthly fees per vehicle would be very high. When we last looked into the costs of telematics they ranged between $15 - $30 per month per vehicle depending on the data tracked and received. Fleet did not move forward. Aurora Water and Public Works moved forward in placing telematics in some of their vehicles.

---

[1] https://www.fleetcarma.com/what-exactly-is-telematics/
[2] https://www.government-fleet.com/302897/what-to-do-about-your-underutilized-vehicles

Fleet struggles with incorrect meter readings entered by customer while fueling assets. This is a greater problem with assets that are fueled using WEX fuel cards.

Annually as part of the asset replacement review, Fleet discusses utilization and high/low usage is addressed with departments. Fleet can do a better job of documenting this process.

Fleet has struggled to find the time with current staffing resources to do frequent utilization studies and additional time would be required tracking telematics information.

Estimated Implementation Date: September 30, 2019
Issue Owner: Mark Hinterreiter
Issue Final Approver: Janice Napper

FASTER processes
ISS.14 – FASTER data utilization
Fleet does not fully utilize the FASTER system or its data. The FASTER system includes reports for various operations, dashboards, and data that is useful in identifying trends or errors.

Internal Audit used FASTER data to review fuel costs over a three-year period and identified an unusual spike in CNG (compressed natural gas) expenses in 2016. Fleet reviewed the spike and discovered it was the result of an internal billing error in 2016. If Fleet used data to identify trends, they would have caught the error earlier.

The dashboards allow for real time review of areas that affect operations. Using the dashboards can provide data upon which Fleet can make operational adjustments that may increase efficiency.

Recommendation
We recommend that Fleet exploit FASTER's data and data presentation capabilities to monitor trends, identify areas to increase operational efficiency, and make better overall decisions.

Management Response
Fleet agrees there is room to go, however per the vendor and our own IT department Fleet Services is considered to be a power user of the software. As suggested I reviewed the Dashboard app and was unable to find a fuel trending Dashboard.

Auditor's Comment
Internal Audit strongly believes that Fleet should utilize their data, whether using dashboards in FASTER or exporting the data for further analysis. The fuel cost review we performed was data exported from FASTER to Excel for further analysis.

Estimated Implementation Date: December 31, 2019
Issue Owner: Mark Hinterreiter

Issue Final Approver: Janice Napper

ISS.15 - Software integration

Fleet's bulk fuel software—Phoenix—is not on the city's network and is not integrated with FASTER. The download process for Phoenix is inefficient. Fleet staff downloads the data from the Phoenix computer and then uploads the data into FASTER on a different computer three times a week. Integration of the systems would allow a more efficient process reducing the time spent by staff downloading and uploading data.

Recommendation

Work with IT to determine if it is possible to securely add Phoenix to the City network and integrate Phoenix to upload into FASTER.

Management Response

In reviewing the Dashboard I was unable to find a fuel trending Dashboard. Phoenix software transaction was recently integrated on the city network. Petro-Vend will be integrated into the system during the next Faster upgrade. Dashboards can be set up for Fleet management staff.

Estimated Implementation Date: April 30, 2020
Issue Owner: Mark Hinterreiter
Issue Final Approver: Janice Napper

Payable processes
ISS.16 - Secondary reviews

The Fleet Coordinator is responsible for all steps in the vehicle disposal process; there was no evidence of a secondary review of the final vehicle disposal lists prior to disposition. The Fleet Coordinator prepares an asset replacement list; the Fleet Manager stated he reviews the list, but there was no documentation of the review.

The Fleet Analyst is responsible for downloading and entering internal billing information into Excel to send to Finance; there is no secondary review to verify the accuracy of the information prior to sending it to Finance.

According to the AICPA (American Institute of Certified Public Accountants), "Segregation of Duties (SOD) is a basic building block of sustainable risk management and internal controls for a business. The principle of SOD is based on shared responsibilities of a key process that disperses the critical functions of that process to more than one person or department. Without this separation in key processes, fraud and error risks are far less manageable."[3]

Secondary reviews are important where duties lack segregation to ensure that information is accurate and to reduce the risk of fraud.

---

[3] https://www.aicpa.org/interestareas/informationtechnology/resources/value-strategy-through-segregation-of-duties.html

Recommendation

Develop procedures to complete and document secondary reviews of key processes. Secondary reviews can include reviewing the complete documentation or performing random spot checks. The documentation could include initialing and dating documentation or saving emails outside of Outlook.

Management Response

Fleet agrees that secondary reviews are important. Fleet also believes unless the secondary reviewer is highly involved in the purchase and disposal processes a secondary review would not be very effective. The recommended secondary reviews are difficult with the current staffing resources.

Auditor's Comment

Internal Audit believes that someone without intimate details of the process can complete secondary reviews. Fleet needs to document the processes allowing the reviewer to know what to review.

Estimated Implementation Date: December 31, 2019
Issue Owner: Mark Hinterreiter
Issue Final Approver: Janice Napper

ISS.17 - E-470 billing process

The E-470 billing process is not efficient. Some City vehicles have E-470 passes on them. Fleet is responsible for billing the usage to the correct department. The current process requires the Financial Support Technician to type the monthly billing information into Excel prior to uploading the Excel file into One Solution. The risk of errors increases with manually reentering information. The manual entry process is an inefficient use of time.

Recommendation

Work with Finance to evaluate options to convert the E-470 data into a format that can be efficiently uploaded into One Solution.

Management Response

Fleet believes this recommendation is a great time saver and will increase productivity. On January 31, 2019 Fleet sent IT a request to see if the E-470 data received could be uploaded into One Solution. IT is working on the implementation.

Implementation Date: Implemented 3-18-19

ISS.18 - Internal billing process

The Fleet internal billing process is inefficient. Monthly, the Fleet Analyst prints the FASTER reports and uses them to enter information into Excel for Finance to upload into One Solution (Finance software). The Fleet Analyst also sends hardcopy reports to

departments even though the reports are available electronically; the Analyst stated some departments request hard copies.

FASTER has the capability to allow non-Fleet users to access reports and their user data. Accessing data in this way would eliminate the time required to generate and send out hardcopy reports to the varying departments as well as the related printing costs.

Recommendation
Cease printing monthly FASTER reports in hard copy and work with Finance to develop a process to upload information from FASTER to One Solution. Develop a process to provide access and training to Fleet customers on how to use FASTER to access directly their data and relevant reports.

Management Response
Fleet is in discussion with IT and working towards uploading the monthly billing reports to share point.

Auditor's Comment
Internal audit believes allowing customers to access their data directly within FASTER is more efficient than creating a SharePoint site. Creating a site on SharePoint to upload files creates an additional step for Fleet. SharePoint can also bring with it an additional need for designing and maintaining the site.

Estimated Implementation Date: December 31, 2019
Issue Owner: Mark Hinterreiter
Issue Final Approver: Janice Napper

Pool car processes
ISS.19 – Obtaining pool cars outside Fleet hours
There are no procedures explaining how to obtain or release pool car vehicles outside of Fleet's business hours. The City has pool cars at the Aurora Municipal Center (AMC) and Fleet (Central Facility) for check out. Fleet's business hours are 7:30 am-3:30 pm. Fleet staff manually dispatches all vehicles in FASTER for vehicle reservations.
Once Fleet dispatches a vehicle, authorized users (Access Aurora or Fleet) can release the vehicle to employees.

Fleet is not available to dispatch pool cars after 3:30 pm. Most City staff at AMC work until 5:00 pm. There is no one available to dispatch pool cars between the hours of 3:30 pm to 5:00 pm.

Access Aurora currently does not have the capability to dispatch vehicles. Without a procedure in place, the City could incur unnecessary costs for mileage reimbursements due to staff's use of their personal vehicle or lack documentation of which employee received a vehicle during those off hours.

Recommendation

Develop a procedure for dispatching vehicles outside of Fleet's hours but during City business hours.

Management Response
Fleet believes with further training Access Aurora staff will be able to dispatch vehicles located at the AMC as needed.

Estimated Implementation Date: December 31, 2019
Issue Owner: Mark Hinterreiter
Issue Final Approver: Janice Napper

Additional Issues
ISS.20 -Performance measures
The performance measure data used by Fleet is incomplete. The measures do not cover all operations and may set unreasonable expectations.

Fleet performance measures are:
1. Fleet will maintain a score of 9 out of a possible 10 in customer ratings following repair and maintenance services
2. Percentage of repairs in respective shops are completed in 24 hours
    o Heavy shop: 80%
    o Light shop: 85%
    o Body shop: 80%
3. 90% of the city's fleet vehicle and equipment assets available and in service

Customer Ratings
The data Fleet reports for this measure is incomplete. Fleet only sends surveys to select customers and there are no procedures in place to ensure Fleet randomly selects customers. This practice introduces bias into the selection of to which customers to send surveys. Fleet sent surveys to the same two customers twice in one month and another customer received surveys for back-to-back months. The December 2018 results included the results from one customer survey twice.

The September 2018 survey data was missing a survey response. The Fleet Manager held back the response from the data while following up with the customer; however, the Manger never added the survey back into the results. Holding back one survey result may not affect the total results; however, all data should be included for accurate results.

The Fleet survey includes six required questions; three require a numeric rating and the other three are yes/no. The yes/no results are not included in the performance measure data. Additionally, without a "not applicable" option, respondents answer the question when it may not apply to their specific situation.

The Fleet software FASTER includes the capability to send a customer survey to all customers when a work order is closed. Fleet is not utilizing this functionality.

Using FASTER to send responses to 100% of customers could result in an increased response rate with little to no additional effort. Our calculation estimated response rates of 14% to 24% over a four-month period in 2018.

The use of incomplete and potentially biased data may not accurately reflect the current state of customer satisfaction.

Percentage of repairs
The percentage of repairs data reported does not include the Fire shop. Additionally, the measure includes preventative maintenance and other types of repairs such as engine replacement. Using a 24-hour time line may set unreasonable expectations, which could result in the reduction of the quality of work in order to meet the measures.

Assets available and in service
The performance measure appears useful and reasonable.

Additionally, Fleet performance measures do not address other aspects of Fleet operations such as parts inventory or fuel use. Performance measures allow for the identification of trends and areas for improvement by measuring progress against organizational goals, desired outcomes, and operational standards. Fleet can use the data as the necessary proof needed to reallocate and/or acquire resources, or to change processes.

Recommendation
We recommend that Fleet:
- Utilizes the FASTER software to send the survey to 100% of customers
- Reconfigures the survey questions format to ensure the complete results can be translated to the measure
- Cease the practice of withholding survey data
- Includes the Fire shop in the performance measures
- Work with the City Budget office to develop useful performance measures for all areas including reevaluating percentage of repairs and measures for inventory and fuel.

Management Response
Fleet reviewed recommendation proposals:
- It would be difficult to send surveys out to 100% of its customers. Potentially every department employee would have to be a Faster user and all department assets would be assigned to them. Nearly all of the city's assets are assigned to department liaisons not individual employees. Currently using the customer portal, customer surveys would go to the department liaison(s) listed not to the individual who wrote up the repair request.

Fleet manager would like to help clarify statements made by the Auditor:
- Performance measure #2 Percentage of repairs completed within 24 hours. This report is one of the only reports that can be used to measure performances. The shop completion goals listed were attainable prior to a Faster upgrade back in 2016. In the upgrade the report began looking and calculating downtime differently.

- Work repair requests are pulled randomly for survey feedback by a Fleet Analyst. In most cases the Analyst does not know the individual that wrote up the repair(s). We struggle to get customers to give us their contact names and numbers, making it difficult to send them a survey. In 2018 Fleet sent out 1421 surveys with 218 surveys returned.
- Any vehicle with or without the same operator could come in multiple times in a month for varying repairs i.e. a tire repair(s), light bulb(s) service, wipers blades, accident damage etc.
- Regarding the December 2018 included results from one customer surveyed twice. It appears the survey was completed twice by the customer (this information is based on survey sequential numbering given by the report). This same issue happened three additional times in 2018. These additional surveys did not affect the overall monthly averages.
- The Fleet manager never intended to and does not withhold any survey data as a practice. It happened once for Fleet Manager follow up with the customer to verify and discuss the repair info. In this single instance it did on effect the overall survey average reported.

Auditor's Comment

Internal Audit strongly believes that if Fleet continues to use customer feedback as a performance measure, Fleet should send surveys to 100% of the population or to a statistically valid sample. The current method of surveying a small subset is not working and already includes sending surveys to the same clients. Additionally, the current survey selection process is not truly random and allows for the introduction of bias (even if it is unconscious bias).

Internal Audit agrees that holding back one survey result may not affect the overall survey score; however, we are concerned that the only result held back was a lower than average score and it was not added back into the results. We encourage Fleet to avoid any actions that may be misconstrued.

Fleet has access to a multitude of data that they could use for performance measures such as the average time of repair. Fleet may need to export the data from FASTER and review it in Excel.

Estimated Implementation Date: December 31, 2019
Issue Owner: Mark Hinterreiter
Issue Final Approver: Janice Napper

ISS.21 - Retention of source documentation

Fleet does not retain all source documentation for key processes. A source document, often called business paper, is the document produced with each business event and used to record every business transaction.[4]

Two key processes we reviewed were missing source documentation:
- Pool cars: mileage forms

---

[4] https://www.myaccountingcourse.com/accounting-dictionary/source-document

- Asset disposal: disposal sheets for vehicles

Without the pool car documentation, Fleet cannot review and compare the forms to determine the cause of mileage issues identified at month end. Asset disposal sheets ensure that Fleet completed all steps prior to disposal of vehicles and equipment.

Recommendation
We recommend Fleet reviews its processes and identify critical documents. Fleet should create a retention schedule for those documents.

Management Response
Fleet agreed with Audits recommendation and is currently retaining Motor Pool Check Out forms until the E-470 billing is processed for payment. Asset disposal sheet information are currently being scanned and attached to the disposed asset in the management system.

Estimated Implementation Date: December 31, 2019
Issue Owner: Mark Hinterreiter
Issue Final Approver: Janice Napper

IT responses

**Fleet Management Operational Review Mile stone 3 Report –
March 18, 2019**

IT staffing support for Fleet FASTER:
Glen Snogren and Steve Warstler

ISS #4 – Parts room processes
IT Acton:
- Wi-Fi Installation – Once IT has the approval to move forward with an Org and Acct we can have this completed in 30 days. An updated cost analysis will need to be done since the scope might have grown to parts room in light and heavy fleet as well as front and back areas.
- FASTER Bar Code Software – Once Fleet purchases the software we can assist with install/configuration.
- Bar Code scanners – Once Fleet purchases the scanners we can assist with install/configuration.
- Tablets - Once IT has approval to move forward with Org and Acct we can order and configure tablets estimate completion 30 days.
- Bar Code printers and print labels - Once Fleet purchases the printers we can assist with install/configuration.

ISS #5 – Parts Request
IT Action: The new release is said to have improvements in inventory/parts request functionality. Timeline of upgrade estimated end of April. Glen Snogren from IT is at the FASTER conference and he will touch base with vendor on the the improvements.

ISS #6 – Scheduling Services
IT Action: IT can assist with a solution of kiosk or desktop computer.

ISS #7 – Work order tracking
IT Action: Use FASTER and have wall mounted monitor for both light and heavy areas. Glen Snogren from IT is at the FASTER conference and he will touch base with vendor on the upgrade and dashboard capabilities.

ISS #8 – Labor and overhead rates
IT Action: None

ISS #9 – Scanning documentation
IT Action: None

ISS #10: Wi-Fi
IT Action: Wi-Fi Installation – Once IT has the approval to move forward with an Org and Acct we can have this completed in 30 days.

An updated cost analysis will need to be done since the scope might have grown to parts room in light and heavy fleet as well as front and back areas.

ISS #11 – Fuel card processes
IT Action: None

ISS #12 - FASTER Fuel error reports
IT Action: IT to partner with Fleet to work with FASTER on creating a report. Glen Snogren from IT is at the FASTER conference and he will touch base with vendor on this issue.

ISS #13 - Utilization reviews
IT Action: None

ISS #14 – FASTER data utilization
IT Action: IT to partner with Fleet to work with FASTER on the report for BI. Glen Snogren from IT is at the FASTER conference and he will touch base with vendor on this issue.

ISS #15 – Software integration
IT Action: IT to work with Fleet, FASTER and Phoenix**.** This would need an interface and there are concerns that Phoenix is an unknown system. More discovery is needed for this integration solution.

ISS #16 – Secondary reviews
IT Action: None

ISS #17 – E-470 billing process
IT Action: Completed by Lenka in IT by creating a template allowing Fleet to use the excel format for One Solution.

ISS #18 – Internal billing process
IT Action: We will need a meeting to draw out requirements and data flow. Data security around One Solution might prevent a live interface with FASTER.

ISS #19 – Obtaining pool cars outside Fleet hours
IT Action: IT can assist with evaluation of an automatic key solution.

ISS #20 – Performance measures
IT Action: We can work with Fleet and FASTER to enable this function. Glen Snogren from IT is at the FASTER conference and he will touch base with vendor on this issue.

ISS #21 – Retention of source documentation
IT Action: None

IT is happy to assign an IT Project Manager to facilitate the scheduling and task associated to IT task.

March 15, 2019

Risk

In Milestone 4, we assess the impact of identified risks on the engagement objectives, scope and planned test work procedures. We accomplish *this by discussing risk in key areas with the client and comparing to leading practices.*

PROCEDURES	CONCLUSIONS
• Assess IT Risk	We identified weaknesses related to IT risk; findings and recommendations are included below.
• Assess Governance Risk	We assessed the governance level as **Fair**[1]; we do not plan any further work.
• Assess Fraud Risk	We assessed fraud risk and identified inventory as an area in which we will perform additional testing during fieldwork to address our concerns.

Wayne C. Sommer, CPA, CGMA
Internal Audit Manager

---

[1] Fair: There are few effective governance processes in practice with minimal effectiveness.

Contents

Issue Details

ISS.1-3 were included in the Milestone 2 report.
ISS.4-21 were included in the Milestone 3 report.

Access
ISS.22 - FASTER user roles and access

Fleet uses FASTER software for its operations. Fleet lacks documented procedures for how it handles the assignment of user roles and access rights in FASTER. FASTER lacks a report detailing user roles, user access rights, and user changes. FASTER does allow a user-by-user review for roles and access.

Terminated Employee Access
Fleet has not reviewed users in FASTER to ensure terminated employee access is disabled. We reviewed FASTER users as of November 30, 2018 and found 7% of active users are no longer employees. Fleet disabled the terminated employee access immediately upon our notifying them.

Roles/Permissions
Fleet has not reviewed permissions to identify if current permissions are appropriate for the position. FASTER uses user roles to assign permissions such as the authority to add or delete items. The Fleet Analyst has Administrative level permissions; this permission level provides broad authority to the Analyst, which allows her to remove and delete items, including items for which the Analyst is directly responsible and those for which she has no responsibility. In our opinion, the permission levels for the Fleet Analyst are excessive. For example, the Fleet Analyst has no duties related to inventory; however, the Analyst has administrative access to inventory. This allows the Analyst the ability to make many changes including adding parts, adjusting inventory counts, or setting parts as obsolete.

The concept of "least privilege" pertains to the granting of only those system permissions and rights that are **required** *for employees to perform their assigned job duties – but nothing more. Providing access to functionalities that are either in excess of that required, or that are no longer needed increases the level of risk to the data.*[2] *[***Emphasis added****.]*

Access
FASTER allows user access assignment to various modules. Employees with the same user role and permissions can have different access to modules within FASTER.

We received concerns from Fleet employees that they would have access to one area, but then a week later would no longer have access.

---

[2] https://citycouncil.cityofboise.org/media/23782/1303fleetutilizationaudit.pdf

Our review found that access rights varied for three supervisors with the same user roles. The Fleet Manager and Fleet Analyst both have Administrator roles, access between them varied and the Fleet Analyst had more access than the Manager did in some areas. We did not identify any reasons for the inconsistent access between the roles.

No documentation exists to support access additions or changes. Fleet lacks procedures to review user roles and access to ensure changes, additions, or removals are appropriate. The lack of supporting documentation combined with a formal review of changes increase the risk of unauthorized or incorrect access.

User access reviews help identify accounts that have been assigned excessive privileges, accounts with access that have not been updated to reflect job position changes, and dormant accounts. [3]

Failing to perform user access reviews on a regular basis will place the City at a higher risk for:
- *Segregation of duties issues if an employee moves to a new area, but retains privileges from the previous area*
- *Misuse of dormant administrative accounts that are still active*

Recommendation
We recommend that Fleet:
- Review user permissions and access rights to ensure roles and access are appropriate using the theory of *least privilege*.
- Create a process for documenting user roles and access assignments, and any changes therein.
- Work with IT and the software vendor to create an exportable report of user permissions and access roles and an edit report of user changes.
- Identify someone other than the Fleet Analyst to perform random spot checks on access permissions of both Fleet and non-Fleet employees at least annually.

Management Response
Fleet has asked Faster to give us a quote that identifies user permission and access roll report. If this is not possible, Fleet will create a spreadsheet identifying and tracking permission levels for fleet teams' members and customers.

Manager will periodically review of Faster permission levels for fleet staff and customers (added to my manager responsibly list)

Estimated Implementation Date: 12-31-19
Issue Owner: Mark Hinterreiter

---

[3] https://www.younginc.com/the-importance-of-user-access-reviews/

Issue Final Approver: Janice Napper

ISS.23 - Badge access

Procedures for reviewing access need improvement. While the Fleet Manager stated that periodically he performs reviews of who actually accesses Fleet's badge readers, no one at Fleet reviews what users have access to Fleet.

We reviewed the cardholder access group report for Fleet as of 12-7-18. We identified the following concerns:

- One former Fleet employee whose employment ended on 6-14-2018 had active access rights.
- One former city (non-Fleet) contract employee had active access rights.
- Four current city employees (non-Fleet) had active access rights.

The Fleet Manager verified that the four current employees identified should not have access. The former non-Fleet contract employee and two of the current employees worked for the same Department. When their supervisor completed the access card form, the supervisor believed that checking Fleet on the form allowed access to the Central Facilities parking lot. We saw no documentation that anyone questioned granting access to Fleet for non-Fleet employees.

The risk of unauthorized access increases when access privileges remain active following turnover or access is granted to unauthorized persons.

Recommendation

The Fleet Manager reviews access reader reports at a minimum of annually and whenever there is staff turnover.

Human Resources revises the access card form to make it easier to understand what access rights are allowed for the various options. Consider separating each Facility on the current form into boxes making it clear to where access is being granted.

Management Response

Fleet manager will periodically request and verify fleet building access information. (added to my manager responsibly list)

Human Resources Response

Internal Audit met with Human Resources and they will evaluate the current access card form for improvements.

Estimated Implementation Date: 9-30-19
Issue Owner: Mark Hinterreiter
Issue Final Approver: Janice Napper

FASTER

ISS.24 - FASTER concerns
During our audit, we identified some areas where changes to the FASTER software could decrease errors and increase efficiencies.

Inventory
The quantity field in inventory allows for non-whole numbers. An input entry error can create a fraction of a part, which Fleet may not identify immediately. Changing the field to allow only whole numbers eliminates the errors.

Attachments
FASTER only allows attaching documents to work orders one at a time, resulting in additional time spent attaching items. For example, the body shop attaches pictures of a wrecked vehicle in FASTER. There could be as many as 15 pictures. Currently staff attaches one picture at a time.

Time keeping
Fleet uses FASTER to track staff time. FASTER does not allow a supervisor to add time off until the end of the business day for each day staff is off.

Recommendation
Work with the software provider to address the following concerns:
- Restrict the parts quantity fields to whole numbers only.
- Create an option to attach multiple files or documents at a time.
- Allow an option to enter time off prior to the day of time off.

Management Response
Issue has been communicated with Faster. Waiting on response.

Estimated Implementation Date: 12-31-19
Issue Owner: Mark Hinterreiter
Issue Final Approver: Janice Napper

ISS.25 - Fleet FASTER support access
Fleet requires its employees to go through the Fleet Analyst for any FASTER support questions. Users including supervisors cannot go directly to FASTER for questions or concerns. We received concerns from Fleet staff that going through the Analyst for FASTER questions, they felt their questions were not be correctly communicated to FASTER. This also creates an unnecessary layer of bureaucracy to users who know the issues intimately.

Recommendation
Develop a process to allow greater access to FASTER support services by Fleet staff.

Management Response

As support issues arise, employee(s) will share and discuss issue(s) with Fleet Analyst. Employee and Analyst will conference call Faster support team and collaboratively they will work to resolve the issue(s) at hand.

Estimated Implementation Date: 6-30-19
Issue Owner: Mark Hinterreiter
Issue Final Approver: Janice Napper

ISS.26 - FASTER training

Fleet does not have policies and procedures or training in place for FASTER software. The lack of training can result in inconsistent use of the software and a lack of standardization in using the software.

Recommendation

Develop a checklist of minimum required training items or key "how to" processes for staff to ensure a consistent, minimum level of staff training on and knowledge of FASTER.

Management Response

Fleet will work on documented processes for individual new team(s) members.

Estimated Implementation Date: 6-30-19
Issue Owner: Mark Hinterreiter
Issue Final Approver: Janice Napper

May 13, 2019

Fieldwork

Our Fieldwork efforts are intended to obtain sufficient reliable evidence to use as a reasonable basis for developing conclusions on the engagement objectives. We accomplish this by performing various audit tests, data analysis, and any other means necessary.

Objectives	*CONCLUSIONS*
• Review the effectiveness of Fleet's process for terminating fuel users.	• Fleet's process for terminating former fuel users is ineffective and we cannot determine if all fuel use was appropriate. We provide recommendations below to address the identified issues.
• Determine the effectiveness of controls over parts inventory processes including adjustments, inventory counts, and reporting.	• Controls over inventory adjustments are weak and in need of improvement. Fleet has implemented some changes to the inventory process because of our work; additional changes will continue to strengthen controls. See our recommendations below.
• Review the efficiency and effectiveness of the process for handling overdue services.	• The overall process for overdue services is operating effectively. Fleet lacks a policy to escalate assets overdue for service internally and externally with clients. See recommendation below.
• Evaluate the efficiency of pool car utilization and perform a cost/benefit analysis for using automated key boxes.	• Fleet needs to expand its efforts to increase pool car utilization, including further evaluation of the benefits of a key-box. See recommendations below.
• Review and identify trends for AFR service times.	• Downtime for AFR apparatus is increasing. Benchmarks would allow Fleet to monitor the services they are providing. See recommendation below.

Wayne C. Sommer, CPA, CGMA
Internal Audit Manager

Contents

Issue Details

Issues 1-27 were included in Milestones 2 through 4.

ISS.28 – Controls over fuel access
Fleet's procedures to monitor and identify improper fuel use are inadequate. For September 2018 fuel use, Internal Audit compared the Fleet data to a list of active employees provided by Human Resources.

We found issues with 67 (5%) of the fuel users listed.
- 31 were not active city employees
- 27 had no record of being a city employee
- 9 we could not compare due to the setup quality of the name (use of same first/last name such as "Stufft Stufft")

For the 31 former employees, we researched when they terminated their employment with the City:

2	20+ years ago
9	10-20 years ago
6	5-10 years ago
10	Less than 5 years ago
4	Less than 1 year ago

In September 2018, the data attributes the use of 4,133 gallons of fuel at a cost of $7,554 to the 67 users. We cannot determine whether this fuel use was for valid City business or lost due to fraud.

Additionally, some of the fuel user names in FASTER contained errors such as misspellings, inconsistent formats (last name, first name or vice versa), and included extra characters; this made the task of identifying employees' actual names more difficult.

The risk of fuel theft is very high when unauthorized users can access fuel. We cannot assert that all fuel use by the users above was for valid City purposes. Carefully entering user names, proactively monitoring fuel users, and removing former employees in a timely manner decreases the risk of inappropriate fuel use.

Recommendation
We recommend that Fleet:
- Develop a process to review monthly fuel use. Identify and terminate any employees no longer actively working for the city within one month of their termination.
- Perform regular scheduled reconciliations (at a minimum, every six months) between Human Resources active employees and the Fleet Driver ID list to ensure it only includes active employees.

An optional approach would be to send departments the list of user names along with the monthly fuel invoices for their review.
- Develop a standard protocol for assigning fuel user names including fixed formats. Review all current users and correct any non-compliance with the new standards and formats.

Management Response
Drafted written processes
- After Fleet staff receives the required training, we will determine the scheduling review time frame.
- Within two days of receiving termination notification from HR, employees are removed from Faster, Phoenix and WEX databases.
- Adding employee to fuel database for Faster and Petro-vend (Employee ID number.) The new process now moving forward is first than last name. We are beginning to make corrections to the current data in the new standardized format.

Auditor's Comment
We believe that in addition to terminating employees within two days, Fleet should develop a process to review fuel monthly to identify and remove access for any employees whose removal may have been missed.

Estimated Implementation Date: July 31, 2019
Issue Owner: Mark Hinterreiter
Issue Final Approver: Janice Napper

ISS.29 - Fuel access
Fleet provides access to bulk fuel and fuel cards by assigning a Driver ID to authorized employees. Fleet lacks documented procedures for adding and removing Driver ID's from FASTER and Wright Express (fuel cards).

To remove Driver ID's, the Fleet Analyst uses the weekly HR termination report to identify terminated employees that are in FASTER. The Analyst then removes the Driver ID in FASTER and the two fuel systems. Per the Analyst, terminated employees should be removed within one month, if not sooner. Our review identified that access was not always removed in a timely manner (see ISS.28 above.) Fleet does not have procedures in place to ensure only current employees have active Driver IDs.

Fleet uses four-digit numbers as the Driver ID. This increases the risk that Drivers could miskey the codes. We also have concerns regarding the potential to share the Driver IDs that could result in unauthorized access.
Using an employee ID number instead of a generic four-digit code would tie the codes directly to employees. Employees might be less likely to share their employee ID as it could provide access to their personal information.

Requests for permission to access fuel occur via email. Requesting access via email does not provide an effective or efficient way to grant permissions, increasing the risk of unauthorized access to fuel.

Recommendation
We recommend that Fleet create a formal process for granting and terminating access to fuel including:
- Documented policies and procedures requiring a standardized form that captures agency information, employee name, employee ID number and supervisor signature
- Using the employee ID as the Driver ID to create an easy audit trail
- Requiring annual positive confirmation of the validity and necessity for fuel access by designated users

Management Response
Drafted written process
- Within two days of receiving termination notification from HR, employees are removed from Faster, Phoenix and WEX databases.
- For adding employees to the management system with a standardized format.

Fleet agrees there are potential security and operational issues with the four-digit fuel numbering system. Our current management is not capable of accepting ID numbers greater than the four digits. Petro-vend/Phoenix hardware and software upgrade versions are available. They have the capability to interface with our employee Proximity cards. This would greatly increase security and efficiency. Fueling access could be assigned or terminated through the employee ID process.

Auditor's Comment
Internal Audit fully supports evaluating using Proximity cards in place of Driver ID's.

Estimated Implementation Date: September 30, 2019
Issue Owner: Mark Hinterreiter
Issue Final Approver: Janice Napper

ISS.30 - Overdue asset escalation
Fleet lacks a process internally and with Departments for escalating notifications for overdue assets. Fleet sends weekly reports to city supervisors notifying them of any assets overdue for service.

Our review identified that the majority of Departments with overdue assets bring them to Fleet within a reasonable period; however, we also identified eight assets (small grounds equipment) that were more than two years overdue for service. Seven of those assets are assigned to one division.

We followed up on the eight assets: one asset was located and another was determined to be broken. There was no documentation or support for what happened to the other six assets listed below.

Asset Number	Department	Date last serviced	Asset Make/Model	Asset Replacement Cost
0PW29	Public Works	3/18/2011	Troy Bilt Trimmer	$250.00
0D252	PROS	3/24/2014	Stihl Trimmer	$417.20
0D265	PROS	7/5/2008	Ryan Aerator	$2,000.00
0D273	PROS	4/23/2009	Redmax Backpack Blower	$450.00
0D281	PROS	5/2/2010	Shind Trimmer	$300.00
0D284	PROS	10/14/2013	Toro Mower	$1,000.00
Total				$4,417.20

Being able to escalate overdue service requests ensures that assets will be serviced as required. Small equipment assets have a higher risk for loss or theft. An escalation process provides a mechanism for identifying missing assets.

Recommendation
Develop a procedure for escalating overdue assets internally within Fleet and with Departments.

Management Response
Drafted written process escalating overdue assets with a PM greater than 25% of the assets scheduled maintenance interval, to the using department manager. The fleet manager will notify the department manager of the asset(s) with overdue PM's within their department.

Estimated Implementation Date: September 30, 2019
Issue Owner: Mark Hinterreiter
Issue Final Approver: Janice Napper

ISS.31 – FASTER virtual storerooms
The FASTER system has 37 virtual storerooms within it to track parts movement. We identified multiple issues related to these Parts Storerooms.

Storeroom breakout:
     Active and in use: 9
     Not in use, have inventory balances: 8
     Not in use, no inventory: 20
     Total Storerooms   37

Using multiple storerooms increases the risk that parts can be lost or stolen.

Storerooms not in use
The eight virtual storerooms not in use within FASTER show inventory recorded in the system at $1.9 million. The last activity recorded in these eight storerooms was between two and ten years ago, depending upon the storeroom. Our limited review of the storerooms did not identify any actual physical parts associated with the inventory. The Parts supervisor is currently reviewing all eight virtual storerooms.

Fleet needs to review all virtual storerooms in FASTER, identify and dispose of any actual physical inventory recorded in the system that no longer exists, and reduce the number of active storerooms to only those actively in use.

Fleet Access to Virtual Storerooms
The Parts supervisor and staff do not have access to all the virtual storerooms identified above. The Supervisor should have access within in FASTER to all storerooms to monitor activity and contents properly.

Recommendation
We recommend reviewing all storerooms in FASTER, identifying and removing system entries for any inventory in the system that no longer exists, and reducing the number of active storerooms to only those absolutely necessary to conduct business.

Management Response
All storerooms have been gone through and old data has been cleaned up. Currently Fleet has seven active storerooms.

Implementation Date: Implemented April 2019

ISS.32 - Inventory process and adjustments
Controls over the physical inventory count and over inventory adjustments can be improved.

Inventory Process
The current physical inventory process consists of printing out the inventory list with all system inventory balances, manually recording the counted balances onto the list, and manually calculating any discrepancies.

The parts supervisors identified a report within FASTER that facilitates a blind count, where the person performing the physical inventory count would enter the information into FASTER and the software would calculate any discrepancies and track them. We encourage Fleet to use FASTER's blind count process for their physical inventory counts. This provides an added control to reduce errors and decrease the opportunity to manipulate inventory results.

Adjustments
In our review of two sections of the annual physical inventory on October 2018, we noticed parts staff documenting their discrepancy reviews with their initials (recommendation from Milestone 3). Parts staff did not make the October 2018 inventory discrepancy adjustments in FASTER until December 2018.

In addition, FASTER currently does not have the ability to export a report showing who made inventory adjustments in the system. Untimely adjustments and the inability to monitor who is making adjustments creates additional risk that inventory could be stolen and hidden via adjustments in the software.

Recommendation
We recommend that the Supervisor make all necessary inventory adjustments in the system immediately after the physical counts are completed. Fleet should continue to work with FASTER to develop an adjustment report. Once created, Fleet can add procedures to allow parts staff to make adjustments as needed with the supervisor reviewing the adjustment reports.

We recommend that Fleet continue to document secondary verifications of discrepancies with dates and initials and utilize the blind count reports for future physical inventory counts.

Management Response
Drafting written process using Faster report W214 – Inventory Count Sheets. Supervisor is the only one authorized to make any inventory adjustments. Fleet will continue to request Faster to create an Inventory Adjustment report.

Estimated Implementation Date: September 30, 2019
Issue Owner: Mark Hinterreiter
Issue Final Approver: Janice Napper

ISS.33 - Inventory discrepancy report
A large unidentified discrepancy exists in inventory. The FASTER inventory discrepancy report for January 1, 2019 through March 29, 2019 shows a discrepancy of approximately $73,000. Fleet staff identified that an issue existed with discrepancies in the fall of 2018 during our audit. The total discrepancy for 2018 was $1.1 million. The parts supervisor may have identified the cause and is working on getting a test environment set up to verify the issue.

The discrepancy report is a valuable tool to monitor discrepancies in the parts room, however, until Fleet addresses the underlying cause of the large discrepancies; Fleet cannot use this report as intended.

Recommendation

We recommend Fleet continue to work on identifying the root cause(s) of the discrepancies and address the issue. Fleet management should continue to monitor the discrepancy report until the issue is resolved.

Management Response
Fleet will continue to monitor and will work on identifying the root causes for the discrepancies and address these issues as they are identified.

Estimated Implementation Date: September 30, 2019
Issue Owner: Mark Hinterreiter
*Issue Final Approver:* Janice Napper

ISS.34 – Fleet Fire Repair Service Trends
The Fleet Fire Shop does not have standardized processes in place to use data to monitor trends in service. Additionally, they do not have benchmarks to determine if downtime and average repair times for fire apparatus are reasonable.

The National Fire Protection Agency standard 1911, for inspection and maintenance of vehicles, Annex C, section C.1. General states, *"While the specifics of the preventive maintenance program for each department will be different, the goals in each should be to ensure that all the necessary preventive maintenance is performed to make certain that the apparatus is ready and safe for responding to an emergency when needed. It is important that each department develop a program appropriate for its vehicles, circumstances, resource, capabilities, and special circumstances."*

The current Fleet Fire Supervisor uses data from FASTER to review preventative maintenance service times; we found no evidence that the prior Supervisor used data to monitor performance. Using data from Fleet's FASTER software, we calculated and charted the average downtime and repair time for pumper and aerial trucks for the period from 2014 through 2018.

Our graphs show the increases in both downtime and repair time for Pumper and Aerial trucks. We have included the average downtime hours and average repair time data sets together on separate graphs for Pumpers and Aerials; however, we are not suggesting there is any correlation between the two data sets.

Pumper average downtime & repair time

Aerial average downtime and repair time
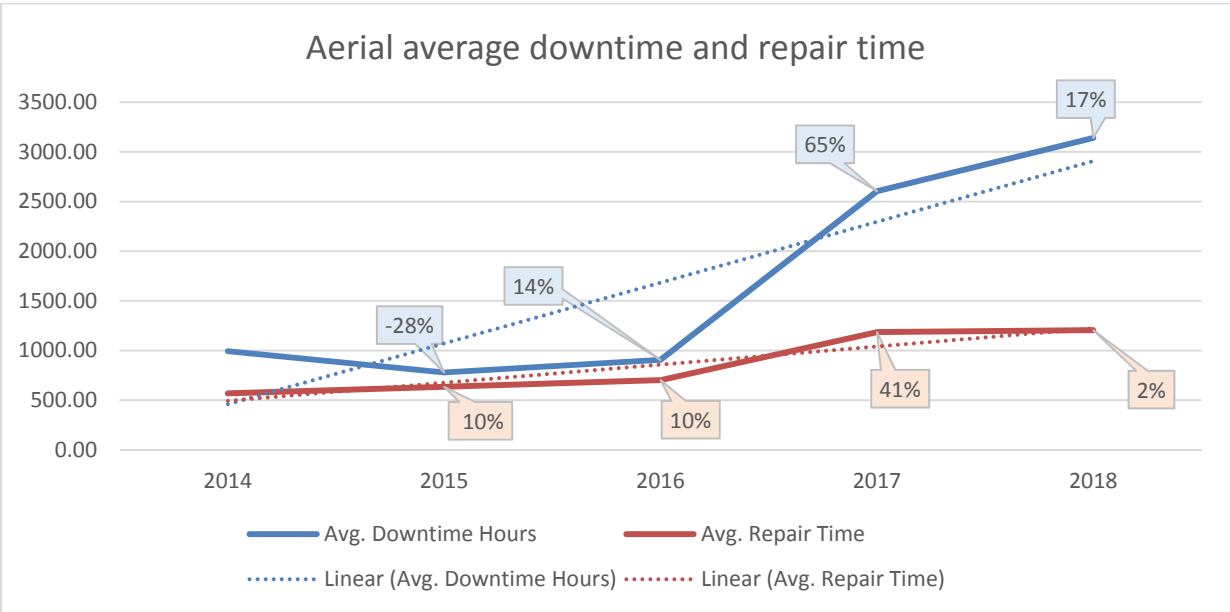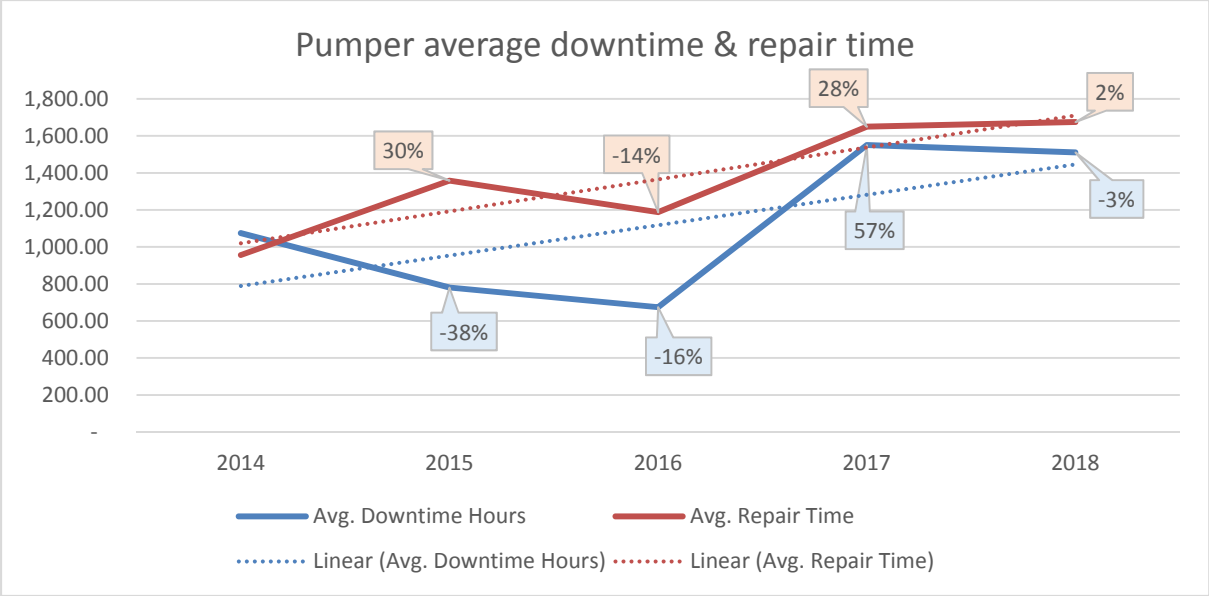
We interviewed the Fleet Fire Supervisor, Fire Lead mechanic, and the Fire Department liaison about the upward trends. The interviews identified some potential causes including:

- Fleet staffing issues, including periods of being understaffed or having newer mechanics
- An aging vehicle fleet
- Parts needed not on hand
- Lack of required scheduling process (1)
- An unusual triage approach to service (deferring preventative maintenance to fix issues on other apparatus)

- Inconsistent practices
  - Not creating work orders for all work performed
  - No checklist for preventative maintenance (1)
  - Incomplete AFR daily and bi-weekly checklists (2)
- Lack of mechanics with Emergency Vehicle Technician certifications (two of six are EVT certified) (3)

(1) APM 4.11 Vehicle/Equipment Maintenance Policies, Section B.2.a-b states, "*Fleet Management will **establish a written P.M. checklist** for each category of equipment and one for each level of P.M. Fleet Management will **develop a monthly P.M. schedule** thirty days prior to the month in which maintenance should occur. Fleet Management will provide a copy of the schedule showing the date and time of maintenance to the departments involved a minimum of two weeks prior to the first scheduled maintenance.*" **Emphasis added**

Fleet did not comply with their APM requirements.

(2) NFPA 1911 section 4.5.4. states, "*The visual and operational checks shall be done within 24 hours of a run or weekly if no runs are done during the week.*"
Aurora Fire & Rescue uses manual daily and bi-weekly checklists. We reviewed some of the checklists and identified several issues.
- The checklists were not centrally stored, reviewed, or utilized to identify potential apparatus issues.
- Additionally, the manual forms both checklists were sometimes incomplete.

Monitoring by the Fleet liaison or other designee would identify non-compliance and any maintenance concerns.

(3) According to the EVT Certification Commission, "The servicing of emergency fire apparatus and ambulances by certified technicians will provide more reliable equipment, thus enhancing the safety of the public and emergency personnel."[1]

The new Fire Supervisor has begun addressing some of the issues above including creating a scheduling process, creating a checklist for preventative maintenance, and reviewing the current parts process. Aurora Fire has implemented a new replacement schedule to begin addressing its aging Fleet.

Benchmarks will allow Fleet to compare its current times and make changes accordingly to reach and maintain benchmarks. Standardizing processes will allow everyone to consistently follow the same process and understand the expectations of what needs to be completed.

---

[1] http://www.evtcc.org/faq

Recommendation
We recommend Fleet and AFR work together to develop mutually satisfactory internal benchmarks for downtime and repair times. Fleet Fire should expand its use of data analysis and trend monitoring for downtime, repair time, and any other key performance indicators that they find useful. Monitoring should be rigorous and sufficiently regular to allow adequate time to identify the root causes of any significant trend changes and make more data-driven decisions. Fleet should continue to collaborate with AFR in monitoring the data to ensure any process changes are making a desired impact. Fleet should also develop a timeline for its remaining mechanics to obtain additional specialty certifications, such as the EVT certification.

We recommend Aurora Fire Rescue investigate digitizing the current manual checklists and ensure the appropriate items are included on them. Additionally, AFR should provide the completed checklists monthly to the Fleet liaison so they can monitor for compliance and proactively identify service needs.

Fleet Management Response
Drafting written processes for improved
- Repair tracking
- Apparatus PM checks list
- Creation and tracking of Repair Orders
- Communication with customer
- Tracking vehicle repair status

Fleet is working to improve vehicle turnaround times. There are not any industry benchmarks that I am aware of regarding fire apparatus repair times. Internal bench marks can be made based on information pulled from Faster. These benchmarks set based on multiple repairs of the same type. We are working on consistent repair type usage in order to extract benchmarking information.

Auditor's Comment
Internal Audit strongly believes Fleet and AFR need to work together to develop the benchmarks for downtime and repair times. Internal Audit also believes it is important that Mechanics obtain specialized certifications such as the EVT certifications, which increases the knowledge and skills of the Mechanics.

Fire Management Response
Aurora Fire Rescue agrees that a digital reporting system would bring value to our fleet management process. The department completed a budget request (SLAR) for 2020 to incorporate a technology adjunct that is capable of enhancing daily maintenance/inventory compliance, which would result in a myriad of efficiencies. Unfortunately, this is a budget add and is contingent upon identifying the necessary funding. AFR will evaluate the current checklists and ensure the Fleet liaison receives them.

Estimated Implementation Date: September 30, 2019
Issue Owner: Mark Hinterreiter
Issue Final Approver: Janice Napper

ISS.35 - Pool Car Utilization

Fleet needs to reevaluate its current pool car program. The current makeup of the aged motor pool fleet is below:

Year	Model	Mileage	Location	Age	Average Age
1996	FORD RANGER	69,154	Fleet	23	
1996	GMC K3500	71,572	Fleet	23	
1996	FORD ECONOLINE	97,962	Fleet	23	
1998	JEEP CHEROKEE	117,940	Fleet	21	
1998	JEEP CHEROKEE	134,280	Fleet	21	
1998	JEEP CHEROKEE	144,266	Fleet	21	
2000	DODGE VAN	33,190	Fleet	19	
2004	INTN 7400	1,547	Fleet	15	20.75
1997	FORD TAURUS	85,124	AMC	22	
2000	FORD TAURUS	115,380	AMC	19	
2002	TOYOTA PRIUS	47,435	AMC	17	
2006	CHEV TRAILBLAZER	152,971	AMC	13	
2014	FORD C-MAX	8,864	AMC	5	
2015	FORD C-MAX	8,688	AMC	4	
2015	FORD C-MAX	8,859	AMC	4	12.00
2001	TOYOTA PRIUS	62,643	Executive	18	
2003	CHEV TRAILBLAZER	123,800	Executive	16	
2007	TOYOTA HIGHLANDER	98,156	Executive	12	
2008	FORD Escape	121,116	Executive	11	
2008	FORD Escape	164,855	Executive	11	13.60

Data Review

We reviewed pool car utilization data from Fleet's FASTER software. Data was not available prior to 2017. Pool car utilization increased from 2017 to 2018, but it currently remains low at less than 20%. The absence of additional historical data prohibited us from drawing more meaningful conclusions regarding utilization trends.

Surveys

We identified and surveyed 14 city staff who received mileage reimbursements during January and February 2019. Two of the nine respondents did not know the City offered pool cars. We sent a second survey to 88 staff who used pool cars. Of the 48 respondents, 38% were less than satisfied with the current reservation process.

<u>Automated key boxes</u>
Technology and equipment exist to automate the pool car dispatching process and eliminate the need for city staff to physically dispatch and return vehicles. At our request, over a one-week period, Access Aurora and Fleet staff tracked their time spent dispatching pool cars. We used the information to estimate the annual time spent managing pool cars. The estimated cost per year for handling pool cars is approximately $1,500. The cost for one key-box with integration software is approximately $16,000. As shown below, the estimated payback exceeds 10 years.

Automated System Cost	$16,000			
Estimated dispatching cost (labor $s)	$1,500	$2,250	$3,000	$3,750
Utilization	20%	30%	40%	50%
Estimate payback period (years)	10.67	7.11	5.33	4.27

Using an automated key-box for dispatching vehicles and handling keys would eliminate staff time for this work and also allow for 24/7 self-service use of vehicles. The ease and convenience of automated access could increase client satisfaction and vehicle utilization. As Fleet increases pool car utilization, the automated system becomes more cost effective, freeing capacity in Fleet and Access Aurora for higher priority activities.

The current pool car program is underutilized. The underutilization can affect Fleet's budget as they shoulder the cost of underutilized assets, as the City currently does not charge back pool car use to user departments.

Recommendation
Create a citywide campaign to increase staff knowledge of the current pool car program. Develop and evaluate ways to expand pool car use. Methods to improve the quality of the pool car experience could include user groups and citywide surveys to obtain feedback, evaluating current vehicle locations, and employing the automated key-box system. Utilization data gathered using telematics would provide detailed utilization information including trips per day. If utilization rates do not improve, Fleet should reevaluate alternatives to the current pool car program.

Management Response
- Fleet believes executive staff involvement will be required in order to get full employee buy in on and usages of the motor pool
- Fleet will work to increase motor pool usage posting signage in fuel site gas shacks with informational flyers
- Fleet will send out motor pool information to department liaison along with their monthly registration notifications
- Employ telematics which would enable Fleet to monitor motor pool usage and operation

Another option is to set up each department with their own motor pool, which they would monitor and dispatch.

Based on the feedback Internal Audit received, Fleet has concerns of continual negative feedback from customers if we were to survey them on their motor pool experience.

Auditor's Comment

Internal Audit strongly believes that seeking customer feedback via survey or user groups will allow Fleet to obtain useful information to make changes to the pool car program. Internal Audit believes that setting up pool cars by department is not in line with leading practices.

Estimated Implementation Date: December 31, 2019
Issue Owner: Mark Hinterreiter
Issue Final Approver: Janice Napper

ISS.36 - Vehicle utilization policy

Fleet confirmed that the City lacks a policy specifying when to use a pool car, a personal vehicle, a rental car, ride share, or another transportation method.

The *Agile Fleet Getting Started Guide to Vehicle Sharing* states, "There are some common areas that policy can help cut costs within the fleet environment including:
1. Reduce the use of personal vehicles and reimbursement. If drivers are required to check for and use a shared vehicle before they are allowed to use their own vehicle for business, fleets can cut personal reimbursement costs considerably.
2. Curtail costly driver behavior with policies like reducing unnecessary idling, speeding, hard braking, and other fuel-consuming costly behaviors. (Auditor's note: These behaviors could be tracked using telematics.)
3. Encourage the use of shared vehicles versus assigned vehicles. By establishing minimum mileage thresholds for fleet vehicles assigned to one person, you can reduce the number of idle vehicles and reallocate them to your shared fleet, thereby dramatically increasing your utilization."

Developing a citywide policy on when to utilize pool cars or other methods would provide guidance to employees, ensure consistency in practice and possibly reduce fleet costs.

Recommendation

Develop a citywide vehicle utilization policy considering best practices such as requiring users to verify no pool cars are available prior to using a personal vehicle.

Management Response
- Fleet believes executive staff involvement will be required in order to get full employee buy in on and usages of the motor pool.
- Fleet believes the employment of telematics would enable monitoring of driver behavior and motor pool usage and operation.

Auditor's Comment
Internal Audit believes that a citywide vehicle utilization policy would provide valuable guidance to employees on when to use what type of vehicle.

Estimated Implementation Date: December 31, 2019
Issue Owner: Mark Hinterreiter
Issue Final Approver: Janice Napper