



RICHMOND OFFICE of the CITY AUDITOR

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AUDIT OF Richmond Department of Public Works FLEET SERVICES DIVISION

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OFFICIAL GOVERNMENT REPORT

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Richmond City Council

The Voice of the People

Richmond, Virginia

Office of the City Auditor

Executive Summary

January 13, 2015

The Honorable Members of the Richmond City Council
The Honorable Mayor Dwight C. Jones

Subject: Department of Public Works – Fleet Services Division

The City Auditor's Office has completed an audit of the Fleet Services Division (Fleet) in the Department of Public Works for the 12 months ended June 30, 2013. Fleet is responsible for acquiring, maintaining, repairing, and disposing of vehicles and equipment for the City. Fleet's effectiveness of repairing and maintaining these vehicles and equipment timely could make a significant impact on several critical operations City-wide.

The Director of Public Works had requested this audit in order to identify opportunities for improvements. Fleet staff was very receptive and cooperative during this audit. Throughout the audit the Fleet staff and management participated in the audit process and provided their input. In this audit, the City Auditor made 19 recommendations. Fleet staff reports that they have already implemented nine recommendations and implementation on other eight recommendation in progress. They are waiting on CAO's direction on remaining two recommendations.

The following are salient observations:

- Overall, the internal controls need improvement.
- Any operation needs good usable and meaningful data to measure its input, output, and outcomes. Without this knowledge, operational evaluation and improvements are not practical. Auditors found that Fleet personnel have inconsistently captured operational data. Without assurance of consistency and completeness, it is difficult to rely on the data to draw any conclusion related to the Fleet operation. Therefore, throughout this audit, the auditors did not rely on the Fleet data.

- According to a consultant hired by Fleet, 43% of the City's Fleet are beyond their expected service life. Fleet management acknowledged that repairs are being performed on units where the maintenance costs exceed the units' current value. Operational costs for some older vehicles can be greater and can result in more costly operation. It is recognized that the City has other priorities and therefore, additional appropriation for vehicles and equipment replacement may appear to be difficult.

In order to work with inadequate funding for replacement of vehicles and equipment, the City needs to consider leasing option. Recently, the Richmond Public School replaced 78 buses using a leasing option. This action will assist the School System in dealing with some of the issues identified in the City Auditor's recent RPS audit that were similar to the issues discussed in this report.

- Fleet users are concerned about:
 - Repeat repairs and repairs quality
 - Timely and transparent communication
 - Excessive downtime

Given the customer dissatisfaction, it is a good idea to analyze the root causes of Fleet customer's desire for improvement in customer service.

- In January 2014, Fleet implemented a one-year pilot project for outsourcing a portion of its operation that consisted of heavy duty vehicles and equipment repairs. Overall, it appears that the users are not satisfied with the vendor's services. There are doubts about the quality of service and excessive downtime may be affecting users' productivity. This report makes several recommendations for Fleet to improve the efficiency, effectiveness and accountability in providing services. It appears that rather than pursuing additional outsourcing efforts, Fleet needs to be given additional time to make the needed improvements.
- Controls over labor cost need improvement. Currently, labor productivity is not being monitored appropriately. Performance measures were not in place during the audit period. Although, Fleet has subsequently implemented some of the performance measures, an improvement can be made. The American Public Works Association (APWA) has provided a guideline to develop effective performance measures.
- Auditors did not find quality assurance procedures in Fleet's operating policy and procedures. The Fleet Services' Operations Manager confirmed this observation. The survey of Fleet coordinators indicated that four out of ten coordinators are not convinced about the quality of repairs conducted by Fleet.

- The City has outsourced its parts operation, which saved them \$400,000 in management fees. However, currently, Fleet's customer are not satisfied with parts availability. Auditors found that an improvement is necessary in parts contract administration to hold vendor accountable to comply with contract terms.
- The previous Fleet audit in 2007 had found abuse of fuel cards for certain deficiencies. Recently, Fleet has reverted back to the one card system for dispensing fuel for limited use. A similar system was abused in 2007.

The City Auditor's Office appreciates the cooperation of the Department of Public Works' staff. Please contact me for questions and comments on this report.

Sincerely,

Umesh Dalal

Umesh Dalal, CPA, CIA, CIG
City Auditor

cc: Christopher Beschler, Acting Chief Administrative Officer
The Richmond City Audit Committee
James Jackson, Interim DCAO Operations and Administration
Dr. Emmanuel Adediran, Interim Director, DPW

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Introduction

*The audit period
was 12 months
ended June 2013*

The City Auditor's Office has completed an audit of the Fleet Services Division (Fleet) in the Department of Public Works for the 12 months ended June 30, 2013. The auditors conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that the auditors plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for their findings and conclusions based on the audit objectives. The auditors believe that the evidence obtained provides a reasonable basis for their findings and conclusions based on the audit objectives.

The Public Works Director requested this audit to provide input related to improvements since the previous audit in 2007 and provide assistance to the newer management to improve Fleet's performance.

Objectives and Methodology

The overall objectives of the audit were to:

- Evaluate the effectiveness and efficiency of Fleet Services' operations, such as labor productivity, parts and fuel operations;
- Verify compliance with EPA regulations and Fleet policies; and
- Determine the existence and effectiveness of internal controls.

The following were some of the audit procedures conducted:

- Surveyed user departments

- Observed operations at the Commerce Road repair facility
- Reviewed financial data
- Analyzed data recorded in the automated system
- Interviewed Fleet management and staff

Management Responsibility

Management is responsible for maintaining records and internal controls

The management of the City of Richmond is responsible for maintaining relevant records and maintaining a system of internal accounting and management control. In fulfilling this responsibility, management is required to assess the expected benefits and related costs of the control procedures. The audit procedures provided a reasonable basis for conclusions regarding the internal control structure and recommendations.

Accomplishments

Fleet accomplished the following that made noticeable impact:

- Installed Fuel ring technology in 2008
- In 2011, Fleet changed the in-house turnkey parts supplier, generating savings of approximately \$400,000 in management fees

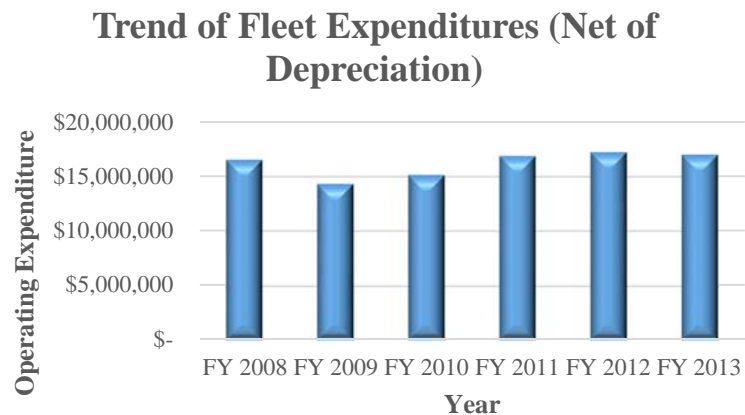
In April 2014, a consultant completed a comprehensive study to evaluate organizational policies, procedures and management practices. The auditors did not audit the information presented by vendor.

Background

Fleet is responsible for acquiring, maintaining, repairing, and disposing of vehicles and other equipment for the City. Fleet's

adopted annual operating budget in FY2013 was approximately \$21 million and is funded by charges to other City departments. A historical view of Fleet's budget (net of depreciation) and staff size is presented in the following graphs:

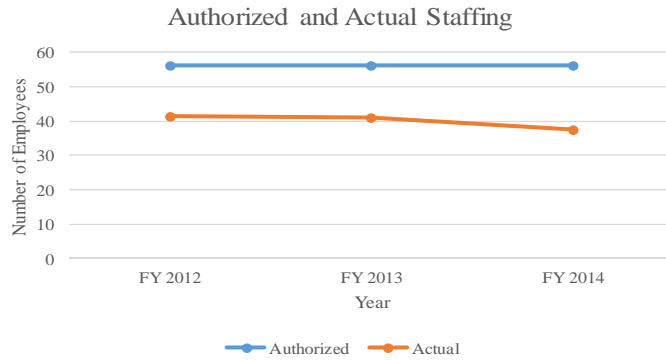
For the past six years, fleet expenditures, excluding depreciation averaged about \$16 million



Source: CAFR Analysis

As the graph above shows, Fleet operating expenditures have remained consistent over the six year period.

For the past three years, Fleet has been operating with staffing levels significantly below their authorized strength. In FY2014, staffing level was further reduced. Some staff reduction may be due to outsourcing of certain repairs and maintenance activities.



Source: Human Resources

According to a study by the consultant hired by the City, Fleet is responsible for repairing and maintaining 2,629 units. These units were comprised of the following:

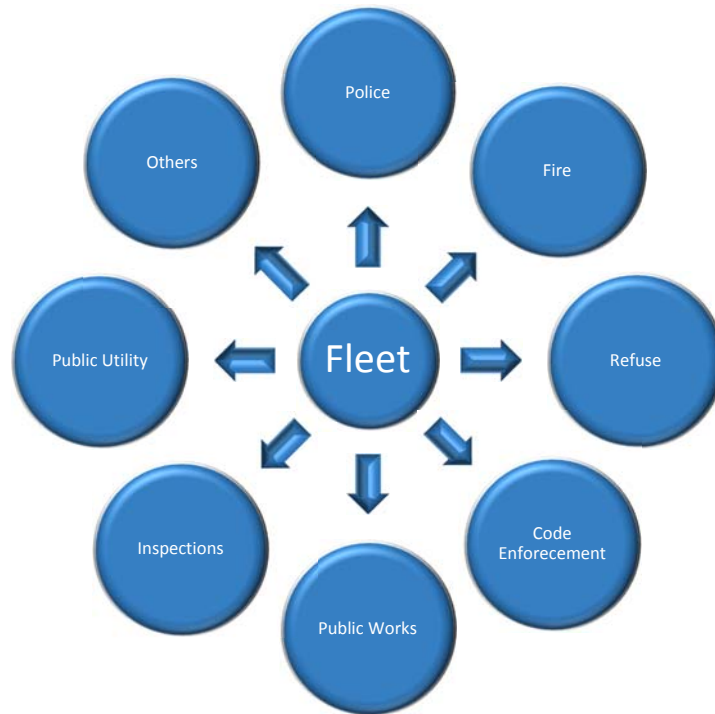
<i>Description</i>	<i>Number Of Vehicles</i>
<i>Trailers/Miscellaneous Equipment</i>	<i>249</i>
<i>Passenger Sedans/Vans/SUVs</i>	<i>575</i>
<i>Police Vehicles</i>	<i>543</i>
<i>Fire/Rescue Vehicles</i>	<i>64</i>
<i>Trucks</i>	<i>503</i>
<i>Utility Vehicles</i>	<i>68</i>
<i>Mowers/Small Equipment</i>	<i>268</i>
<i>Off-Road Heavy Equipment</i>	<i>359</i>

Note: Unaudited, information Source: CST report

Critical Role of Fleet

Several critical public services depend on this function for their operational continuity and effectiveness as follows:

Productivity in many departments depends upon availability of vehicles and equipment in working condition



Many employees in the above departments need vehicles and equipment to perform their duties. Therefore, if Fleet Services cannot repair and maintain these vehicles and equipment to ensure their timely availability, it could make a significant adverse impact on several critical operations City-wide.

Organization of this Report

The specific findings and recommendations are included in the following chapters:

- Internal Controls
- Customer Satisfaction
- Constraints faced by Fleet
- Operations Management

Observations and Recommendations

Internal Controls

Evaluation of Controls

Internal controls need improvement

According to the Government Auditing Standards, internal control, in the broadest sense, encompasses the agency's plan, policies, procedures, methods, and processes adopted by management to meet its mission, goals, and objectives. Internal control includes the processes for planning, organizing, directing, and controlling program operations. It also includes systems for measuring, reporting, and monitoring program performance. An effective control structure is one that provides reasonable assurance regarding:

- Efficiency and effectiveness of operations
- Accurate financial reporting
- Compliance with laws and regulations

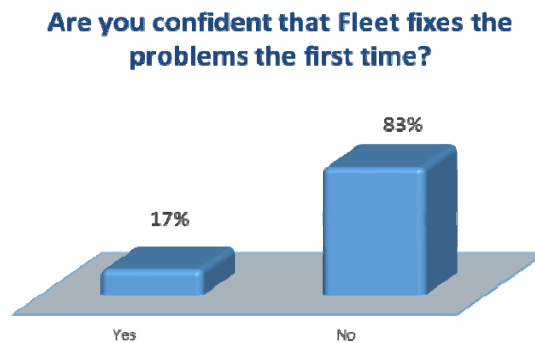
Overall, the internal controls need improvement as discussed throughout this report.

Customer Satisfaction

Survey Results

Fleet is established to provide services to City departments and agencies. As described before, services provided by Fleet have a significant impact on these users' operations. Lack of or reduced productivity due to unavailability of vehicles or equipment could be costly. Therefore, customer satisfaction with Fleet's services is critical for the City.

During the audit, a survey of departmental fleet coordinators revealed the following:



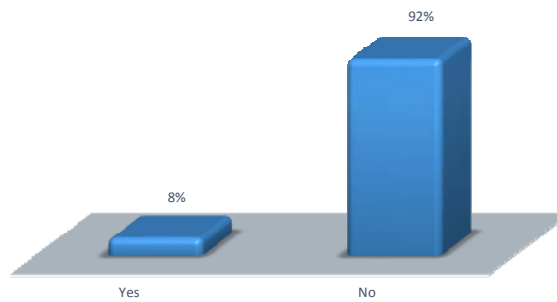
Eighty three percent of responders indicated that they are not confident if Fleet identifies and fixes problems when vehicles are sent for repairs. Almost 91% of respondents stated that problems found during state inspections are fixed prior to releasing vehicles. This means that once the problem is diagnosed, Fleet does a good job in proper repairs. Also, 79% of the responders indicated that they believe that vehicles and equipment are safe

to operate after repairs. Although these are positive comments, 63% of the responders were not satisfied with preventive maintenance service and there is a possibility that vehicles may be sent to Fleet for repeat repairs.

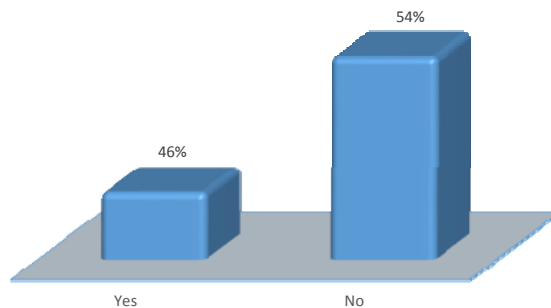
The survey also identified the possibility of improvement of Fleet processes. As depicted below, there are opportunities to improve communication:

Timeliness of service and inadequate communication appear to be major issues

Are Fleet's estimated dates of completion of repairs timely and reliable?

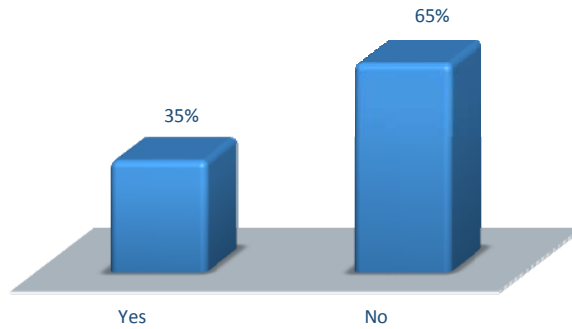


Fleet performs preventive maintenance as scheduled

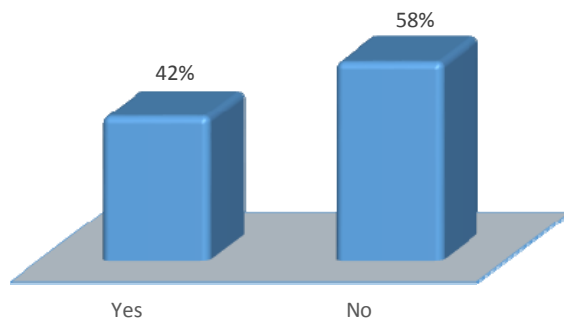


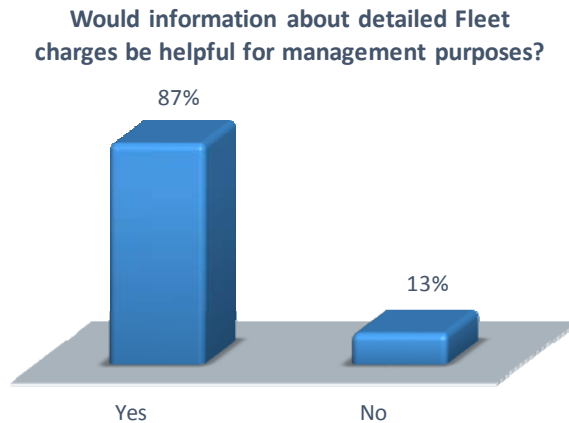
According to 79% of responders, Fleet does provide the required two week notice for preventive maintenance. However, 54% of the responders suggested that Fleet is unable to complete preventive maintenance as scheduled. The Fleet personnel indicated that they do not keep track of missed appointments for preventive maintenance. If timely preventive maintenance is not conducted, it may result in additional repair needs which may consume scarce maintenance dollars. In addition, there appears to be a need to improve transparency and improved communication in the following areas:

Does Fleet communicate problems found during state inspections in a timely manner?



Fleet communicates problems found during preventive maintenance timely





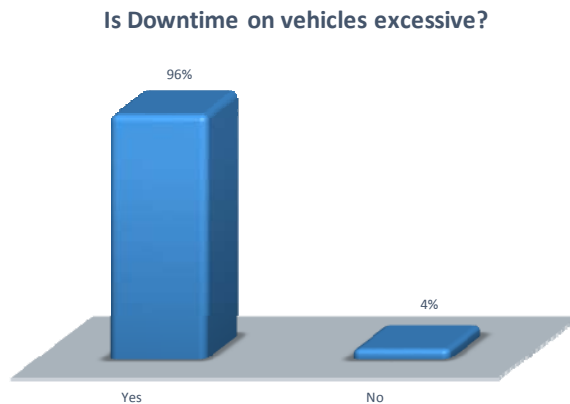
The above results indicated that Fleet needs to make additional efforts to improve communication with its users and further improve the quality of its repairs to convince about 40% of users that show dissatisfaction. It should be noted that Fleet may not be able to complete some repairs in a timely manner as older vehicles parts may not be available in a timely manner. However, in these circumstances, timely communication may help.

Providing the above information could allow users to anticipate the future repairs and plan for the downtime. This may help them to prevent unscheduled interruption in their work. In addition, detailed information related to charges may help the department to manage their budget for fleet maintenance and improve Fleet's accountability over charges.

The respondents were almost unanimous in stating that downtime of vehicles is a major issue as depicted below. As stated before,

many of the City employees rely on the availability of vehicles and equipment to perform their duties.

Excessive downtime reduced availability of vehicles and equipment



If the excessive downtime reduced availability of vehicles and equipment, it would likely have an adverse impact on employee productivity in several departments. During the audit, Fleet provided limited road-side assistance to some of the off-road and medium-duty vehicles and extensive roadside assistance for fire vehicles. Fixing minor problems in the field could save a substantial amount of time for the employees improving their productivity. Recently, Fleet began offering roadside assistance for all City-owned vehicles.

Given the customer dissatisfaction, it is a good idea to analyze the root causes of Fleet customer's desire for improvement in customer service. It should be noted that Fleet has several constraints over which they have no control. However, they may be able to make several improvements in areas where they have the ability despite of the constraints. The rest of the report discusses the constraints and the improvements needed.

Recommendations:

- 1. The Public Works Director needs to require Fleet to improve communication with users providing them more realistic time for completion of preventive maintenance, state inspections and other repairs.*

Fleet needs to:

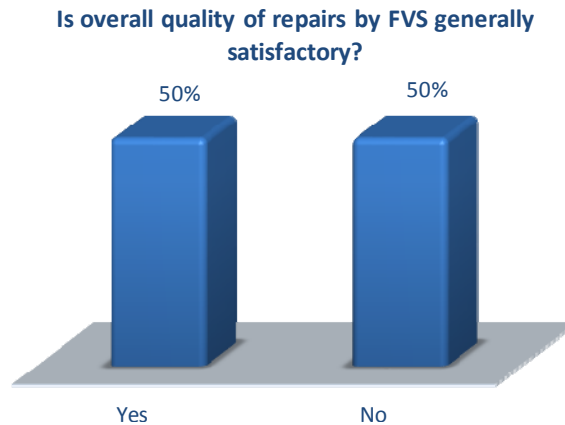
- 2. Monitor missed appointments and enforce requirement for timely preventive maintenance with the help of the Chief Administrative Officer (CAO).*
- 3. Identify and address reasons for delays in performing preventive maintenance inspections.*

***Customer
Satisfaction with
Outsourced
Operation***

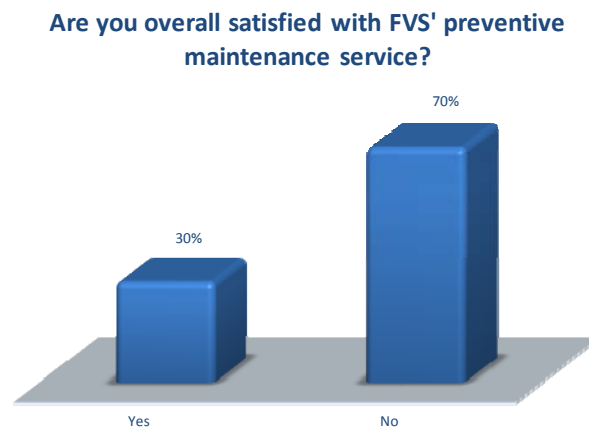
Overall, users were not satisfied with outsourced services on heavy duty vehicles and equipment

In January 2014, Fleet implemented a one-year pilot project for outsourcing part of its operation that consisted of heavy duty vehicles and equipment repairs. This action was an attempt to comply with the 2007 audit recommendation related to outsourcing of Fleet operations. In August 2014, a focus group of Fleet Coordinators had the following opinions about the outsourced operation based on their experience:

Half of the coordinators were not satisfied with the quality of repairs provided by the vendor.

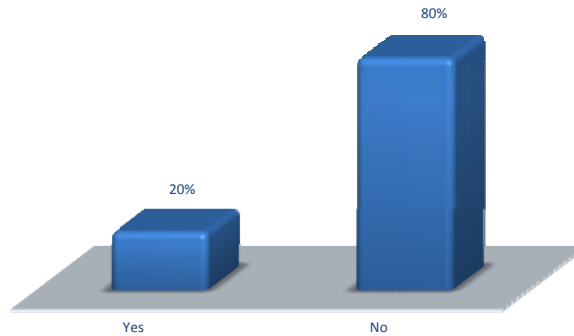


The majority of the coordinators expressed that preventive maintenance service is not performed in a timely manner. In addition, 90% of the coordinators responding to the survey thought that communication related to the problems found during this process was not timely. The coordinators questioned the reliability of time estimates provided by the vendor to complete preventive maintenance services. Overall, the majority of the coordinators were not satisfied with preventive maintenance service.

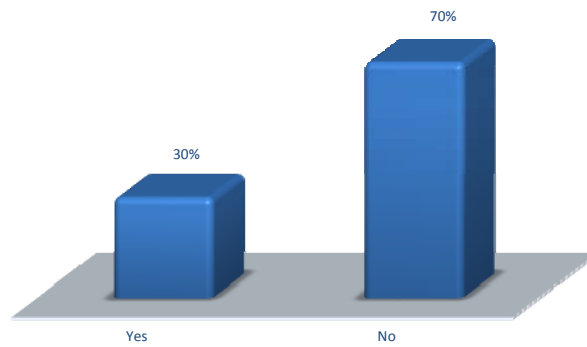


They had a similar opinion about state inspection services.

Does FVS deliver state inspection services timely?

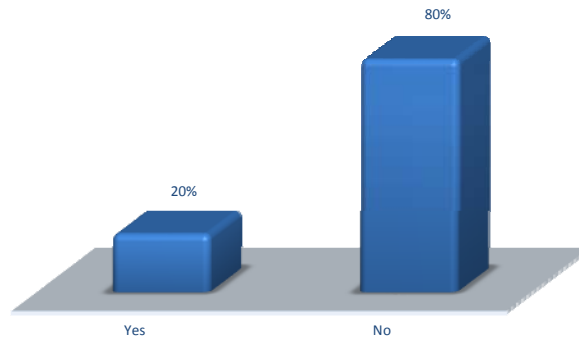


Problems found during FVS' state inspection services are communicated timely

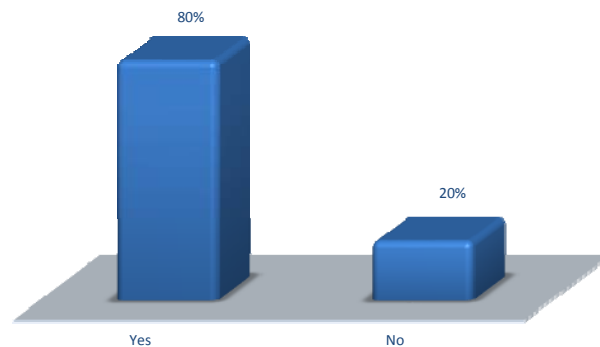


Eighty percent of employees expressed that untimely repairs are impacting employee productivity in user departments and that the downtime was excessive.

Does FVS complete repairs timely to have the least impact on employee productivity?



Is downtime on vehicles repaired by FVS excessive?



Conclusion

Doubts about quality of vendor's services and excessive downtime may be affecting productivity of users

Overall, it appears that the users are not satisfied with the vendor's services. There are doubts about the quality of service and excessive downtime may be affecting users' productivity. This report makes several recommendations for Fleet to improve the efficiency, effectiveness and accountability in providing services. In addition, currently, Fleet has experienced, qualified staff. It appears that rather than pursuing additional outsourcing efforts, Fleet needs to be given additional time to make the needed improvements.

Recommendations:

4. *The Fleet Operations Manager needs to:*
 - a. *Discontinue using the vendor for outsource operations*
 - b. *Establish expectations for current fleet administration to address deficiencies identified in this report within pre-established timeframe.*
 - c. *Periodically monitor progress on rectifying the discrepancies addressed in this report.*

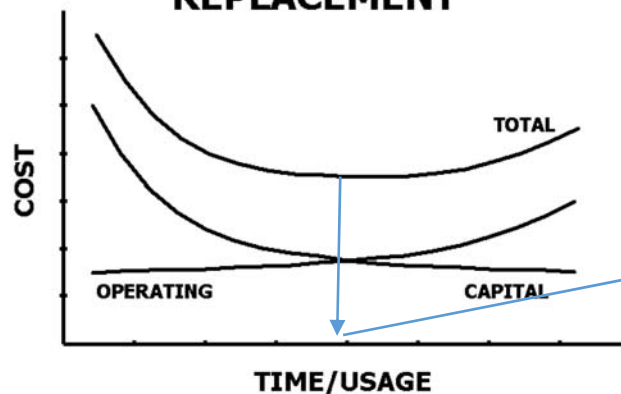
Constraints faced by Fleet

Funding for vehicle replacement

According to the City Auditor’s report issued in 2007, “There is an economic theory, which provides an objective method to determine the optimal time of vehicle replacements. This theory is based on industry-wide observations that operating cost of vehicles and equipment increases over a period as the asset gets older. Simultaneously, the market value of the asset declines (increase in depreciation). Typically, higher depreciation in value occurs during the first few years of the asset’s life. The often reported economic theory of vehicle replacement holds that vehicles should be replaced when the sum of ownership and operating costs is at its lowest historical point. This is demonstrated in the following diagram:

Replacing vehicles when the total cost of ownership is lowest is most beneficial

ECONOMIC THEORY OF VEHICLE REPLACEMENT



Replacement at least cost of ownership

According to the consultant's study, substantial portion of the City's fleet is beyond their expected life

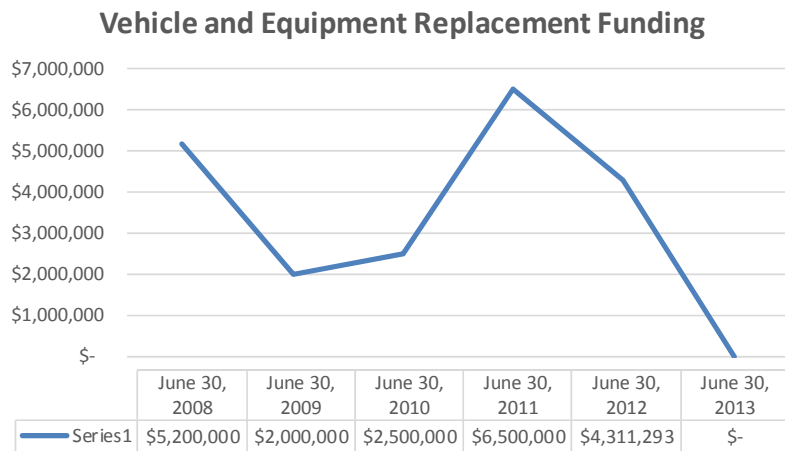
The capital cost curve shows that with increasing age of the asset, the capital value of the asset decreases due to depreciation. The operating cost curve illustrates that the maintenance, repairs and fuel costs for the asset increases as the asset ages. The total cost curve combines the two types of costs. The optimal point at which an asset should be replaced is when the "total cost" curve is at its lowest point (i.e. when the combined cost of owning and operating the unit is at a minimum)."

According to the Fleet's consultant, 43% of the City's Fleet are beyond their expected service life. Auditors could not verify the accuracy of this information. If a significant number of vehicles have passed their optimal replacement age, the overall operating costs are expected to increase. Fleet management acknowledged that repairs are being performed on units where the maintenance costs exceed the units' current value. However, due to funding constraints, Fleet is forced to repair these aging units rather than replacing them. According to Fleet personnel, the City Administration and City Council were informed about replacement of vehicles at much less than an acceptable rate based on vehicle life cycle analysis.

In January 2014, the auditors were informed that Fleet compiled a vehicle and equipment replacement plan to seek additional appropriation from the City Council. In this plan, Fleet projected replacement of about 40% of fleet vehicles and equipment that have exceeded their economic life. Fleet was requesting

additional annual appropriation of about \$7 million for five years beginning in FY2015. Traditionally, the funding for replacement of vehicles and equipment has not been consistent as depicted in the following graph:

Historically, the City's funding for fleet replacement has not been adequate



Source: CAFR analysis

The average vehicle and equipment replacement funding from FY08 through FY13 was \$3,418,549. This is substantial funding, however, it may not be adequate for renewing fleet optimally. As discussed before, operational costs for some older vehicles can be greater and can result in more costly operation.

It is recognized that the City has other priorities and therefore, additional appropriation for capital replacement may appear to be difficult. However, systematically managing replacements using overall cost of ownership of vehicles is needed to formulate a more suitable vehicle and equipment replacement policy. *The*

City may never have adequate funding for optimal replacement of fleet vehicles

Considering other priorities and historical funding, it is unlikely that the City will fund fleet replacement needs entirely

According to the study conducted by a consultant hired by Fleet, about 43% of the vehicles owned by the City are beyond their expected life. Typically, as the model shows, the operating and ownership costs are significantly lower in the initial period of vehicle ownership. Therefore, if the vehicle is replaced sooner, it will cost the organization less than keeping it past the optimal replacement period.

It appears that the 1,100 vehicles suggested by the consultant that have exceeded their useful lives may need to be replaced in order to operate Fleet cost-effectively. For this purpose, the consultant recommends an annual funding of \$9 million. Considering the City's past funding history for vehicle replacement and competing priorities, appropriating this amount does not appear realistic. Therefore, an alternative means of replacing these vehicles must be considered.

The City typically purchases vehicles and equipment to take advantage of lower financing costs due to the City's superior bond rating. Therefore, the City has consistently opted to finance the vehicle purchases with General Obligation bonds. However, this method does not instill discipline to dispose of these vehicle at or prior to the age where the operating and ownership costs begin to rise. Many organizations have considered leasing as an

option. The following are some of the benefits the City can appreciate:

- Short term operating lease would not use the City's debt capacity. The vehicles are replaced frequently keeping overall fleet newer and the City can benefit from lower operating costs.
- Significantly higher number of vehicles can be replaced with the current appropriation without causing additional burden on the City resources.

Recently, the Richmond Public School replaced 78 buses using a leasing option, which was not possible to do through traditional buying as funding was limited. This action will assist the School System in dealing with some of the issues similar to the issues discussed in this report, which were identified in the recent RPS audit by the City Auditor.

Leasing may be a viable option for renewing fleet with lower funding

Conducting a detailed analysis of the buy vs. lease option is beyond the scope of this audit. Therefore, a comprehensive analysis needs to be conducted prior to considering this option.

Recommendations:

Chief Administrative Officer needs to:

5. *Require the Public Works Department to conduct a study of vehicle and equipment leasing option considering availability of limited fleet replacement funding and impact of replacements on the cost of ownership.*

6. *Approve a plan to replace vehicles and equipment due to be replaced by leasing if found beneficial by the study conducted by the Public Works Department.*

Lack of timely financial information

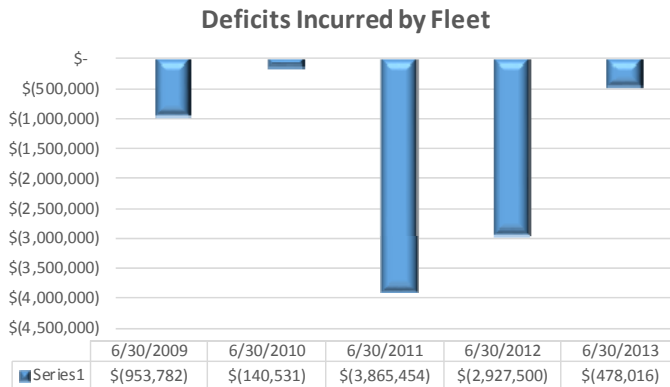
Fleet does not have timely access to financial information needed for managing its operation

Fleet Services operates as an internal service fund (ISF). Accordingly, Fleet is expected to run its operations at a breakeven point where it neither makes a profit nor incurs a loss. It is designed to function as a cost-reimbursement device. The goal of an ISF is to measure the full cost of providing goods or services for the purpose of fully recovering that cost through fees or charges. It is appropriate that an internal service fund maintains a small surplus to ensure adequate working capital and sufficient resources to replace capital assets. This means that Fleet managers must be cognizant of financial activities throughout the year. However, according to the Fleet Operations Manager, this information is not available to him.

The auditors have the following observations related to the use of an ISF:

- The 5-year trend of Fleet Management's operations shows recurring operating losses and a resulting deficit net asset position beginning with FY2012.

Recurring operating losses have resulted in a deficit net assets position



Source: CAFR Analysis

The FY2013 CAFR reports a write-down of \$6.04 million (\$2.87 million write-down of assets; \$3.17 million increase in depreciation expense). Neither the City Finance Department nor the DPW-Finance could explain Fleet’s pricing to recover costs. Without an understanding of the pricing structure to recoup costs, the goal of operating at a breakeven point may not materialize.

These observations indicate that independently, this operation may not be financially sustainable. Additional steps need to be taken to reverse the chronic weakening of Fleet’s financial condition that began in FY2007, and it has continued through FY2013. A review of other Virginia municipalities, with in-house fleet maintenance units, revealed positive net assets.

Recommendations:

- 7. The Chief Administrative Officer needs to require the Finance Department to provide financial information related to the internal service fund in a timely manner.*

Operations Management

Data Integrity

*Data was
unreliable due to
errors and
incompleteness*

Inadequate data prevents proper management of this operation

Having operational data is critical for management of any function. According to an old management proverb, “You can’t manage what you can’t measure.” Any operation needs good usable and meaningful data to measure its input, output, and outcomes. Without this knowledge, operational evaluation and improvements are not practical. For this reason, the auditors could not evaluate overall efficiency and effectiveness of Fleet operations.

Repair data (labor hours, materials and cost) is housed in Fleet’s system, called M5. This data is used to capture performance measure results as well as to bill the agencies/departments. The following observations are based on an analysis of the FY2013 work order data:

- Sequence gaps in the work order numbers were noted, which indicate that Fleet may not have complete information for their use.
- On multiple days, the labor cost pertaining to various mechanics was not recorded in M5. However, based upon KABA data (City’s payroll time clock), these employees were at work on those days. Therefore, it is unknown if all labor hours and/or repairs are captured in M5.

- Two thousand three hundred ninety-five (2,395) job codes totaling approximately \$581,000 had material costs but did not have any labor or commercial costs. One of the explanations provided by the Fleet staff was the possibility of work orders opened to issue parts to end-users to take with them or to issue parts for commercial repairs. Also, labor and other costs may have been charged on other work orders or job codes. Capturing the material, labor and commercial costs separately for a single repair prevents Fleet staff from determining the total cost of repairs. Therefore, the cost-effectiveness of the repair cannot be evaluated. In addition, this impacts the usability of the data for operational purposes.
- Approximately 18% of the repair jobs (7,360 out of a total of 41,085 repair jobs) with a status of “complete” did not have costs. The auditors did not verify the cause of this discrepancy.
- Fleet personnel inconsistently used the State Inspection job code (10-PM-300), which may have skewed the data. According to Fleet staff, the State Inspection is a two-part process. A vehicle safety inspection is completed then the State records are updated and a new sticker is issued. The inspection is coded to vehicle inspection (code 10-PM-100) and documenting the inspection log is coded to the State Inspection job code.
- Additional work required for the State Inspection should be broken out into other job codes and charged accordingly. However, based upon review of the work order data, it was

noted that material costs were captured for approximately 9% (94 of 1044 jobs) of the State Inspections. The material cost ranged from less than \$1 to approximately \$1,200. The labor hours charged to State Inspections ranged from 60 seconds to 16 hours with costs of \$0.28 to \$500.

- Labor hours for numerous repair jobs were overstated, which may have:
 - Resulted in the overbilling of agencies/departments and
 - Skewed the number of labor hours actually required to complete repairs. This situation may prevent appropriate labor management efforts.

The magnitude of the impact of this discrepancy could not be readily quantified. However, the following are some of the discrepancies noticed:

- Mechanics with multiple job codes opened simultaneously were noted (Exhibit A).
- Several job codes were not appropriately stopped at the end of the mechanics' shifts or after completion of work (Exhibit B).
- Multiple mechanics had repair job codes open for the same vehicles at the same time (Exhibit C)

Conclusion

Based on the above observations, it appears that Fleet personnel have inconsistently captured operational data. Without assurance of consistency and completeness, it is difficult to rely on the data

to draw any conclusion related to the Fleet operation. In addition, on limited occasions, the Fleet personnel had difficulties extracting M5 data. For example, Fleet staff was unable to extract information from M5 for reconciling fuel vendor's billing and fuel usage. In addition, the vehicle tank capacity could not be easily extracted for evaluating reasonableness of fuel usage. Therefore, throughout this report, the auditors did not rely on the data. Most of the findings are either based on observations or on information obtained through interviews.

Recommendations:

The Fleet Operations Manager needs to:

- 8. Provide mechanics training and implement procedures for collecting data to ensure timely, accurate and pertinent information related to Fleet operations.*
- 9. Provide appropriate M5 training to the staff performing analytical work.*

Labor Management

Industry Standards

The 2007 audit included the following:

“In the private sector and several government fleet operations, detailed labor standards are established and used to control labor costs. There are several published standards such as Mitchell’s or Chilton’s flat rate manuals that can be used for this purpose. Fleet Services uses similar software, called ALLDATA. ...Labor hours recorded in work orders can be altered and have been altered by the supervisors to match the published standards and the excess time can be accounted as indirect costs. This situation defeats the purpose of using published standards and results in misrepresentation of labor efficiency. In these circumstances, Fleet Services management is not able to evaluate and manage labor costs.”

Fleet needs to use the available technology to evaluate its labor productivity

Fleet still has license rights for “ALLDATA.” This database provides a single source of estimated labor hours for various repairs and maintenance tasks for specific vehicle models for specific years. It is possible to compare labor hours for each repair task to the suggested labor hours to determine mechanics’ efficiencies and monitor their performance. However, it is not clear if Fleet has the ability to integrate this software with M5. Currently, Fleet is not using it to effectively compare actual hours with relevant standards. Fleet only tracks the number of labor hours

for routine vehicle inspections. Each mechanic's time is compared to that of his/her peers, but not to industry standards. In addition, Fleet tracks other performance measures including ones for the City's balanced scorecard. These measures are not directly useful for evaluating labor productivity.

Labor is one of the major Fleet costs. Therefore, labor cost controls could help reduce cost of repairs. Comparing actual labor hours with the industry standards such as flat rate manuals could help Fleet in this effort. The ALLDATA software, if integrated with M5, could help Fleet supervisors and administrators to evaluate mechanics and overall labor efficiencies. Auditors did not use M5 data to evaluate labor efficiencies by comparing labor hours to established standards due to unreliability of M5 data.

Recommendations:

- 10. The Fleet Operations Manager needs to implement and use labor standards to evaluate labor productivity.*

Performance Measures

Performance measures should be designed to evaluate efforts, outputs and outcomes

Performance measures are tools for monitoring and evaluating the performance of the function and management effectiveness. They should be designed to evaluate efforts, outputs, and outcomes. There are many industry standards related to measuring performance that help to evaluate overall performance

of the operations, including productivity.

The City Auditor's Office reported in 2007, "Fleet Services is not in a position to retrieve and use pertinent data to measure employee and operational performance. The inability to do so may have compromised their capability to identify needed improvements and address them."

Performance measures were not in place during the audit period. Fleet began tracking the following performance measures in FY2014:

- Availability of vehicles and equipment
- Preventive maintenance completed
- Percentage of direct labor hours charged
- Percentage of customers satisfied with fleet services

The reporting of the above performance measures need a refinement. The auditors found calculation errors, which resulted in erroneous reporting. Fleet availability calculation used potential service hours equal to 24 hours a day, seven days per week as M5 is configured to calculate the number of hours that a work order is opened based on a 24/7 clock. With the exception of certain emergency police and fire vehicles, Fleet vehicles are assigned for use during customary business hours. Service time is only considered downtime if the vehicle is unavailable during a time in which it was needed by the assigned user.

Furthermore, there is a significant disparity between the above calculation and the customer's perception of downtime. Fleet reported vehicles and equipment availability of approximately 99%. On August 12, 2014, a focus group of 24 agency coordinators was conducted. For Fleet Services, 96% of the coordinators found downtime on vehicles to be excessive. Similarly, 80% of the relevant coordinators found outsourced operation's downtime on vehicles to be excessive. This response from customers is not in line with the availability reported by Fleet.

Although, Fleet has implemented some of the performance measures, an improvement can be made. The following guidance was derived from recommendations made by American Public Works Association (APWA):

*APWA's
recommendations
could be useful in
establishing
performance
measures*

- **Cost** (e.g. operating cost per mile, effective labor cost per hour, labor hours compared with standards, etc.)
- **Quality of Service** (e.g. rate of repeat repairs)
- **Timeliness of Service** (e.g. downtime, communication)
- **Customer Satisfaction** (e.g. timeliness of preventive maintenance, satisfaction with repairs)
- **Safety** (e.g. quality control over repairs)
- **Regulatory Compliance** (e.g. effective state inspections)
- **Fleet Utilization** (e.g. Age of fleet, underutilized vehicles)

Measuring and monitoring activities important to Fleet users could improve customer service. In addition, it will help DPW

to measure Fleet's and its mechanics' performance.

Recommendations:

11. *DPW Director needs to require Fleet to establish performance measures, which are appropriate to measure Fleet's and its employees' performance.*

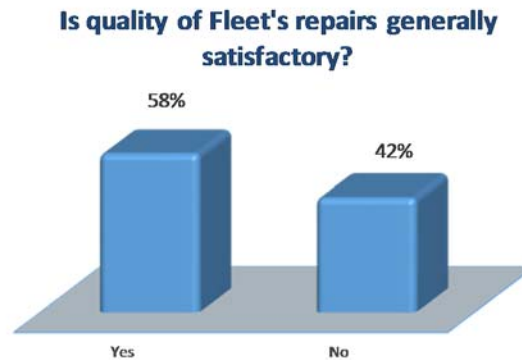
Quality Management

Auditors did not find quality assurance procedures in Fleet's operating policy and procedures. The Fleet Services Operations Manager confirmed this observation. This discrepancy exposes Fleet to the following risks:

Fleet needs to improve its efforts to manage quality of its services

- Operational Risks - Poor quality of repairs could lead to unanticipated vehicle or equipment breakdowns resulting in reduced productivity and operational challenges for City agencies.
- Financial Risks - Due to the lack of adequate quality controls, additional costs could be incurred for repair needs not diagnosed or redoing the repairs that is not done correctly initially. Based on the magnitude of repairs and maintenance activity, this situation could lead to financial loss.

The survey of Fleet coordinators indicated that six out of ten coordinators are convinced about the quality of repairs conducted by Fleet as depicted in the following graph:



Source: Fleet coordinator Survey

The auditors were informed by the Fleet personnel that upon completion of repairs, a Supervisor is expected to review the mechanic's work. However, this review and its results are not documented. The auditors did not find any other evidence of quality control reviews. Fleet's adopted practice requires the Supervisors to approve the work orders prior to closing them. Also, they were expected to select a sample of work orders and verify actual repairs done on vehicles and equipment. Based on the observation, it appears that such reviews are either not being done or need to be appropriately documented.

Recommendations:

Fleet needs to:

- 12. Establish a formal procedure to systematically evaluate quality of repairs.*
- 13. Document repairs quality inspection results.*

Parts Management

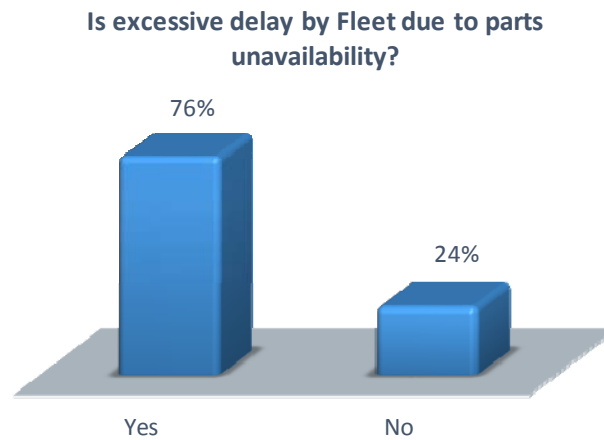
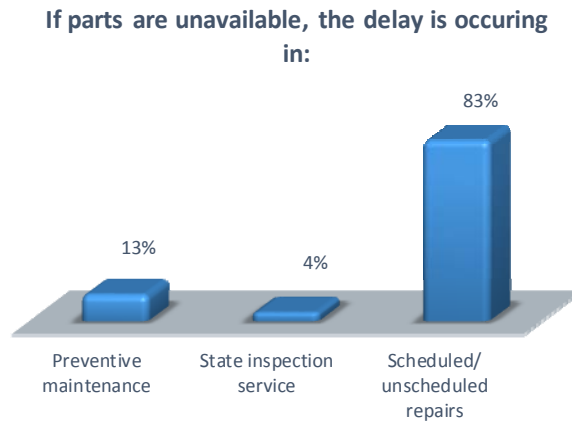
Contract Administration

The City used parts contract negotiated by the City of Chesapeake

Contract terms for the outsourced parts operations were not known by Fleet during the audit period

The City has outsourced its parts operation. In August 2011, the City entered into a three-year contract for a not to exceed amount of \$8,850,000 with a new vendor for auto part supplies and delivery. The City procured this contract as a cooperative procurement with the City of Chesapeake. This simply means that the City of Chesapeake had a contract with this vendor and allowed the City of Richmond to use it. Richmond did not negotiate the terms of the contract. The City and the vendor agreed to abide by the terms of the Chesapeake contract. The change in vendors resulted in savings of approximately \$380,000 in management fees from \$800,000 to \$420,000.

Currently, Fleet's customer are not satisfied with parts availability. In a survey of vehicle coordinators across the City, the auditors found the following



Source: Fleet Survey

Routinely used parts were not always timely available

According to the Fleet Operations Manager, there was an issue with the timeliness as the parts frequently or daily used by mechanics were not readily available. Some of these routine parts included batteries, tires, oil, filters and parts used for police and light duty vehicles. According to the Operations Manager, there was general dissatisfaction amongst mechanics for lack of timely availability of the parts used on a daily basis. The Operations Manager did not consider this delay acceptable

as it was affecting the mechanics' abilities to do their jobs and created increased downtime. However, he recognized that some of this delay pertaining to locating unique or older vehicle parts and making them available was justifiable. Auditors were unable to substantiate the timeframe and magnitude of this problem due to unreliable data and unavailability of supporting documentation. It should be noted that the Request for Proposal (RFP) included specific performance timeframes for parts delivery that the vendor was required to meet. Also, the RFP called for a report on parts delay. However, the current parts vendor staff indicated that the former Fleet Operations manager did not request this report.

The auditors made the following additional observations:

- The City spent approximately \$2,940,000 during FY2013 on management fees and parts purchases. However, the auditors' inquiry found that neither Fleet personnel nor Procurement Services personnel had the cost proposal and pricing sheets to administer and monitor vendor performance. Information was subsequently provided by vendor during August 2014 and September 2014.
- Fleet shares access to M5 with the parts vendor's staff. The vendor's staff is authorized to enter part quantities and part prices. Auditors found that the system is not configured to limit quantities and price within pre-established parameters. Accordingly, the system allows any quantity and price to be entered. The system does give warning if the price entered

During the audit, Fleet did not have procedures or information to verify amount charged by the vendor

exceeds 10% of the pre-established price. However, the warning can be overridden. For example, in October 2013, the parts vendor had erroneously listed the price for a single tire for a fire truck at a price of \$746,038.88 (after their markup) instead of \$746.04. Subsequently, M5 system marked up the price for the Fire Department by additional 35% making chargeable price per tire of \$1,007,152.49. They issued four tires charging the work order for the repairs by \$4,028,609.95. Fleet billed this amount to the Fire Department. The correction was made by the vendor in the parts ticket to the correct amount and all charges were reversed in the January's bill. The Fire Department was made aware of the mistake.

- Fleet personnel were unable to provide supporting documentation demonstrating that a reconciliation process for verifying that Fleet is being billed only for the parts used and in accordance with contract terms was in place during the audit period. The risks of overcharging and charging for the parts not acquired exist.
- Fleet Services incurs annual management fees exceeding \$400,000 in addition to parts purchase cost with a markup as a result of outsourcing the parts operations. As such, auditor inquired with the Director of Public Works and the Fleet Operations Manager about the cost effectiveness of outsourcing. The auditors found that Fleet personnel have

not evaluated cost effectiveness of outsourcing or insourcing of parts operation. Generally, they are of the opinion that insourcing could be more cost effective. However, auditors did not observe any systematic analysis of this issue.

A survey conducted during the audit indicated that Chesterfield, Henrico and Prince William Counties, and City of Virginia Beach have in-house parts room in their respective Fleet operations. Whereas, the Cities of Norfolk and Chesapeake have outsourced their parts room operations.

Based on the above observations, it appears that administration of this outsourced operation needs to be improved. In addition, a thorough analysis of the rationale for outsourcing of the parts operation needs to be conducted.

Recommendation:

- 14. DPW Director needs to require Fleet to administer current and future parts contract.*

Fuel Management

Fuel Cards

Fuel cards are subject to the risk of abuse

The 2007 Fleet audit found that using fuel cards for dispensing fuel did not assure personal accountability for fuel use. The report included a number of examples where employees used fuel exceeding fuel tank capacity in their vehicles resulting in loss to the City. The report concluded that these occurrences resulted in risk of fuel theft and adverse impact on employee productivity due to multiple visits to fuel sites.

The 2007 audit found, “Fleet Services records revealed at least 645 transactions where fuel pumped into the vehicle exceeded the fuel tank capacity of vehicle. For example, the records show that one user pumped 44.7 gallons of fuel in a vehicle with a 16 gallon tank capacity. Additional examples are included in the detailed report. It is possible to configure the system to disallow fuel transactions exceeding the fuel tank capacity. The above instances could represent misappropriation of fuel.”

Fleet reverted back to the same system that was observed to be abused during the previous audit

During FY2013, Fleet used two fuel cards, one assigned to the vehicle and the other to the user, to dispense gas at the pumps. Fuel card users were prompted for manually entering mileage from the vehicle odometer and the vehicle number. As of January 2014, one card with one pin number is now used to dispense gas. This means that Fleet reverted to the same system that was observed to be abused in 2007 audit.

Currently, fuel cards are assigned to individuals. One fuel card can be used for multiple vehicles/equipment. During the audit, there were over 250 fuel cards existing. Only department supervisors are authorized to request a fuel card. They may request the fuel card to be issued as either the department or employee as the cardholder. The auditors noticed that Fleet does not have any monitoring or controls of the active fuel cards. The departments are responsible for setting their own controls, if any, over the fuel cards. The employees are not required to acknowledge in writing that the fuel cards must be used for city vehicles only.

*Post 2007 audit,
Fleet implemented
automated controls
over all but the fuel
dispensed using
fuel cards*

Subsequent to the 2007 Audit, Fleet implemented an automated “O” ring technology to improve controls. The auditors were informed that the fuel rings capture the unit number, date, time, and mileage, number of gallons dispensed, location, fuel quantity and type, and the department that the unit belongs to. This technology also prevents dispensing fuel into unauthorized vehicles or containers. However, not all vehicles and equipment have “O” rings installed. Accordingly, Fleet continues to use fuel cards for certain vehicles and equipment. For instance, an emergency Police vehicle may have to go to another locality on business where the fuel rings do not operate. Fuel cards are used for all equipment where a fuel ring does not properly fit such as gas cans and lawnmowers. Fire trucks also have to use fuel cards for proper dispensing of Diesel Exhaust Fluid (DEF) fuel.

*Fleet is not
monitoring fuel
prices charges by
vendor*

Fleet is at risk of being overbilled for fuel purchases

During FY2013, Fleet purchased approximately 2.3 million gallons of fuel for approximately \$7 million. Pursuant to contract terms, fuel billed per gallon should be based upon the “Unbranded Average” for Richmond, VA OPIS. Auditors observed that fuel quantities billed per gallons were not compared to fuel usage uploaded in M5. Also, fuel prices billed were not compared to the OPIS website to ensure that fuel was billed at the correct rate.

Recommendation:

15. Fleet needs to implement procedures to ensure that the vendor bills for actual quantities used at contracted price.

Mileage Information

Inability to capture mileage information for operational purposes

At this time, Fleet does not capture mileage information when fuel cards are used. The fuel cardholders are instructed to enter a vehicle number when prompted at the pump to enter mileage. This situation may have significant operational implications. For example, lack of mileage information may prevent Fleet from monitoring cost per mile of vehicle usage. Therefore, the

vehicles costing high cost per mile may not be easily detected and managed.

Fleet is not capturing mileage information for vehicles fueled using fuel cards

Prior to May of 2014, fuel card transactions were not monitored for reasonableness. In May of 2014, the Administrative Project Analyst began monitoring vendor billing and Fleet billing to the departments for fuel usage. Currently, Fleet does not use M5 to compile exception report, although the relevant data is uploaded in the system. Upon request, the Administrative Project Analyst could not extract information from M5 and successfully compare it back to the vendor invoice.

To determine if the appropriate amount of gas was consumed in each transaction, the auditor compared the vehicle tank capacity with fuel dispensed. The auditor found that 46% of fuel card transactions in FY2013 could not be linked back to a vehicle or piece of equipment due to inaccurate or lack of unit number data. This means that if the fuel is currently being misappropriated, there is no way to identify it. In FY2013, fuel cards were used to dispense 6% of the approximately \$7 million or about \$420,000 fuel.

Fleet's position is that the departments are responsible for controls to ensure proper use of the fuel cards. Auditors visited some of the departmental sites and found inconsistencies in procedures used to control use of fuel cards. Overall, the controls over fuel consumption using fuel cards appear to be weak. In this

situation, if fuel cards are misused, it will not be detected in a timely manner.

Recommendations:

- 16. CAO needs to establish citywide fuel card use monitoring procedures.*
- 17. CAO needs to authorize Fleet to enforce citywide fuel card usage procedures.*
- 18. Fleet needs to periodically analyze reasonableness of fuel use by comparing fuel dispensed to vehicles and their respective fuel tank capacities.*

Compliance with Laws and Regulations

EPA Regulations

The auditors identified EPA regulations applicable to fleet operations. Noncompliance with these regulations could lead to fines and penalties. To verify compliance, the auditors reviewed the standard operating procedures for storage tanks, parts and disposal of hazardous waste.

Auditors could not conclude if Fleet was in compliance with EPA regulations

During the audit period, auditors could not conclude if Fleet was in full compliance with applicable EPA laws and regulations. If compliance inspections were performed, they were not properly documented nor did the Standard Operating Procedures (SOPs) fully address environmental compliance. The SOPs only identified the vendors contracted for disposal of hazardous materials and waste but did not provide guidelines for employees about tasks to be conducted upon identification of these materials and waste. The procedures did not provide details of the business process for complying with requirements related to collection, storage and disposal of hazardous waste or universal waste products.

Subsequent to the audit period (July 2013), the Department of Public Utility (DPU) conducted a site assessment for the Commerce Road Fleet Facility. The Inspector identified numerous EPA violations, such as:

- Evidence of spills and leakage from vehicles

- Liquid materials stored without secondary containment storage container missing labels or in poor condition (rusting)
- Evidence that maintenance operations resulted in discharge to the storm drains

If ongoing non-compliance with EPA regulations continues, the City could be subjected to fines and penalties. However, subsequent to the conclusion of this audit, Fleet provided revised SOPs that identified the storage and disposal of these items' handling of hazardous materials.

Recommendations:

19. DPW Director needs to require Fleet to monitor and document compliance with EPA regulations.

City of Richmond Audit Report
Fleet Services Division
Exhibit A
Multiple Job Codes Opened for Simultaneously for Same Mechanic

Employee Number	Start Date and Time	End Date and Time	Unit Number	Job Codes	Account/Job Description	Duration
A	02-Jul-2012 12:43:25	02-Jul-2012 14:14:44	120691	19-00-001	New equip. prep new unit in-service inspection	1.52
A	02-Jul-2012 12:53:15	02-Jul-2012 13:30:35		55	Meeting	0.62
A	02-Jul-2012 13:30:35	02-Jul-2012 14:43:12	074656	05-66-006	Repair tailgate cylinders	1.21
A	02-Jul-2012 14:14:44	02-Jul-2012 14:31:49		Break	Shift break	0.28
A	02-Jul-2012 14:31:49	02-Jul-2012 15:57:16	121207	19-00-001	New equip. prep new unit in-service inspection	1.42
A	02-Jul-2012 14:43:12	02-Jul-2012 16:13:04	074656	05-03-001	Repair gauges & warning devices	1.50
A	03-Jul-2012 11:46:47	03-Jul-2012 12:46:22		50	Lunch	0.99
A	03-Jul-2012 11:54:03	03-Jul-2012 12:50:20		55	Meeting	0.94
A	03-Jul-2012 12:46:22	03-Jul-2012 14:18:57	110042	19-00-001	New equip. prep new unit in-service inspection	1.54
A	03-Jul-2012 12:50:20	03-Jul-2012 13:58:24	084658	05-66-004	Repair carrier/packer cylinders	1.13
A	03-Jul-2012 13:58:24	03-Jul-2012 16:18:53	084658	05-34-002	Repair lamps-rear, tail, stop, turn, etc.	2.34
A	03-Jul-2012 14:18:57	03-Jul-2012 14:41:41		Break	Shift break	0.38
A	03-Jul-2012 14:41:41	03-Jul-2012 15:56:34	125659	64	New equip. prep new vehicle car setup	1.25

City of Richmond Audit Report

Fleet Services Division

Exhibit B

Examples of Untimely Closing of Job Codes

Start Date and Time	End Date and Time	WO Number	Job Codes	Account/Job Description	Duration
24-May-2013 14:26:49	03-Jun-2013 06:52:21	34031	05-34004	Repair clearance/marker interior lamp	232.43
04-Jan-2013 12:41:20	08-Jan-2013 07:04:17	28921	19-00-001	New equip. prep new unit in-service inspection	90.38
26-Apr-2013 07:24:09	29-Apr-2013 07:02:34	32530	05-70-007	Repair conveyor assembly	71.64
02-Nov-2012 07:40:35	05-Nov-2012 06:58:33	26660	05-02-027	Repair seat frames & springs	71.30
05-Apr-2013 14:57:49	08-Apr-2013 12:59:46	32497	07-66	Lubricate refuse packer	70.03
31-May-2013 10:01:12	03-Jun-2013 07:04:38	34146	05-01	Repair air conditioning	69.06
20-Jul-2012 11:58:51	23-Jul-2012 07:32:30	21942	05-65	Repair hydraulic systems	67.56
30-Nov-2012 13:06:07	03-Dec-2012 07:05:49	27673	03-61-100	Replace drive belt, blower system	66.00
11-Jan-2013 16:03:23	14-Jan-2013 07:03:28	29089	03-64-002	Replace impellar	63.00
26-Feb-2013 10:00:43	28-Feb-2013 11:16:24	31053	21-10-007	Weld jack stand & coupling	49.26
05-Nov-2012 09:54:15	07-Nov-2012 07:44:24	26747	03-02-038	Replace mud flap	45.84
06-Feb-2013 08:08:16	08-Feb-2013 05:08:16	30287	10-PM-200	Perform preventive maintenance. Grease & oil	45.00
08-Apr-2013 14:38:55	10-Apr-2013 06:56:52	31936	05-70-006	Repair broom guard/deflections	40.30
29-Aug-2012 09:59:16	30-Aug-2012 12:59:16	23898	03-32-001	Replace battery & cables	27.00
24-Oct-2012 07:33:26	25-Oct-2012 10:25:52	26173	21-10	Weld trailers	26.87
11-Mar-2013 07:46:13	12-Mar-2013 10:30:54	31471	21-60	Weld special apparatus	26.74

City of Richmond Audit Report

Fleet Services Division

Exhibit C

Examples of Multiple Mechanics with Open Jobs Simultaneously for the Same Vehicle

Employee	Start Date and Time	End Date and Time	Unit Number	Job Code	Account/Job Description	Duration
B	25-Mar-2013 13:20:30	25-Mar-2013 14:37:44	002539	06-44	Inspect/diagnose fuel system	1.29
C	25-Mar-2013 13:52:27	25-Mar-2013 14:10:53	002539	06-44	Inspect/diagnose fuel system	0.31
D	07-Jun-2013 13:16:17	07-Jun-2013 14:10:01	002569	25-16	Pickup/delver suspension	0.90
E	07-Jun-2013 13:17:17	07-Jun-2013 14:07:24	002569	25-16	Pickup/delver suspension	0.84
F	13-Sep-2012 13:25:04	13-Sep-2012 14:04:20	003162	25-13	Pickup/delver brakes	0.65
G	13-Sep-2012 13:26:15	13-Sep-2012 14:27:11	003162	25-13	Pickup/delver brakes	1.02
H	25-Sep-2012 08:07:29	25-Sep-2012 09:38:15	003710	25-55	Pickup/delver cargo system	1.51
I	25-Sep-2012 08:07:48	25-Sep-2012 09:16:35	003710	25-55	Pickup/delver cargo system	1.15
J	02-Aug-2012 12:45:15	02-Aug-2012 13:16:12	003764	03-61	Replace miscellaneous	0.52
K	02-Aug-2012 12:33:22	02-Aug-2012 14:12:23	003764	21-61	Weld miscellaneous	1.65
F	22-Oct-2012 13:14:03	22-Oct-2012 14:43:24	003852	25-60	Pickup/delver special apparatus	1.49
G	22-Oct-2012 13:15:25	22-Oct-2012 14:58:17	003852	25-60	Pickup/delver special apparatus	1.71
F	13-Aug-2012 14:40:14	13-Aug-2012 15:27:02	004104	25-03	Pickup/delver instruments & gauges	0.78
G	13-Aug-2012 14:41:16	13-Aug-2012 15:33:57	004104	25-03	Pickup/delver instruments & gauges	0.88

MANAGEMENT RESPONSE FORM

APPENDIX D

DPW - Fleet Services Division Audit Responses

#	RECOMMENDATION	CONCUR Y-N	ACTION STEPS
1	The Public Works Director needs to require Fleet to improve communication with users providing them more realistic time for completion of preventive maintenance, state inspections and other repairs.	Y	Completed
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Operations Manager		
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
			Supporting Documents on File: Monthly Appointment Calendar sent out to users. Customer report sent daily on status of vehicles/ equipment in shop. PM notifications sent out through M5 advising of upcoming PM's. Vendor meetings to improve turn-around time on repairs. On-going verbal communication with end users.
#	RECOMMENDATION	CONCUR Y-N	ACTION STEPS
2	Monitor missed appointments and enforce requirement for timely preventive maintenance with the help of the Chief Administrative Officer (CAO).	Y	In Progress
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Operations Manager		3/31/15
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
	Develop and Implement a PMI policy addressing timely response through the Chain of Command. Address the possibility of incorporating a late fee charge on vehicles that miss their PM date.		
#	RECOMMENDATION	CONCUR Y-N	ACTION STEPS
3	Identify and address reasons for delays in performing preventive maintenance inspections.	Y	Completed
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Operations Manager		
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
			Supporting documents on file. A. Personnel shortages addressed being addressed. Working with HR on filling the vacancies. Developing strategies on how Fleet can work with HR to move the process along. B. Agencies can now make service appointments to expedite service. PMI notifications sent out 30 days in advance.

#	RECOMMENDATION	CONCUR Y-N	ACTION STEPS
4	Fleet Operations Manager needs to: a. Discontinue using the vendor for outsource operations. b. Establish expectations for current fleet administration to address deficiencies identified in this report within pre-established timeframe. c. Periodically monitor progress on rectifying the discrepancies addressed in this report.	Y	In-Progress
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Operations Manager		7/4/2015
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
	a. Transition process to take back Heavy Truck repairs underway. Expected ready date by 7/4/15. 1. Fill mechanic vacancies by 6/1/2015. 2. Establish heavy truck repair contracts by 5/1/2015. 3. Establish shifts, work space, training, special equipment to be purchased and funding allocated to support the return of the additional 260+ heavy trucks to Fleet by 5/1/2015. 4. Define space for parking the additional trucks to be serviced within the Commerce Road facility service lots by 4/30/2015. b. Fleet will address deficiencies and identify corrective action steps by 2/15/2015. Implementation of plan to follow in accordance with transition timeline. c. Fleet will monitor corrective action on a quarterly basis - ongoing.		
#	Recommendation	CONCUR Y-N	ACTION STEPS
5	Chief Administrative Officer needs to require the Public Works Department to conduct a study of vehicle and equipment leasing option considering availability of limited fleet replacement funding and impact of replacements on the cost of ownership.	Y	In Progress
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Operations Manager		4/30/15
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
	Prepare a revision of the previous study that was conducted and presented in October 2013. Revisit the various funding options including leasing.		
#	RECOMMENDATION	CONCUR Y-N	ACTION STEPS
6	Chief Administrative Officer needs to approve a plan to replace vehicles and equipment due to be replaced by leasing if found beneficial by the study conducted by the Public Works Department.	Y	In Progress
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Operations Manager		4/30/15
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
	Prepare a revision of the previous study that was conducted and presented in October 2013. Revisit the various funding options including leasing.		

#	RECOMMENDATION	CONCUR Y-N	ACTION STEPS
7	The Chief Administration Officer needs to require the Finance Department to provide financial information related to the internal service fund in a timely manner.	Y	Requires CAO Action and DPW Director to spearhead action.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Operations Manager		4/30/15
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
	Pending DPW Director coordination. Initial meeting held 12/12/14 with Fleet, DPW Finance, City Budget & Finance Office. Fleet will persue meeting with Finance to learn all applications of RAPIDS related to budget, general ledger and other relevant finance information.		
#	RECOMMENDATION	CONCUR Y-N	ACTION STEPS
8	The Fleet Operations Manager need to provide mechanics training and implement procedures for collecting data to ensure timely, accurate and pertinent information related to Fleet operations.	Y	Completed
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Operations Manager		
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
			Training documents on file. Mechanics that particiate in training are to provide documentation i.e. certificates to support the training. All training received is loaded into the training on sharedrive.
#	RECOMMENDATION	CONCUR Y-N	ACTION STEPS
9	The Fleet Operations Manager need to provide appropriate M5 training to the staff performing analytical work.		Completed
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Operations Manager		
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
			Training documents are on file. Supervisors are to prepare the necessary documents supporting any M5 training.

#	RECOMMENDATION	CONCUR Y-N	ACTION STEPS
10	The Fleet Operations Manager needs to implement and use labor standards to evaluate labor productivity.	Y	Completed
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Operations Manager		
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
			M5 contains labor standards based upon AllData equivalent principles for light duty vehicles. PM100 is the primary emphasis used to base the labor standards against for City mechanics.
#	RECOMMENDATION	CONCUR Y-N	ACTION STEPS
11	DPW Director needs to require Fleet to establish performance measures, which are appropriate to measure Fleet's and its employees' performance.	Y	Completed
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Operations Manager		
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
			<ul style="list-style-type: none"> • Fleet currently applies guidance derived from APWA within the M5 database in the performance of the monthly and quarterly metric reporting requirements. • Quarterly metric reporting is included in the Balance Score Card progress report City wide. . Fleet currently processes on Monday a production report by employee. . Fleet will be evaluating an employee's performance based by the job effective January 2015. . Standard performance evaluations are completed by the supervisor every six months with an annual completed capturing a mechanics performance throughout the year.
#	RECOMMENDATION	CONCUR Y-N	ACTION STEPS
12	Fleet need to establish a formal procedure to systematically evaluate quality of repairs.	Y	In Progress
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Operations Manager		3/31/15
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
	Fleet will work HR to develop Lead Tech positions within the current personnel allocations to handle quality control issues.		

#	RECOMMENDATION	CONCUR Y-N	ACTION STEPS
13	Fleet needs to document repairs quality inspection results.	Y	In Progress
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Operations Manager		3/31/15
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
	<ul style="list-style-type: none"> • Fleet will implement a quality control checklist that can be universally applied to all types of vehicles and equipment. • Retain these checklists in unit files for reference and repair details. 		
#	RECOMMENDATION	CONCUR Y-N	ACTION STEPS
14	DPW Director needs to require Fleet to administer current and future parts contract.	Y	In Progress.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Operations Manager		4/15/15
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
	<p>Fleet will work with Procurement to insure contract compliance.</p> <p>. Fleet will develop a Monthly Evaluation Form identifying the specific requirements addressed on the New RFP.</p> <p>. Each division will complete the Monthly Evaluation Form and submit to the Shop Superintendent.</p> <p>. Shop Superintendent will combine the data provided to arrive at a total for the month.</p> <p>. Quarterly meetings will be held by the Operations Manager addressing the outcomes of these Monthly Evaluations with the Parts Manager with a corrective action timeline implemented. If vendors fails to meet the corrective action timeline then a formal Vendor Complaint is submitted to Procurement for Action.</p> <p>. All key participants will receive a copy of the completed contract with a review of what is expected of the new vendor.</p>		

#	RECOMMENDATION	CONCUR Y-N	ACTION STEPS
15	Fleet needs to implement procedures to ensure that the vendor bills for actual quantities used at contracted price.	Y	Completed
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Operations Manager		
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
			<p>Fleet currently reviews monthly parts usage to contracted prices with a selection of parts from Hopkins Road and Commerce Road.</p> <ul style="list-style-type: none"> Supervisors verify the Parts Request or Parts Return form to the invoice and M5 to ensure parts and quantities are charged to work order with no discrepancies.
#	RECOMMENDATION	CONCUR Y-N	ACTION STEPS
16	CAO needs to establish citywide fuel card use monitoring procedures.	Y	In Progress
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Operations Manger		5/1/15
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
	<p>Fleet will prepare for CAO approval city-wide policy and procedures addressing fuel card usage.</p> <p>Fleet to implement an in-house FuelMaster fuel card system to have better checks and balances of fuel card usage.</p> <p>Develop exception reports to identify unusual disbursements</p> <p>Daily and per transaction limits are applied based upon vehicle classification.</p>		
#	RECOMMENDATION	CONCUR Y-N	ACTION STEPS
17	CAO needs to authorize Fleet to enforce citywide fuel card usage procedures.	Y	In Progress
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Operations Manager		5/1/15
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
	<p>Fleet will prepare for CAO approval a city-wide policy and procedures addressing fuel card usage.</p> <p>Fleet will also create a form to be signed by each recipient of the fuel card accepting responsibility for any abuse.</p>		

#	RECOMMENDATION	CONCUR Y-N	ACTION STEPS
18	Fleet needs to periodically analyze reasonableness of fuel use by comparing fuel dispensed to vehicles and their respective fuel tank capacities.	Y	In Progress
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Operations Manager		05/01/15
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
	CAO approval of city wide policy and procedures addressing of fuel card usage. Fleet to develop exception report to easily identify abuse.		

#	RECOMMENDATION	CONCUR Y-N	ACTION STEPS
19	DPW Director needs to require Fleet to monitor and document compliance with EPA regulations.	Y	Completed and on-going.
	TITLE OF RESPONSIBLE PERSON		TARGET DATE
	Operations Manager		
	IF IN PROGRESS, EXPLAIN ANY DELAYS		IF IMPLEMENTED, DETAILS OF IMPLEMENTATION
			Supporting documentation on file. This recommendation is an on-going compliance target. .The SWPPP inspection form is completed every two weeks, quarterly, bi-annually and annually by the Administrative Project Analyst - EPA. Hopkins Road and Commerce Road are evaluated for compliancy. These documents are submitted to Fleet Operations Manager and he will forward to the DPW Director for review. . The inspection sheet is held in the office of the APA-EPA. . Every three years an EPA inspection for underground storage tanks is completed. Documentation maintained in the office of the APA-EPA employee.