



CONSENT CALENDAR

May 13, 2003

To: Honorable Mayor and Members of the City Council

From: Ann-Marie Hogan, City Auditor

Subject: Fleet Vehicle Management Audit

RECOMMENDATION

That Council request the City Manager to report back on October 14, 2003, regarding the implementation status of each of the Auditor's recommendations in the attached report, and to set a date for a follow up report if any recommendations remain unimplemented at that time.

SUMMARY

In accordance with the Auditor's fiscal year 2003 audit plan, the Fleet Vehicle Management audit was performed to follow up on the recommendations from the 1994 Fleet Vehicle Management Review. In addition, we evaluated the adequacy of internal vehicle cost reporting, and determined compliance with current City policies on vehicle use and with tax regulations on take-home use of City vehicles. Audit fieldwork began on July 12, 2002, and concluded February 11, 2003.

Our audit indicated that most of the recommendations addressed in the prior audit were implemented. However, our results suggested that fleet vehicle policies may not be diligently enforced or followed. Unresolved findings related to the 1994 audit were:

- Charges for personal use of Fleet vehicles between home and work do not reflect stated policy or current mileage reimbursement rate (Finding 1).
- Vehicle requirements for transporting the City's work force are not supported by workload analysis or usage. Some City vehicles may be underutilized; and this would make their cost per mile significantly higher than the IRS standard mileage rate of \$0.36 (Finding 2).

The following findings were identified in the audit and have not yet been completely resolved:

- There are deficiencies in the City's financial software, causing discrepancies in departmental vehicle cost (Finding 7).
- Information in A.R. (Administration Regulation) 7.1 (formerly A.R. 6.1) "Use Of Fleet Vehicles" is not accurate (Finding 9).
- The "Procedure For Checking Out A Pool Car" in A.R. 7.1 is ambiguous, allowing employees to check out pool vehicles repeatedly after an initial one-time authorization (Finding 10.1).
- Employees at the Fire and Police Department did not complete a "Clearance To Drive/Operate An Emergency Vehicle, Truck Or Maintenance Equipment" form as

- required by A.R. 7.1 (Finding 11).
- EMD assigned vehicle parking information is inaccurate (Finding 12).

FISCAL IMPACTS OF RECOMMENDATION

Since Public Works has worked to implement some recommendations already, there will not be significant additional cost to the City to implement the other recommendations. However, if the IRS standard mileage rate (\$0.36 per mile) effective January 1, 2003, is used for charging employees who use a City vehicle to commute between home and work, the City will save approximately \$95,352 annually in vehicle costs.

CURRENT SITUATION AND ITS EFFECTS

Departments indicated that recommendations related to these areas will be implemented by June 30, 2003:

- Determining the appropriate charges for take-home vehicles.
- Incorporating into the budget process an evaluation and justification for fleet vehicles and take-home vehicles.
- Establishing standard benchmarks and procedures for monitoring fleet size and usage.
- Reinforcing adherence to take-home vehicle policies and reporting income for take-home usage accurately.
- Centralizing the Employee Pull Notice Program enrollment process to ensure full compliance with the California Vehicle Code and utilizing the program as a tool to monitor employee driving behavior.
- Reiterating the importance of continuous account monitoring of vehicle costs.
- Updating A.R. 7.1 to accurately reflect the approved City policies on assigned vehicles, take-home vehicles, pool vehicles, overnight parking and unauthorized vehicle use.
- Resolving software deficiencies in the “miscellaneous charge” program of the financial systems.

RATIONALE FOR RECOMMENDATIONS

With the current economic downturn and budget constraints, the City should make a concerted effort to evaluate whether resources allocated to the City fleet have been utilized effectively to achieve an optimal level of service to the community.

CONTACT PERSON

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Approved:

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