



**MANAGING LIGHT FLEET VEHICLES AT
COUNTY DEPARTMENTS**

"The County took the initiative to evaluate fleet management in 2000. Audit tests disclosed improvements were made and additional improvements could be made."

**Johnson County Auditor
Report No. 2004-02
December 16, 2004**

www.jocogov.org

PERFORMANCE AUDIT



Johnson County Audit Services

December 16, 2004

To: The Johnson County Board of County Commissioners
County Manager
Department and Agency Directors


The Johnson County Auditor audited the County's management of the \$26 million fleet of light vehicles. The objective of the audit was to determine if departments and agencies had adequate practices and procedures for monitoring vehicle usage, maintaining vehicles, and replacing vehicles. Audit tests disclosed management improvement was needed.

- Some departments and agencies did not adequately meet the expectations of six fleet management elements used as a benchmark standard. (*See page 2*)
- Ten of 21 departments, accounting for 243 vehicles, do not regularly monitor vehicle use and costs. This represents 31 percent of the fleet that are not monitored on a regular basis. Also, many monitoring plans that were submitted to us were too vague or limited to pass as adequate. (*See page 4*)
- Sixteen departments did not have vehicle replacement plans. These entities operated 556 vehicles and replaced vehicles on an "as needed" basis or when officials believed maintenance costs were getting too high. (*See page 5*)

Recommendation: The report makes recommendations to the County Manager and the Department and Agency Directors to develop monitoring systems, replacement plans, and a management reporting system. (*See page 6*)

The audit was conducted in accordance with applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, except that Peer Review has not been performed, and included such tests of the procedures and records as considered appropriate.

I appreciate the cooperation received from department and agency officials during the audit.


William D. Miller, CIA, CGFM
County Auditor

The following auditors contributed to this report:

Senior Auditor: John Middleton, CPA
Staff Auditor: Nizar Tabet

**MANAGING LIGHT FLEET VEHICLES AT
COUNTY DEPARTMENTS**

TABLE OF CONTENTS

	<u>Page</u>
RESULTS AND RECOMMENDATIONS	1
The Light Vehicle Fleet Could Be Better Managed	1
Conclusions.....	6
Recommendations.....	6
Management Comments	7
 APPENDIX	
OBJECTIVES, SCOPE AND METHODOLOGY	15

RESULTS AND RECOMMENDATIONS

The Light Vehicle Fleet Could Be Better Managed

Johnson County (the County) could maintain better documentation systems for monitoring and managing its fleet of light¹ vehicles. There are 23 departments² with light vehicles. Our review of each department's fleet management program disclosed:

- Departments are inconsistent in the type, amount, and medium of information they record for their fleets.
- Only 5 departments have adequate vehicle replacement programs.
- Only 11 departments have adequate maintenance and repair monitoring programs.

County management, on its own initiative, conducted a study of vehicle fleet management in 2000 and made good recommendations for more accountable fleet management. Improvements were made as a result of these recommendations at some departments. The recommendations were not implemented by some departments because officials did not view the report as a policy requirement, some officials did not believe it necessary to track information for small numbers of vehicles, and some officials believed the limited data they were collecting was sufficient.

As a result, there is no assurance the light vehicle fleet will be adequately maintained, replaced at proper intervals, or regularly and consistently monitored for cost and use.

County invests approximately \$27.8 million in light vehicle fleet and maintenance

As of the date we started audit work, the County owned and operated 774 vehicles with an aggregate cost of approximately \$26 million. The total maintenance cost reported by the departments was \$1.8 million during 2003, and vehicle purchases for 2003 amounted to approximately \$2.2 million.

How Audit Services conducted the audit

We obtained a detailed inventory of all county-owned vehicles and recent vehicle purchases from the Office of Financial Management (OFM), Risk Management Division. Additionally, we compared vehicle maintenance expenditures for FY 2003, as recorded in ASPIRE,³ with data provided by the departments, to determine the extent to which County departments monitor and record vehicle operating expenditures. To evaluate fleet management programs, we used information gathered from the departments and criteria obtained from the County's *Light Vehicle Report*,⁴ issued in December 2000. We interviewed personnel within the departments and reviewed their policies and procedures regarding managing fleet vehicles.

From these sources, we developed six management elements that would constitute an effective

¹ For the purposes of this audit, Light Vehicles are defined as passenger cars, sports utility vehicles, trucks (including small, large, and medium duty trucks), non-special use or modified vans, and buses.

² For the purpose of this report, departments refer to departments and agencies.

³ The County's computerized financial records system.

⁴ This is a comprehensive study of vehicle fleet management prepared by a County multi-departmental committee which analyzed budgeting, acquisition, maintenance, and vehicle disposal.

vehicle management program and matched these elements to the departments' programs. These elements are:

- Specific assignment of fleet management responsibilities to a department employee
- Routine monitoring of vehicles for cost, use, and other activities
- Use of a computerized monitoring system to track vehicle costs, uses, and other activities
- Existence of a vehicle replacement plan (documented identification of replacement criteria such as vehicle age, mileage, residual value, and operating cost)
- Use of standardized methodologies to determine when to replace vehicles (documented use of collected data to make replacement decisions based on the criteria identified in the plan)
- Participation in cooperative service relationships between departments

Light Vehicle Report recommended improvements

The *Light Vehicle Report* made several recommendations to improve fleet management. The objective of the report was to develop implementation steps for fleet replacement mechanisms, increase interdepartmental cooperation, and develop use and capacity standards. The report made recommendations for maintenance programs, replacement programs, funding options, and coordination and cooperation among departments, among others. Recommendations relevant to the scope of our audit included:

- Develop a systematized and workable vehicle maintenance program with specific assigned responsibilities and accountabilities
- Develop a program for regular vehicle monitoring
- Develop cooperative relationships with County departments having service facilities
- Utilize a computerized vehicle maintenance expense and mileage-tracking package
- Work with County Purchasing Division and with other agencies participating in the metro purchasing contract to develop a "net cost" approach to vehicle acquisition in contrast to focusing only on initial purchase price
- Submit annually updated 5-year vehicle replacement plans

Upon release of the *Light Vehicle Report*, the County Manager assigned his deputy and one staff member to oversee implementation and make policy changes as appropriate.

Management of fleet operations is not consistent among departments

We compared the six management elements adapted from the recommendations in the *Light Vehicle Report* and found some departments had vehicle management programs that substantially met the intent of the recommendations while others did not. Table 1.1 shows the results of our match of 21 department programs⁵ to the six management elements we deemed desirable for an effective program. Shaded cells indicate the department either did not have the management element or did not provide adequate evidence to support the statement that they have it.

⁵Two departments accounting for 3 vehicles did not respond or provide data requested.

Table 1.1: Results of Fleet Management Analysis

Department	Number of Vehicles	<i>Adapted from Light Vehicle Report</i>					
		Assigned Responsibilities	Regular Monitoring Program	Cooperative Service	Computerized Tracking System	Replacement Plan	Replacement Methodology
Sheriff	176	Yes					
Wastewater	120	Yes	Yes	Yes	Yes		
Infrastructure	93	Yes	Yes	Yes	Yes	Yes	Yes
Transit	75	Yes	Yes	Yes	Yes	Yes	Yes
Med Act	53	Yes	Yes	Yes	Yes		
Corrections	45	Yes	Yes		Yes		
Development Supports	38	Yes	Yes				
Mental Health	32	Yes		Yes			
Library	27	Yes	Yes			Yes	Yes
Environment	25	Yes	Yes	Yes	Yes		
Airport	21	Yes	Yes	Yes	Yes		
Human Services	18	Yes	Yes	Yes	Yes		
Facilities	15	Yes		Yes			
Appraiser	13	Yes	Yes	Yes	Yes	Yes	Yes
Planning	6	Yes					
Emergency Management	4					Yes	Yes
Finance	3	Yes		Yes			
Public Health	3						
Emergency Communications	2						
Information Technology	1			Yes			
Motor Vehicles	1						
Total Vehicles	771						

Source: Auditor analysis of data submitted by departments

The results of our analysis presented a mixed picture of how the County, as a whole, manages its fleet of vehicles. County-wide policies for fleet management do not exist. The County Manager said the report was used to encourage departments to seek best practices within the County and to help structure their fleet management programs. He did not make the report recommendations a mandate for all departments because each department may have had differing requirements.

According to the departments, the recommendations were not implemented because officials (i) did not view the report as a policy requirement, (ii) did not believe it necessary to track information for small numbers of vehicles, (iii) believed the limited data they were collecting was sufficient, or (iv) believed county-wide guidance identifying how the County wanted data collected and reported was needed.

Vehicle monitoring plans were not always used

Ten of 21 departments, accounting for 243 vehicles, do not regularly monitor vehicle use and costs. This represents 31 percent of the fleet that are not monitored on a regular basis. We determined many of the monitoring plans submitted to us were too vague or limited to pass as adequate. Vehicle histories were not extensive enough to demonstrate a vehicle monitoring program existed, or provide enough information to determine efficient and effective use of the vehicles. For example:

Some departments
do not monitor
vehicle use

- The Sheriff's department official provided a plan assigning responsibility for vehicle monitoring to both Bureau Commanders and the Fleet Manager. However, this plan simply assigned responsibility but did not provide a methodology for monitoring vehicle use and maintenance.
- Facilities officials collected data primarily for accounting purposes but did not have a meaningful way of using the data for vehicle monitoring purposes.
- Mental Health employees devised a computerized system to keep track of vehicle maintenance costs but did not use it.
- Planning officials said they do not monitor vehicle use, and vehicle maintenance histories are collected in folders but not reviewed.

Most agencies with inadequate monitoring programs collected receipts for maintenance and gasoline purchases and/or received transaction reports from Infrastructure or other sources. However, the data was not entered into data bases, or was not complete for all vehicles, and was not routinely examined for trends, such as higher than normal mileage, increased maintenance costs, or low use of vehicles.

Several departments serviced their vehicles at the Infrastructure department. These departments cited Infrastructure's capability to provide scheduled maintenance reminder cards and notifications at the pump, as well as maintenance history, as evidence the departments had a vehicle monitoring system.

We reviewed the Infrastructure system and interviewed personnel who maintain the system. While it has many capabilities, most of the vehicle monitoring capabilities are not used by other departments. In some cases the monitoring capabilities have been turned off at the request of the outside department for employee convenience. For example:

- The reports generated from the system and sent to other departments are merely a listing of transactions for billing purposes. They do not represent "cradle to grave" management of the vehicle. These reports were not intended to be a monitoring system and could not be used as such without additional manipulation and verification of the data such as sorting transactions by vehicle and verifying vehicle identification.
- Infrastructure staff only vouches for the accuracy of the transaction amount (e.g. number of gallons of gasoline) but not the vehicle identifications or mileages. They noted many

customers put a myriad of number combinations in the pump just to get the gasoline flowing.

- Departments cannot rely on the Infrastructure system for monitoring vehicles because the data is not complete. We noted the departments that used the Infrastructure system did not do so exclusively. Thus, the records and reports would not be a complete maintenance record for the vehicles.

Those departments with adequate vehicle monitoring programs, assigned particular responsibilities to their members, and provided them with the tools to fulfill this responsibility. For example:

- The Appraiser's office staff effectively monitors its 13 vehicles with a common spreadsheet software application, using tables and formulas that calculate maintenance intervals and summarize vehicle histories.
- Wastewater and Infrastructure staff purchased a specialized computer application to monitor vehicle use and costs.
- Johnson County Transit staff developed a detailed manual which included forms, instructions, and guidance for vehicle monitoring.

Vehicle replacement plans were not always used

Sixteen of 21 departments, operating 559 (72.2%) County vehicles do not have vehicle replacement plans. Only five departments (Appraiser, Infrastructure, Transit, the Library, and Emergency Management) provided evidence of a vehicle replacement plan. The Library provided the most detailed plan, with expected replacement dates and expected costs for each vehicle clearly outlined for a 5-year period. Examples of comments from the departments that did not satisfy this management element included:

Five departments had good replacement plans

- Human Services Administration staff said they do not have written vehicle replacement policies.
- Community Corrections staff provided a policy that expressed the department's intent to evaluate vehicle needs annually, and purchase vehicles in accordance with existing county policies and procedures.
- Environmental Department staff replaces vehicles "on an as needed basis."
- The Sheriff's department staff stated vehicle replacement would occur "when it is no longer fiscally appropriate to do repairs."

Management controls are needed

Audit results showed there is no management reporting system for the County vehicle fleet. While management of the fleet is decentralized to the department director level, there is no requirement to report fleet information to the County Manager. Linking the department fleet programs to a reporting requirement, preferably in the budget process, would provide proper

Vehicle life cycle cost reporting is needed

management control county-wide. The report should include total operational costs for the vehicles over the life of the vehicles. This would allow the County Manager to determine if the departments are adequately planning for costs to acquire and maintain their vehicles and to raise appropriate questions during the annual budget cycle.

The fleet management programs in the departments should meet basic minimum requirements. These minimum requirements would apply to all departments regardless of the number of vehicles they use. As a minimum, all departments should collect, cumulate, and trend cost and maintenance data and data necessary to age the vehicle inventory. The data gathering systems can be as complex as suits the departments' needs, provided the basic data is gathered and regularly reported to management.

Conclusions

There is a substantial variance in vehicle management systems used within the County. Some departments capture a great deal of information about each vehicle – purchase price, purchase date, mileage, fuel cost, and repair cost. Other departments capture very little information. There is also a wide variance in the number, type and use of vehicles managed by each department – from 1 to 176 vehicles. In our opinion, this diversity does not lend itself to a uniform approach to managing the fleet. However, fleet management at the County level is still required.

A vehicle management reporting system needs to be timely and complete to provide departments and the County Manager adequate information to make informed decisions about fleet management and vehicle replacement.

Some departments' programs could serve as best practices for other departments to emulate, which is also what the County Manager intended from the Light Vehicle study. Also, with a limited amount of research, basic automated vehicle management tracking programs can be obtained "off-the-shelf" from vendors.

Recommendations

We recommend:

- 1.1 The County Manager establish County-wide criteria for monitoring vehicles and distribute appropriate guidance to department directors. The criteria should include as a minimum:
 - Vehicle cost
 - Date purchased
 - Vehicle mileage updated on a regular basis
 - Scheduled vehicle maintenance costs
 - Unscheduled vehicle maintenance costs
 - Vehicle operating costs
- 1.2 The County Manager establish a county-wide reporting system for the fleet vehicle information with assigned responsibilities and defined accountability.

1.3 Department directors establish monitoring systems that capture at a minimum:

- Vehicle cost
- Date purchased
- Vehicle mileage updated on a regular basis
- Scheduled vehicle maintenance costs
- Unscheduled vehicle maintenance costs
- Vehicle operating costs

Management Comments

In the responses to the report, some departments did not agree with the criteria we used to evaluate fleet management. We agree that there are many elements to fleet management that could also be used. However, absent any standard, we developed the one we used, which is also consistent with the elements the County Manager used. Our recommendations address the need for consistency, and the choice of elements used to gain that consistency should come from management. Specific responses follow:

County Manager: *County Management generally agrees with the findings and recommendations contained within the audit report. Many of the recommendations are similar to those found in the light vehicle study performed by County administration and a staff committee in 2000 and recommended as best practices. Departmental responses demonstrate some of the unique characteristics of fleet management and reasons why certain practices weren't implemented or fully adopted as recommended. However, we conclude that implementing the three audit recommendations of County-wide monitoring criteria, County-wide reporting, and departmental monitoring systems will improve fleet management practices beyond current levels and plan on making those enhancements beginning in 2005*

Executive Director, Airport: *In response to our audit recommendation 1.3, the Airport staff prepared and submitted a formal vehicle replacement plan.*

Director, Human Services and Aging: *We agree, as we stated during the audit field work, that HSA “does not have a written policy but for sedans our general policy is to plan replacement when we expect vehicles to exceed ten years of age or 100,000 miles” and that “replacements are actually made based on the general condition of the vehicle, both for vans and sedans.” This has been our policy and procedure because it is easy to monitor the condition of the small number of vehicles HSA operates. We suggest the statement on page five be removed or be replaced with the following, “Human Services and Aging staff stated that they do not have a formal vehicle replacement policy but that they review vehicle age, mileage and general condition to plan and make replacements.”*

Regarding Recommendation 1.3 which is directed to Department Directors, we agree with the recommendation and plan to implement it by January 1, 2005. For the first five items listed (vehicle cost, date purchased, vehicle mileage updated on a regular basis, scheduled vehicle maintenance costs, unscheduled vehicle maintenance costs) we are already substantially in compliance. For the sixth item listed (vehicle operating cost) we will record periodically the fuel used by each vehicle.

Using the maintenance costs plus the fuel costs, annually we will calculate vehicle operating costs.

Director, Wastewater: *We have reviewed the report and concur with the six management elements identified in the report. We also have comments on the report's findings with respect to JCW practices. The Auditor's report shows JCW did not meet two of the six management elements as outlined in the Light Vehicle Fleet audit. JCW would agree that the report is technically correct since we do not have a formal written replacement plan or methodology for replacing JCW vehicles. JCW's Fleet Manager operates under a set of guidelines for replacing vehicles based on age, mileage and historical repair costs (exactly the criteria as outlined in the Auditor's Recommendation 1.1).*

These criteria are applied each budget cycle to project the vehicle replacement schedule for the next five years. This methodology allows the flexibility necessary to meet the shifting priorities and needs as identified each budget cycle. JCW furnished the Auditor's Office with copies of recent budget planning documents which outlined our 5-year projections for replacement of vehicles. JCW also furnished the Auditor's Office with JCW's policy of 10 year/100,000 mile guidelines combined with operating cost records. We understand that this information was considered informal documentation and, as a result, JCW was found not to be in compliance with a written vehicle replacement plan and the use of standardized methodologies to determine when to replace vehicles. While JCW would respectfully disagree that our vehicle replacement plan and methodology does not meet the management elements of the Light Vehicle Audit, we understand the Auditor's position that a formal written replacement plan, other than through the budget process, may enhance the consistency in the County Manager's review and analysis of the County's Light Vehicle Fleet. JCW will work with the auditor to develop a formal written document that meets the Auditor's criteria.

Director, Med-Act: *Effectively maintaining a fleet of emergency vehicles to execute our mission is something we have been committed to for many years. We are in agreement with the audit as it pertains to Med-Act. We understood that the results would be very favorable, however not perfect since we had no formal & written replacement schedule. As mentioned in the investigation, our vehicle replacement plan is rather simple and before now did not need to be articulated on paper. I feel that Med-Act's historical record of vehicle purchases over many years demonstrates that we have been reasonable and economically prudent in the acquisition, maintenance and replacement of vehicles. I have included our written replacement plan. A schedule is currently being development to satisfy the elements of the audit.*

Key staff individuals may not have seen the 2000 vehicle study when it was released. During that time period, Med-Act was in transition without a department head and some County provided information may not have trickled down to the appropriate people. When the County Manager provides information or suggestions, we are very attentive.

We would gladly cooperate with a countywide vehicle program if a tracking system were provided each department. There is a mention in the report on Page 6 that "some departments' programs could serve as best practices for other departments to emulate." I think it is important to describe these best practices and to which department they are attributed. I think this would add balance to the report.

Director, Community Corrections: *Corrections currently has a cooperative agreement with Johnson County Transit to transport selected clients to and from the Adult Residential Center to*

their places of employment. We have been partnering with Transit on this for about the past 18 months. The Corrections Department operates several 24/7 facilities. Our vehicles must be available when they are needed. Our adult clients work all three shifts and must be transported in a safe and secure manner. Through past experience with vendors (including Public Works), we take our vehicles to those businesses that provide us with fast, reliable, cost-effective service. Regarding the Replacement Plan and the Replacement Methodology, as per your request we provided to your office documentation of the criteria used when replacing vehicles. We track vehicle usage, mileage, repairs, etc. All replacements are based upon: age of vehicle, mileage and maintenance cost. As we discussed previously, we have no hard rule on replacement – it depends solely on the vehicles under consideration. Some high-mileage, older vehicles are in good working order with no problems; other low-mileage, newer vehicles may be a maintenance nightmare.

A major consideration in our decision to replace vehicles is our limited capital replacement funds. While we were fortunate several years ago to receive additional capital replacement funding from the Board of County Commissioners, the reality is that we are funded at approximately 65% of our actual replacement costs. This means that each year we must stretch those dollars to address the multitude of vehicle (and other equipment) needs within our department.

Executive Director, Developmental Supports: *Thank you for the opportunity to provide comments on this report. While not disagreeing with a general sense of the report recommending more consistent and accurate management of light vehicles, JCDS is providing you some specifics of our situation and approach to fleet management in order to provide a complete perspective for county management.*

JCDS light vehicles are used primarily for consumer services. Ever changing service needs and constantly changing needs of the individuals who are in our services continually make difficult the management of our fleet. It complicates reaching standardized replacement methodologies, managing vehicle service needs, and monitoring usage of the fleet.

The complications do not, however, eliminate the need for activities such as tracking vehicle usage, planning replacements, and monitoring costs. JCDS does this and has done it for many years. It just may not be in a format or written format as recommended in the report. Improving these systems would be a goal JCDS could agree upon. However, we want to make it clear that we have made conscientious efforts to plan, track, and monitor vehicle usage for many years.

As to some of the specifics of the findings, we would point out a couple of things to again add perspective to our specific situation. Although evidence of our guidelines for vehicle replacement was not written in a specific policy for JCDS, our methodology has been to replace a vehicle when it has reached 100,000 miles or become 10 years old. The guide has served us very well over the past 15 years and has only recently become skewed when vehicles were not retired and replaced but pushed into extended service due to unplanned growth of our services.

Decisions regarding purchases and replacements of vehicles are made using standardized methodologies as cited above, using maintenance records and safety needs, assessing the ever-expanding needs of the programs and the developmentally disabled persons we serve, and with available resources. Cooperative agreements have been made with other departments for repairs and service but became very difficult to implement because of the nature of our business. Many

repairs and services need to be accomplished on weekends and evenings as our staff goes about the business of service to persons living in our residential programs. Staff to shuttle vehicles to and from appointments with county departments open only during the week are not available. Service such as oil changes is scheduled every quarter whether the vehicle has gone 3,000 miles or not. Service shops such as Jiffy Lube are open evenings and weekends. Many services occur while consumers are bowling or at church on Wednesday evenings. In addition, Phillips 66 provides us with monthly reports of fuel usage for each vehicle, complete with miles per gallon and other such information.

The report's final recommendations are not unreasonable, but JCDS would again wish to emphasize that it has made every effort to maintain data on each monitoring criteria that are in these concluding recommendations. We may not have been able to computerize or use some of the methods recommended but are not opposed to those if given adequate resources and staff. In addition, JCDS has maintained a philosophy and method of replacement based on vehicle usage, safety, and most importantly consumer and program needs. Formalizing these even more would not be an issue.

We hope these comments are useful and provide a perspective on specific issues and factors that exist for JCDS as regards light vehicle fleet management.

Director, Facilities: *I appreciate the time you and your staff have spent with us talking through your findings and the consideration you have given to the additional information we have previously provided regarding regular monitoring and replacement planning. After reviewing your draft document we have met with the Appraiser's Office who shared with us their procedure and their computerized system. Their office manages a similar size fleet (although much higher annual mileage) and were viewed in your findings as having adequately addressed each of the six management elements.*

We plan to adapt their system and implement it in Facilities by December 1st. This should directly address two of the management elements, "Regular Monitoring Program" and "Computerized Tracking System". This system will also provide the detailed information needed to support the "Replacement Methodology" included in our current department procedure and the "Replacement Plan" that will be more clearly submitted annually through the budget process.

Executive Director, Mental Health: *Our major concern is that the report would lead a reader to conclude that poor fleet management decisions are being made because departments have not adequately demonstrated they are following the benchmarks cited in your report. Yet the data we presented does not show that mismanagement has occurred.*

We are also concerned that the report does not address other elements of good fleet management such as the efficient use of vehicles. In the past few years the Mental Health Center has put into place the following practices for more efficient use of our fleet, saving both staff time and operational expenses.

- 1. The use of dispatching software that plots out the most efficient routes for our CSS fleet, accounting for the use of the majority of our vehicles;*

2. *The use of outside transportation vendors for transporting Medicaid recipients at no cost to the Center.*

The above two changes have resulted in a reduction of over 100,000 fewer miles driven from 2002 to 2003. To sum up, it appears the audit report presumes the benchmarks selected are the most efficient way to manage a fleet of vehicles, and that if all the selected benchmarks are not used that, in itself, is evidence of inefficiency, and by extension, evidence of funds inappropriately spent. Unless the audit report can show evidence of real dollar savings if the Mental Health Center adopts those benchmarks not currently in place, compared to our current practices, I would request the audit report contain a notation acknowledging that adoption of these benchmarks will not necessarily result in any real savings.

Auditor's response: *As we pointed out in the report on page 4, the Director's staff already has an acceptable monitoring and tracking system, but they do not use it. The management elements we chose to benchmark agency practices against are common fleet management practices that one would expect to find in a well managed fleet operation. Also, they are similar to the elements recognized as important and recommended in the County Manager's *Light Vehicle Report* issued 4 years ago.*

County Librarian, Library: *In the analysis of light fleet vehicle utilization, the Office of the Auditor's report identified two areas that the library should examine to achieve more effective performance. They were:*

1. *Utilize a computerized vehicle maintenance expense and mileage-tracking package; and*
2. *Develop cooperative relationships with County departments having service facilities.*

Library staff agrees that the use of the computerized vehicle maintenance package will help the organization manage its assets. Regarding the use of cooperative relationships for service, the library will perform a cost/benefit analysis to determine whether there would be a financial advantage to engage in the activity.

Sheriff: *The Sheriff's Office maintains records of each of the vehicles in our fleet. These records are kept from the time the vehicle is purchased until the vehicle is sold or transferred. Our office is a participating member of the Kansas City, Missouri Cooperative Bid Program. Vehicle repairs or expenditures associated with a vehicle is recorded by vehicle number, a short narrative indicating what repairs or services were performed, the location that the service work was provided, the cost and the mileage at the time of the repair. This information is collected by the statements received from our contracted vendors. This has been done through the County Bid Purchasing Program and has been in place as far back as Sheriff Allenbrand. This program sets up vendors for our preventative maintenance needs and services. These services are reviewed by our fleet management supervisor who works with these vendors on a daily basis. The contract for preventative maintenance is reviewed on an annual basis with County Purchasing.*

As I review the report you have provided, there seems to be six elements that you have determined would constitute an effective vehicle maintenance program. If we are going to use the Light Vehicle Report as a basis for comparison, then I would disagree with your findings. Please refer to page two of your draft and I will identify those areas of disagreement.

Develop a systematic and workable vehicle maintenance program with specific assigned responsibilities and accountabilities.

- 1. I do believe that we meet this requirement because we assign fleet management responsibilities to a department employee. Along with his staff, they provide a watchful eye on our vehicle maintenance program. In addition to the fleet manager, each officer or officers assigned to a vehicle has the added responsibility to adhere to department policies and procedures referencing the care and use of department equipment and vehicles.*

Develop a program for regular vehicle monitoring.

- 2. Vehicle maintenance is the responsibility of the individual or individuals assigned to operate a Sheriff's Office vehicle. Maintenance will include the overall care of the vehicle to include interior, exterior as well as the mechanical portion of the vehicle. Bureau Commanders as well as other supervisors will also monitor vehicle usage to ensure established maintenance procedures are followed. Failure to follow maintenance procedures will be documented and repeated instances may result in reassignment of personnel or disciplinary action. Vehicle damage will be reported immediately to the supervisor of the individual discovering the damage. Written reports of the incident and pictures of the damage will be forwarded to the fleet manager who will make a determination as to where and when repairs will be made.*

Develop cooperative relations with County Departments having service facilities.

- 3. We have in the past attempted to contract service work on our department vehicles by other County departments; but in comparison to our contracted vendors, the cost for repair work exceeded the bid price of preventative maintenance provided by private contractors. Private contractors would also provide us with priority service which County departments would not.*

To utilize a computerized vehicle maintenance expense and mileage tracking package.

- 4. All expenditures of repairs on Sheriff's vehicles are logged and audited by the fleet manager. He and his staff list and maintain records indicating from the time the vehicle is put into operation to the time the vehicle is sold and what expenditures were associated with each vehicle. Mileage records as well as detailed description of service work provided is also noted. This is a computerized list that is maintained on each vehicle in the Sheriff's inventory*

Work with County Purchasing Division and other agencies participating in the Metro Purchasing Contract to Develop a "Net Cost" approach to vehicle acquisition in contrast to focusing only on initial purchase price.

- 5. My office is a participating member of the Kansas City, Missouri Cooperative Bid Program. Vehicle replacements are bid annually by the County Purchasing Department for replacement vehicles to our fleet. We do arrange for undercover vehicles to be bid on an as needed basis. This process is performed by our purchasing department with the approval of the County Purchasing Department.*

Submit annually updated five year vehicle replacement plans.

6. *Because of the nature of our business, number six requires a little more explanation. As far as our replacement plan, when a vehicle comes into service with the Sheriff's Office, it may have a variety of assignments. Because we purchase our vehicles from the Metro Bid Program, we are required to accept the vehicles when the "build out date" arrives. Because this date varies from vehicle manufacturer and model of vehicle, when the vehicle arrives at the Sheriff's Office, we may not be ready to put that vehicle in for its intended service. As an example, we may purchase a Crown Vic for our Patrol Division. When we receive the vehicle, we may not be ready to rotate a vehicle into our Patrol Division.*

So, rather than have the vehicle sit in the parking lot, which is extremely hard on vehicles, we may assign it different functions until we are ready to put it into service as a Patrol unit. The cost of a fully dressed and marked Patrol unit with all of its equipment is around \$59,000.00, so we keep the vehicle around as long as it is useful and it does not create a financial burden to keep it in service. Patrol vehicles on an average stay in service in the Patrol Division for 12-14 months. At that time, they have an estimated mileage of 150,000 miles. At that point, we may choose to salvage the vehicle or we may choose to keep the vehicle to utilize it in a variety of different functions. So determining an exact date or time of replacement for this vehicle is not something we can necessarily always predict.

The Sheriff's Office will replace vehicles when it is no longer fiscally appropriate to do repairs or the vehicle is damaged beyond repair. The exception to this will be marked vehicles that reach or exceed 150,000 miles or the age of the vehicle indicates it should be replaced. Age by itself will not necessitate the replacement of the vehicle. The condition, dependability, assignment will be considered prior to replacing vehicles.

When it has been determined by the fleet manager that the vehicles no longer provide dependable service for our agency, we will sell it for salvage. Our guidelines are, 150,000 miles on marked fleet and we average 5-7 years of service on the unmarked fleet vehicles. The County purchasing criteria for fixed assets used to be one year for marked vehicles and five years for unmarked vehicles. I believe we go well above that.

So I believe, other than the five year plan, that we meet and practice all of the elements that were described in 2000, the Light Vehicle Report's recommendations. I believe that the data that you are requesting is being obtained by the Sheriff's Office. Perhaps the method of collection and the format for recovery is something your report will enable us to change. We are very interested in the Aspire maintenance tracking model. This is not something we are currently using. Since we have been keeping vehicle maintenance records for decades, the implementation of a new program may take some conversion. However, if the model is a format that we can adopt and will benefit both the County and the Sheriff's Office in accurately keeping record management of our fleet, I would like to review it.

Because we have over 180 vehicles, the complexity of our vehicle maintenance program differs from those County departments that have one to thirteen vehicles in use. This is not something that I believe one person can be responsible for. It takes a cooperative effort by all employees who are

assigned a vehicle to make sure that service work and the care and use of County vehicles are maintained. I believe that the Sheriff's Office staff does this on a daily basis.

I believe the conclusions reported in your audit paint an unfair representation of the Sheriff's Office fleet maintenance program. We would be open to any future discussions of programs that would better our abilities to track expenditures, uses and replacement data. This audit, which was not anticipated by our department, cost our agency well over \$6,000.00 in man hours in an attempt to retrieve data in a manner which was acceptable by your auditors. If the County should choose to conduct additional research on a countywide basis, we would like to participate. In the end, I do not believe that objective was accomplished. I do believe, however, in practical application, the Johnson County Sheriff's Office has an efficient vehicle maintenance program and vehicle maintenance/monitoring management system.

Auditor's response: The Sheriff's statement that "vehicle maintenance is the responsibility of the individual or individuals assigned to operate a Sheriff's Office vehicle" confirms our conclusion that a monitoring program does not exist. Our audit found that the assignment of maintenance responsibility to individual officers constituted the bulk of the Sheriff's department's "established maintenance procedures." Requiring vehicle operators to maintain a vehicle, without reporting the use and maintenance histories to the fleet manager cannot pass for a vehicle monitoring program. At the time of our original contact with the Sheriff's fleet manager there were no records of maintenance by vehicle or an annual record of the mileage on individual vehicles.

The Sheriff stated all expenditures of repairs on Sheriff's vehicles are logged and audited by the fleet manager. Based on our review of the expenditures and related records, these expenditures were based on vendor invoices. The expenditures were logged and audited only for the purpose of supporting the related invoice payment. The invoices did not regularly record the vehicle mileage. No records were found to substantiate the use of fuel by the vehicles and the Sheriff's fleet manager stated that he was unable to provide that information. To respond to our audit inquiries, the Sheriff's staff developed a database to collect historical vehicle repair information.

We appreciate the time and effort spent to develop this valuable management tool. With the addition of mileage data and fuel use data to this database, we believe the Sheriff will have a good start on a viable vehicle management system.

OBJECTIVES, SCOPE AND METHODOLOGY

Objectives

The initial objectives of this audit were to:

- 1) Review at the department level:
 - Vehicle Lists
 - Type of Vehicle
 - Cost
 - Purchase Date
 - Mileage
 - Use
 - Repair Logs
 - Maintenance Policy
 - Replacement Policy
- 2) Test compliance with maintenance and replacement policies
- 3) Review existing practices for overspending and compliance with County purchasing policies where maintenance and/or replacement policies are weak or non-existent.

Limitations

After our preliminary review, we determined the recordkeeping systems and practices would not support audit work on the original objectives. We were unable to obtain comparable, county-wide information. Key data needed to evaluate trends and analyze costs were not consistently maintained by the departments. As a result, the revised objective for this audit was to evaluate County fleet management practices in order to recommend those improvements which would allow the more detailed review originally planned.

Scope and Methodology

To accomplish the audit objectives the auditors:

- Limited the scope of vehicles to be reviewed to those vehicles which were licensed for street use
- Obtained and reviewed the County policies for vehicle purchases, risk management, and record keeping
- Obtained and reviewed the *Light Vehicle Report* issued by the County in December 2000
- Obtained a list of vehicles from Risk Management
- Obtained a list of vehicles from each department
- Requested maintenance and replacement policies from each department which had vehicles
- Requested copies of vehicle maintenance and repair logs for each vehicle
- Requested copies of operation costs for each vehicle
- Compared County policies to materials provided by the departments

APPENDIX

- Met with various departments to observe their fleet operation practices and discuss their policies
- Compared observed County vehicle practices with the recommendations in the *Light Vehicle Report*
- Compared observed County vehicle practices with departmental and County policies