



Lexington-Fayette Urban County Government
OFFICE OF INTERNAL AUDIT

MANAGEMENT ACTION PLAN PROGRESS REPORT

DATE: May 12, 2014

TO: Jim Gray, Mayor

CC: Sally Hamilton, Chief Administrative Officer
Glenn Brown, Deputy Chief Administrative Officer
Aldona Valicenti, Chief Information Officer
Geoff Reed, Commissioner of General Services
William O'Mara, Commissioner of Finance & Administration
Jamshid Baradaran, Director of Facilities & Fleet Management
Phyllis Cooper, Director of Accounting
Susan Straub, Communications Director
Urban County Council Members
Internal Audit Board Members

FROM: Bruce Sahli, CIA, CFE, Director of Internal Audit
Teresa Gipson, CFE, Internal Auditor

RE: Fleet Repairs & Maintenance Management Action Plan Progress

EXECUTIVE SUMMARY

On April 24, 2013 the Office of Internal Audit issued the Fleet Repairs & Maintenance Process Audit Report. The 2013 audit report contained two findings addressing the need for written procedures for repairs and maintenance processes and the need for a formal process to identify aging fleet. This follow-up review was conducted to evaluate controls put in place by management to address those specific findings from the April 2013 report.

This review is provided for management information only. It is not an audit and no opinion is given regarding controls or procedures. The period of review included procedures and processes occurring during July 2013 through February 28, 2014.

A summary of each finding from the original April 24, 2013 audit report, and a summary of the results of our follow-up, is provided in the table below. The original findings, management's original responses, and details of the results of this follow-up are contained in the ORIGINAL AUDIT RESULTS AND FOLLOW-UP DETAILS section of this report.

Finding or Risk Observation	Summary of Original Finding	Follow-up results
Finding 1 High Priority	Written Procedures Needed for Fleet Repairs & Maintenance Processes	<ul style="list-style-type: none"> • Fleet provided an Outline of the flow and continuity of the Fleet Services' Repair Order process as evidenced in Attachment 1 • Time standards are not included in this workflow (too voluminous) but input of labor hours are populated in FleetWave database and automatically calculate based on number of hours and type of repair • Fleet provided its Fleet Accounting Report Process - Attachment II
Finding 2 High Priority	Formal Process to Communicate Effect of Aging Fleet Needed	<ul style="list-style-type: none"> • Fleet provided a vehicle expense quarterly report (Attachment III) as well as an annual report that is submitted to departments • Fleet provided a Capital Planning Request spreadsheet with replacement multi-year costs; Fleet provided a quarterly report – Attachment IV

ORIGINAL AUDIT RESULTS AND FOLLOW-UP DETAILS

Original Finding #1: Written Procedures Needed for Fleet Repairs & Maintenance Processes

Priority Rating: High

Condition:

There are no written policies and procedures for Fleet Repairs & Maintenance processes. Written procedures are an important control that provides process instruction, performance standards, and a basis for measuring compliance with management expectations.

Effect:

The absence of written procedures could result in Fleet Management personnel being inconsistent in following management's directions and in fulfilling management's expectations. The absence of written procedures also makes it more difficult to train employees and hold them accountable for their performance.

Recommendation:

Management should develop and implement written procedures for fleet repairs & maintenance. The procedures should at a minimum include a vehicle intake process, documentation standards for all major work performed on work orders, preventative maintenance schedule criteria for Light and Heavy Fleet, time standards for all repair operations, and instructions regarding interdepartmental transactions to such as billing processes.

Director of Facilities & Fleet Management Response:

One of the primary tasks for the new Fleet Operations Deputy Director will be to review the current operational process and to present the Director's office a process flow/map indicating the life cycle of a work order as well as the current monthly service charges rendered to each Division. The documentation should be available by the end of the current FY.

Commissioner of General Services Response:

I concur with the Director's response.

Follow-Up Detail Results:

Fleet management provided written procedures for fleet repairs & maintenance in the form of Standard Operating Procedures (Attachment I) and also the Fleet Accounting Report Process (Attachment II). The procedures and process were

evaluated for all recommended criteria and it was noted that the recommendation was fully implemented.

No management response required.

Original Finding #2: Formal Process to Communicate Effect of Aging Fleet Needed

Priority Rating: High

Condition:

Fleet management does not have a formal process to notify Departments and Divisions of repair and maintenance costs associated with their aging fleet. Fleet Operations Managers stated that if a vehicle comes to Fleet with high mileage and advanced age and requires significant repairs, the decision to consult with its assigned Department or Division is made on a case by case basis. Such notifications are made via a phone call.

Effect:

The absence of a formal documented process to inform Department and Division management of costly repairs on their aging fleet may contribute to increased repair and maintenance costs and impact appropriate vehicle replacement planning.

Recommendation:

A formal process should be developed whereby the annual cost of repairs for aging fleet is communicated in writing to responsible Departments and Divisions. Fleet should also provide an annual replacement cost analysis report to LFUCG Departments and Divisions to assist in economic long range fleet planning.

Director of Facilities & Fleet Management Response:

The written communication requirement is the proposed CIP plan which is provided in writing annually. The decision to “repair” or “redline” a vehicle is made based on the vehicle’s condition, salvage value, availability of CIP funds and most importantly the safety concerns. The decision to redline a vehicle does and should remain at the sole discretion and expertise of Fleet Services’ managers and technicians, however divisions are always notified when one of their units is deemed not “road worthy” and thus red lined. We are currently in the process of drafting a template for a quarterly report affective FY 2014 for each Division Director providing an operational/performance “Dashboard” for their assigned fleet. Please refer to the attached sample documents regarding interdepartmental communications.

Commissioner of General Services Response:

I concur with the Director’s response.

Follow-Up Detail Results:

Fleet management provided a copy of a quarterly expense report that included repair, labor and fuel cost by vehicle (Attachment III). In addition, an annual report is also provided to each department. Fleet management also provided a Capital Project Summary Sheet with anticipated departmental capital request (Attachment IV) that is a working document provided to the departments and the Division of Budgeting. The Division is also communicating all redlined vehicles via e-mail communication with the appropriate Divisions.

No management response required.

Fleet Services' Repair Order Procedure	
Effective Date	Revised

Purpose and Objective: Outline the flow and continuity of the Fleet Services' Repair Order process.

SOP Text		
Step	Responsibility	Activity
1.	Service Writer	Customer calls Fleet Services to schedule a PM appointment. The vehicle unit # is obtained and entered into the fleet management system to determine the mechanic assigned to that vehicle.
2.	Service Writer	The vehicle is assigned a preventive maintenance (PM) date based on the availability of the assigned mechanic. The unit #, driver's name, phone number and the division assigned the vehicle is recorded in the scheduling book for the scheduled PM date.
3.	Driver	Fleet Services hours of operation are from 7:00 AM to 4:30 PM Monday thru Friday. If a customer brings a vehicle to Fleet Services for maintenance before 7:00 AM or after 4:30 PM or on the weekend, the vehicle keys and completed Maintenance Request Form is filled out, placed in plastic packet and dropped through a slot located at the East side of Fleet Services shop entrance.
4.	Service Writer/Supervisor	<p>A repair order is created using information provided from the Maintenance Request Form which would include:</p> <ul style="list-style-type: none"> • unit # • vehicle mileage • phone number • description of problem or requested service • division to which vehicle is assigned • driver name • date dropped off <p>Warranty status is checked during repair order creation.</p>
5.	Service Writer	<p>Repair orders identified as warranty work will be placed on commercial peg located behind Service Writer's desk, designated for outside vendor repair.</p> <ol style="list-style-type: none"> a. Vendor is called, warranty coverage is confirmed, and transport of vehicle to vendor is coordinated. b. When vehicle is returned from vendor, repairs are confirmed, repair order notes are updated to explain the repairs made.

6.	Service Writer/Supervisor	<p>Printed copy of repair order is placed by order of importance on the peg of the mechanic to which the vehicle is assigned.</p> <p>Priority is established as follows:</p> <ol style="list-style-type: none"> 1. PM's or jobs that can be completed in less than 1 hour 2. More extensive repairs
7.	Service Writer/Supervisor	<p>The garage will also receive calls from customers who have had a breakdown or require service away from the maintenance facility. The following information is gathered at the time of the service call:</p> <ul style="list-style-type: none"> • time of call • vehicle unit number • division • nature of problem • name of caller • location of vehicle • telephone number
8.	Service Writer/Supervisor	<p>A determination is made as to whether the call can be handled by Fleet personnel or if a commercial tow truck is required based on the circumstances of the call.</p> <ol style="list-style-type: none"> a. Fleet mechanic or vendor is dispatched b. Repairs are made or vehicle is transported c. Annotate vehicle mileage and the labor time required for service call. d. A repair order is created using information provided in Step #7 including vehicle mileage and labor time
9.	Contracted Towing Co. Service Writer Parts Department	<p>If a service call is received 1 hour prior to Fleet Services' closing time or when the workload is heavy, a towing service is called to have vehicle towed to Fleet Services.</p> <ol style="list-style-type: none"> a. Tow truck driver will bring invoice to Service Writer or Supervisor b. A repair order is created using the data from the invoice which will include vehicle unit #, mileage and invoice number and description of vehicles mechanical failure. c. A repair order is created and assigned to a mechanic for repairs d. Towing service invoice is given to the parts department who records the charges to the repair order in FleetWave
10.	Technician Parts Specialist Service Writer	<p>While repairs are being made:</p> <ol style="list-style-type: none"> a. Technician makes periodic labor entries in FleetWave b. Requested parts are recorded in FleetWave c. Service writer updates job status in FleetWave

11.	Service Writer/Supervisor	Completed repair orders are given to the Service Writer or Supervisor and vehicle keys hung on peg behind Service Writer's desk and held until driver picks up vehicle.
12.	Service Writer/Supervisor	<p>An audit of the repair is conducted of the completed repair order before closing and filing the repair order.</p> <p>The audit consists of verifying the following:</p> <ul style="list-style-type: none"> • Labor hours have been entered and are reasonable • Recorded parts transactions appear reasonable • Actual mileage has been verified • Commercial charges (if any) are recorded • Confirm that all customer's requests have been addressed
13.	Service Writer/Supervisor	<p>After completing review of the repair order:</p> <ol style="list-style-type: none"> a. The repair order's status in FleetWave is "closed" and on the printed copy b. The customer is contacted and told the vehicle is ready for pickup. c. The closed repair order is filed in designated storage box and kept on site for the duration of the records retention schedule and subsequently sent to Records Management for destruction.

Fleet Accounting Report Process

Each month the Division of Fleet Management provides the Division of Accounting with vehicle repair cost information that is subsequently charged back to each division's operating accounts. The cost of parts, labor and commercial charges is compiled from work order records for repairs performed at the Fleet Services, Fire and Parks maintenance facilities. To help insure the accuracy of the underlying data, preliminary queries are run to help detect any exceptions in the data. The results of these queries are reviewed and clarification is sought from the sections making the data entries in question; any errors found are corrected before the final reports are run. The Accounting reports are ported to an Excel spreadsheet and emailed to the Division of Accounting no later than the 15th of each month.

Repair Cost Distribution	The Repair Cost Distribution report sums all labor, parts, and commercial costs, by division, for the report month.
Commercial Cost Distribution by Facility	<p>The Commercial Cost Distribution by Facility sums all commercial costs, by repair facility, for the report month. The product of this report is used to reconcile the commercial repair figures produced by the Repair Cost Distribution report above. If the totals fail to match, records are reviewed for:</p> <ul style="list-style-type: none"> a. Commercial costs incurred in more than one month b. Mismatched department ID's or missing data in the workorder tables.
Labor Cost Distribution by Facility	<p>The Labor Cost Distribution by Facility sums all labor costs, by repair facility, for the report month. The product of this report is used to reconcile the labor figures produced by the Repair Cost Distribution report above. If the totals fail to match, records are reviewed for:</p> <ul style="list-style-type: none"> a. Labor costs incurred in more than one month b. Mismatched department ID's or missing data in the workorder tables. <p>The labor rate billed to divisions is calculated at the beginning of each fiscal year by dividing Fleet Services' total budget by the projected number of total wrench hours for all technicians. This rate changes every year.</p>
Parts Cost Distribution by Facility	<p>The Parts Cost Distribution by Facility sums all parts costs, by repair facility, for the report month. The product of this report is used to reconcile the parts figures produced by the Repair Cost Distribution report above. If the totals fail to match, records are reviewed for:</p> <ul style="list-style-type: none"> a. Parts costs incurred in more than one month b. Mismatched department ID's or missing data in the workorder tables.
Submittal to Accounting	After review and reconciliation, report results are submitted to the Division of Accounting for the journal entry process charging back to the divisions.
Follow up	In mid June, the Repair Distribution Report will be run from June of the previous year through the end of May and submitted to Accounting to reflect any credits or late charges that should be attributed to the divisions.

1st Quarter FY 2014 Department Expense Report

Unit #	Year	Make	Model	Dept #	Division	Fuel Qty	Fuel Cost	Miles Traveled	Parts Cost	Labor Cost	External Cost
00961	1992	OSHKH	BUS	505401	Community Corrections	0	0	0	0	20.68	0
01813	1997	FORD	E350 VAN	505401	Community Corrections	35.5	114.03	257	36.6	391.2	0
05232	2001	JHNDR	M665 RDG	505401	Community Corrections	0	0	0	0	41.35	0
05233	2001	JHNDR	M665 RDG	505401	Community Corrections	0	0	0	0	41.35	0
05354	2009	EXMARK	LZZ27KC606 Z MOWER	505401	Community Corrections	0	0	0	0	124.05	0
06550	2007	FORD	CROWN VIC	505401	Community Corrections	177.2	565.1	2136	267.69	331.65	0
07008	2000	FORD	CROWN VIC	505401	Community Corrections	91.6	288.33	931	59.42	158.79	0
07011	2000	CHEVY	BLAZER	505401	Community Corrections	47.1	150.54	472	47.83	248.1	0
07052	2000	DODGE	3500 VAN	505401	Community Corrections	72.3	231.35	382	0	0	0
07053	2000	DODGE	3500 VAN	505401	Community Corrections	0	0	1	0	68.65	0
07227	2005	FORD	F150 PKUP	505401	Community Corrections	99.6	318.01	880	0	0	0
07228	2005	FORD	F150 PKUP	505401	Community Corrections	60.9	194.23	333	0	0	0
07276	2006	FORD	CROWN VIC	505401	Community Corrections	86	273.97	1068	15.5	124.05	0
07277	2006	FORD	CROWN VIC	505401	Community Corrections	104.6	329.78	1629	22.58	124.05	0
07434	2007	FORD	CROWN VIC	505401	Community Corrections	102.3	322.58	1385	271.65	165.41	0
07435	2007	FORD	CROWN VIC	505401	Community Corrections	141.7	445.2	2160	13.9	103.38	0
07474	2009	FORD	E350 VAN	505401	Community Corrections	132.8	423.96	1097	0	27.3	0
07475	2009	FORD	E350 VAN	505401	Community Corrections	191.3	610.2	1819	14.18	220.83	82.28
07530	2009	FORD	E350 VAN	505401	Community Corrections	156.9	499.53	1340	21.37	130.67	0
07538	2009	DODGE	CARAVAN	505401	Community Corrections	270.3	859.56	3950	13.12	165.42	0
07555	2009	TOYOTA	PRIUS	505401	Community Corrections	30.7	96.76	890	132.83	124.06	0
07600	2013	FORD	E350 VAN	505401	Community Corrections	204.9	646.14	1626	0	55.41	0
07601	2013	FORD	E350 VAN	505401	Community Corrections	68.6	213.38	401.2	0	696.34	390
08090	2003	INTHR	BUS	505401	Community Corrections	131.3	453.11	479	0	20.68	0
08242	2006	FORD	E450 BUS	505401	Community Corrections	0	0	1	68.23	220.81	0
09146	2000	JAIL	EQUIPMENT	505401	Community Corrections	14.8	50.82	0	0	0	0

Unit #	Year	Make	Model	Dept #	Division	Fuel Qty	Fuel Cost	Miles Traveled	Parts Cost	Labor Cost	External Cost
Total						2220.4	7086.6	23237.2	984.9	3604.23	472.28

Lexington-Fayette Urban County Government
Capital Project Summary Sheet
Capital Planning Request
FY 2015 - FY 2020

Department: General Services

Fund 1101

Date Completed by Division: 2/26/2014

Divison: Facilities & Fleet Management

Date Approved by Commissioner: _____

If the project cost is greater than \$25,000 a questionnaire must be completed

Division Ranking	Questionnaire number	Fund Number	Dept ID Number	Section Number	Account Number	Qty	In FY14 CIP?	Description/ Project Title	Total number of units in this fund	Total Cost	Multi-Year Projects Cost					
											FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
18	1	1101	707301	0001	96468		Y	Equipment/ Equipment Replacement		420,000	70,000	70,000	70,000	70,000	70,000	70,000
3	1	1101	707301	0001	96951	74	Y	Autos except Police/ Vehicle Replacement	78	1,470,089	306,000	264,600	416,745	125,022	196,911	160,811
1	1	1101	707301	0001	96952	560	Y	Autos--Police/ Vehicle Replacement	573	13,712,656	2,016,000	2,116,800	2,222,640	2,333,772	2,450,461	2,572,984
	1	1101	707301	0001	96955	19	Y	Truck--Dump/ Vehicle Replacement	40	3,138,893	450,000	477,000	505,620	535,957	568,115	602,202
3	1	1101	707301	0001	96956	8	Y	Truck--EC Unit/ Vehicle Replacement	17	2,080,767	490,000	509,600	529,984	551,183		
2	1	1101	707301	0001	96957	12	Y	Truck--Fire/ Vehicle Replacement	43	8,475,000	1,000,000	1,700,000	1,050,000	1,775,000	1,100,000	1,850,000
4	1	1101	707301	0001	96958	96	Y	Truck--Light Duty/ Vehicle Replacement	162	2,720,765	400,000	420,000	441,000	463,050	486,203	510,513
6	1	1101	707301	0001	96959	6	Y	Truck--Medium Duty/ Vehicle Replacement	18	925,239	200,000	131,250	137,813	144,703	151,938	159,535
7	1	1101	707301	0001	96960	58	Y	SUV/ Vehicle Replacement	107	1,650,478	200,000	262,500	275,625	289,406	303,877	319,070
	1	1101	707301	0001	96964	6	Y	Motorcycles/ Vehicle Replacement	8	122,434	18,000	18,900	19,845	20,837	21,879	22,973
5	1	1101	707301	0001	96965	69	Y	Passenger & Cargo Vans/ Vehicle Replacement	75	1,780,391	322,000	241,500	355,012	319,512	307,527	234,840
10	1	1101	707301	0001	96966	6	Y	Bus/ Vehicle Replacement	14	442,124	65,000	68,250	71,663	75,246	79,008	82,958
8	1	1101	707301	0001	96967	3	Y	Truck--Aerial Bucket/ Vehicle Replacement	6	562,700	170,000	-	187,000		205,700	-
9	1	1101	707301	0001	96968	2	Y	Truck--Knuckleboom/ Vehicle Replacement	2	320,000	320,000					
17	1	1101	707301	0001	97453		Y	Trailer/ Equipment Replacement	115	60,000	10,000	10,000	10,000	10,000	10,000	10,000
11	1	1101	707301	0001	97455	10	Y	Truck--Utility Bed/ Vehicle Replacement	14	729,996	130,000	136,500	143,326	75,246	79,008	165,916
19	1	1101	707301	0001	97650	6	Y	Off Road Motorized Equipment/ Equipment Replacement	17	390,000	65,000	65,000	65,000	65,000	65,000	65,000
16	1	1101	707301	0001	97653		Y	Trucksters & ATV/ Equipment Replacement	26	60,000	10,000	10,000	10,000	10,000	10,000	10,000
12	1	1101	707301	0001	97654	16	Y	Tractor/ Equipment Replacement	36	805,237	130,000	136,500	143,326	150,490	79,007	165,914
13	1	1101	707301	0001	97655		Y	Mower/ Equipment Replacement	120	600,000	100,000	100,000	100,000	100,000	100,000	100,000
14	1	1101	707301	0001	97656		Y	Tractor Attachments/ Equipment Replacement		30,000	5,000	5,000	5,000	5,000	5,000	5,000
15	1	1101	707301	0001	97657	12	Y	Golf Carts/ Equipment Replacement	19 (non golf course carts)	40,811	6,000	6,300	6,615	6,946	7,293	7,658
	1	1101	707301	0001	98150	1	Y	Watercraft/ Equipment Replacement	1	13,000		-	13,000	-	-	
Total										\$40,550,583	\$6,413,000	\$6,749,700	\$6,779,213	\$7,126,371	\$6,296,926	\$7,115,373

For Division of Budgeting Use Only:

Audit	Date	Verify	Date
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