

# TNR Fleet Internal Controls and Efficiency Review

#15-20

April 15, 2016

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To : Steven Manilla  
County Executive, Travis County Transportation and Natural Resources

From: Nicki Riley, CPA  
Travis County Auditor

Date: April 15, 2016

Subject: Fleet Services Review

Scheduled as part of our statutory requirements, particularly those in Section 115 of the Local Government Code, the Risk Evaluation and Consulting (REC) Division of the Travis County Auditor's Office has completed an internal control and efficiency review of the Centralized Fleet Services function of Travis County Transportation and Natural Resources. We conducted our review in accordance with the applicable statutes governing the County Auditor's Office and those relating to County financial and accounting protocols. As a result of our examination, we are providing this report on our findings and recommendations.

## **BACKGROUND**

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The mission of the Travis County Centralized Fleet Services function is to establish efficient and effective County Fleet services by providing Travis County departments with safe, reliable, economically sound transportation and related support services that are responsive to their needs.

## **SCOPE OF EXAMINATION**

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The primary objective of this examination was to verify the reasonableness of the internal controls and efficiency level of the Fleet Services function during FY15. This includes, but was not limited to, vehicle repair; staffing levels; fleet composition and usage; and parts inventory and purchasing protocols.

## **REVIEW METHODOLOGY**

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Our work was based on applying sampling procedures and analytical models to functional area records and on verbal and written representations from this area. Sampling relates to examining, on a test basis, evidence supporting the amounts and disclosures in the financial records and statements.

The use of sampling techniques and analytical models would not necessarily disclose all concerns in this area's records and controls that might be material weaknesses or misstatements. In regards to the written and verbal representations made by TNR personnel, unless otherwise noted in this report, TNR management maintains that the assertions we relied upon were correct to the best of their knowledge.

## **SUMMARY OF AREAS OF CONCERN**

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We noted internal control weaknesses and/or efficiency issues with the parts inventory function, vehicle preventative maintenance, the use of commercial repair shops, vehicle cleaning, dealings with parts vendors, the invoice payment process, mechanic time allocation, the vehicle usage policy, other vehicle-related policies and procedures, performance measures, and other miscellaneous items.

## **OPINION OF INTERNAL CONTROL SYSTEM**

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Based upon our examination, we gave the overall system of internal controls and accounting protocols for Fleet Services a rating of "Requires Significant Improvement," indicating internal control weaknesses exist that moderately impact the overall system of internal controls. For a description of our ratings, see Attachment E.

## **EXAMINATION TEAM**

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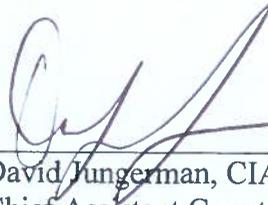
David Jungerman, CIA, Senior Auditor  
James Marlett, CPA, Staff Auditor  
John Gomez, Staff Auditor

## **CLOSING**

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This report is intended solely for the information and use of TNR and the Commissioners' Court. We greatly appreciate the cooperation and assistance received from the management and staff of

TNR during this review. Please contact us if you have any questions or concerns regarding this report.



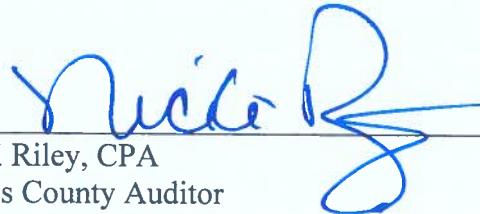
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Examination File

## Summary of Findings

During our review of Fleet Services, there were two main areas to which our findings related 1) Vehicle Parts and Services and 2) Vehicle Policies and Usage.

For Vehicle Parts and Services, our findings can be summarized as follows:

1. Parts Inventory Function – inventory controls and protocols are not sufficient to properly safeguard purchased vehicle parts.
2. Preventative Maintenance – a large number of County vehicles are not receiving the recommended levels of preventative maintenance.
3. Commercial Repair Shops – outside repair shops are being over-utilized, resulting in excess costs.
4. Vehicle Cleaning – internal controls are not sufficient to ensure that County funds are being spent properly and effectively for cleaning County vehicles.
5. Parts Vendors – vehicle parts are obtained from a large number of suppliers, many of whom do not have contracts with the County. Because of this, Fleet Services is not taking advantage of contractual or bulk discounts on parts, thereby increasing repair costs.
6. Invoice Payment Process – open parts vendor invoices and account credits are not reconciled and resolved in a timely manner.
7. Miscellaneous Issues – we noted some internal control weaknesses related to parts warranties, vehicle registrations, securing law enforcement weapons, and parts recycling.
8. Mechanic Time Allocation – more technician time is being dedicated to “non-maintenance” tasks than is considered best practice, likely reducing mechanic efficiency and increasing overall repair costs.

For Vehicle Policies and Usage, our findings can be summarized in the following manner:

1. Vehicle Usage Policy – Fleet Services does not utilize a fleet utilization study in order to help control costs and efficiently “right-size” the County’s fleet.
2. Overall Vehicle Policy – the County’s various codes related to its fleet should be expanded, consolidated, and updated to more efficiently and effectively regulate the fleet function.
3. Performance Measurers – there are a number of performance measures that Fleet Services could adopt to improve their analytical reviews of the County’s fleet.

# Vehicle Parts and Services - Findings and Responses

## **1. Parts Inventory Function**

### Background/Findings

#### Parts Procurement

In a fully-centralized, autonomous parts inventory model, the parties responsible for ordering, issuing, and securing vehicle parts are separate from the vehicle maintenance function. In this model, the parts clerk, lead mechanics, and supervisors are responsible for ordering all fleet parts, with larger purchases being approved by management. Parts are then delivered directly to inventory personnel, who are responsible for logging in the parts purchased into the inventory system.

#### Parts Usage/Assignment

When the parts in inventory are needed for a work order, inventory personnel issue the parts to the applicable technician, checking out the part to the technician in the inventory system. The technician is typically responsible for entering the part into an individual repair work order. At the East Service Center, the parts function operates from a secure location that is only accessible to inventory personnel and management. Parts storage at the West Service Center is not in a separate, secured room.

#### Parts Inventory

The TNR service centers do not utilize a fully-centralized, autonomous parts inventory function. For Fleet Services, some parts inventory is maintained; however, it is primarily made up of commonly purchased bulk items (e.g. wiper blades and anti-freeze). Most vehicle parts (e.g. alternators and fuel pumps) are sourced and delivered to/picked up by the technician performing the applicable repairs. While shop management approves these purchases, the inventory function has limited or no involvement in their procurement and safekeeping. Fleet Services parts rooms also lack proper physical access controls to prevent inventory from being removed without authorization.

### Significance

A fully-centralized fleet system has significantly better internal controls than the model utilized by Fleet Services. In the centralized model, the fleet system maintains a constantly up-to-date parts inventory that can and should be verified on a regular basis by an independent party. In addition, management, or a third party, can easily verify that parts on a vendor invoice were actually received in the system and can determine the current disposition of those parts prior to authorizing payment. Incompatible duties are properly segregated under this type of inventory system. While inventory personnel do not perform repairs or have the authority to enter/alter work orders, technicians are not involved in ordering, receiving, or logging parts into inventory.

The fully centralized system greatly improves internal control over the parts inventory, particularly controls relating to physical access and segregation of duties. This model also

reduces the involvement of technicians in the parts procurement process, which should increase their time available for maintenance tasks.

## Recommendations

In conjunction with the implementation of the new FleetFocus parts inventory system, we recommend that Fleet Services move to a fully-centralized, autonomous parts inventory model, including implementation of all of the attendant internal controls made possible by this model.

## Management Response

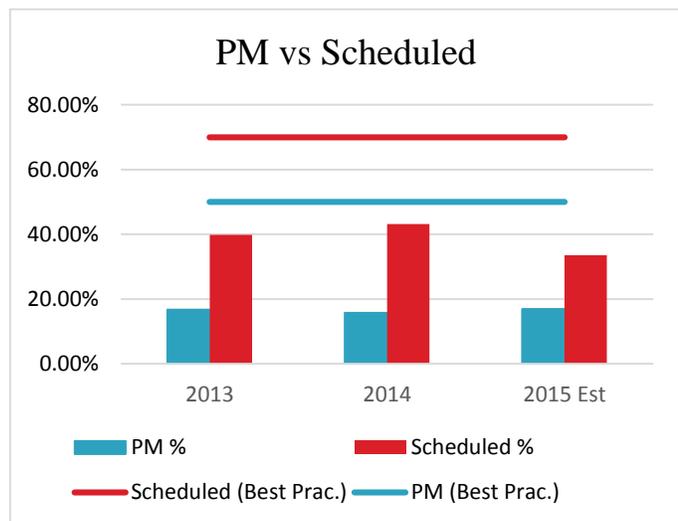
Fleet Services has limited the positions that may receive parts for repairs. As of the fall 2015, only the parts clerk, supervisors and lead technicians may pick up parts. Most parts are now requested to be delivered and only the same personnel may accept the delivery. Control of this function will be automated in the new FleetFocus fleet management system by user id. Once FleetFocus is operational, Financial Services will routinely work with Fleet Services to verify the inventory on hand. Fleet Services is also writing specifications for a contract that would provide in-house parts store. This would create a fully-centralized and secure parts inventory function.

## **2. Preventative Maintenance**

### Background/Findings

The objective of a preventative maintenance (PM) program is to minimize major equipment failures and maximize vehicle life by regularly examining each vehicle, replacing parts and fluids as recommended by the manufacturer, and repairing defects before they become serious. Failure to regularly perform PMs can lead to significant future repair costs and may invalidate warranty coverage. Vehicle preventative maintenance includes, but is not limited to, tire rotation, oil changes, replacement of fuel and air filters, flushing radiator fluid, and chassis lubrication.

According to best practices<sup>1</sup>, 70% of repair technician time should be spent on scheduled maintenance. Of this, 50% of their time should be spent on PM and 20% should be spent on regularly scheduled repairs. When we reviewed the work order data in the HTE fleet database, we determined that from January 1, 2013 to May 31, 2015, Fleet Services technicians spent an average of 16% of their time on preventative maintenance, and



<sup>1</sup> NAFA, APWA, and “Measuring Fleet Performance,” from the American City and County web site

39% on overall scheduled maintenance. The above table details time spent on preventative maintenance and totaled scheduled maintenance, along with the applicable best practice levels.

One partial explanation for this shortfall in preventative maintenance time is the Jiffy Lube Voucher Program. In this program, vehicle users can obtain two vouchers for basic oil changes at Jiffy Lube. The program requires that, at a minimum, every third oil change must be obtained from a Fleet Services shop. Once TNR has serviced the vehicle, the operator may obtain additional Jiffy Lube vouchers.

In terms of PM intervals, it is Fleet Services policy that patrol vehicles receive PM every 5,000 miles and normal use vehicles receive PM every 7,500 miles. These intervals are in line with industry standards and manufacturer’s guidelines set for each vehicle type.

In order to determine if County vehicles are being serviced within the above PM intervals, we compiled mileage, voucher, and PM data from various sources, primarily HTE. From this data, we determined the following:

Estimated total miles driven in the period:	45,270,000
Approximate percentage of total miles attributable to patrol vehicles:	50%
Estimated number of PMs that should have been performed on patrol vehicles (5,000 miles between PMs):	4,527
Estimated number of PMs that should have been performed on patrol vehicles (7,500 miles between PMs):	3,018
Total PMs that should have been performed:	7,545
Total PMs that were actually performed in the period (includes Jiffy Lube):	3,789

Based on the table above, 50% (3,789/7,545) of the PMs expected to be performed were actually performed. We also determined that no PM services were performed in the period on 905 (48%) of the 1,880 vehicles under review (See Attachment C for breakdown of fleet under review.).

### Significance

Performing preventative maintenance in a timely manner is important to the efficiency and effectiveness of the County fleet. Preventative maintenance has been shown to consistently extend the life of vehicles, as well as reduce repair costs, unsafe mechanical conditions, and vehicle downtime.

### Recommendations

We recommend that Fleet Services meet with all departments that have been assigned vehicles to discuss the scheduling of PM services and how PMs contribute to an improved maintenance and repair system. In these meetings, Fleet Services could also inquire about favorable times during the week that operators prefer to drop off their vehicles for PMs, and any other suggestions operators have for improving the PM process.

Currently, there are no official policies that require vehicle operators to properly maintain vehicles assigned to them, including obtaining PMs at the proper intervals. Therefore, we recommend that Fleet Services management define operator responsibilities for vehicle maintenance as a part of County-wide fleet management policies and procedures. This policy should clearly define the repercussions for operators that do not properly maintain their vehicles, which should improve operator accountability for PM services.

We also recommend that Fleet Services consider deploying staggered shifts at the service centers. For example, the early shift could work from 6:00 a.m. to 2:30 p.m., while the later shift could last from 10:00 a.m. to 6:30 p.m. These longer hours should improve operator access to the service centers, particularly for law enforcement. We suggest that Fleet Services examine the advantages of dedicating one maintenance bay at each service center to PMs and consider acquiring fleet monitoring software to improve mileage tracking and communications with drivers concerning PMs.

### Management Response

TNR is in the procurement process to hire a consultant to complete a comprehensive evaluation of the entire Fleet operation. This area will be included in the review. Once the final report is received, TNR Fleet Services will bring any policy and procedural changes to Commissioners' Court for approval.

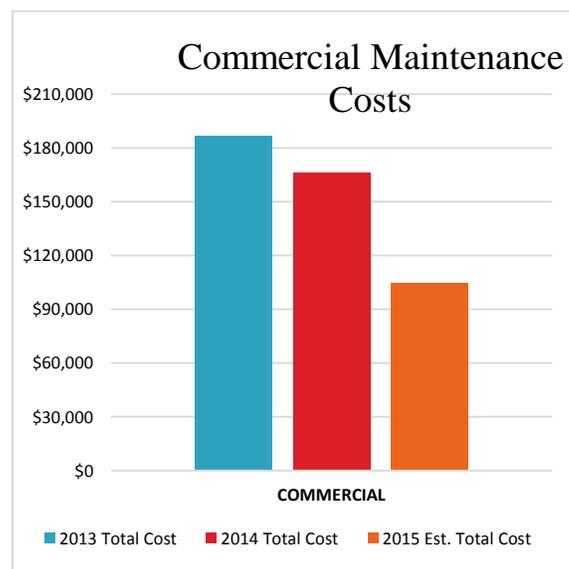
In 30.022(a) (8) of the Travis County Code, it explains an employee's responsibilities as it relates to preventative maintenance of County vehicles. Fleet Services will use the implementation of FleetFocus, the new fleet management software, to remind operators of their responsibilities. Fleet Services will also investigate an electronic acknowledgement form reviewing driver responsibilities that operators would sign periodically. Training on the new system is scheduled for February 8th, 2016, for Fleet Services staff. Part of the system implementation includes a notification feature for operators or their department liaison to remind them in advance that preventative maintenance is due.

## 3. Commercial Repair shops

### Background/Findings

Fleet services obtains various services from local vendors, including body and paint repairs, glass replacement and repairs, vehicle towing, transmission overhauls, auction prep, and various specialized repairs. These are typical services outsourced to commercial vendors by other county and city fleets. However, Fleet Services has outsourced a significant amount of work to these entities.

Costs related to commercial repairs are currently falling, as can be seen in the chart to the right. However, we estimate that the ratio of commercial



repairs to total repairs for 2015 is 6.4%. This is still in excess of the best practices maximum recommendation of 5%.

A limited number of contracts are in place with vendors who provide repair work services for the County's fleet. As a result, it is unclear whether the County is being charged competitive rates for commercial repairs to its fleet.

### Significance

While commercial repair shops can be a good source of specialized repairs and assistance during peak periods or staffing issues, they tend to be more expensive than repairs completed internally. In addition, Fleet Services incurs expenses related to dropping off and picking up vehicles at commercial repair shops.

### Recommendations

We recommend that Fleet Services work to reduce commercial repairs as a percentage of total repairs to below the recommended best practices level of 5%. We also recommend that Fleet Services work with the Purchasing Office to examine how best to contract with the commercial repair providers Fleet Services intends to work with going forward.

### Management Response

TNR is in the procurement process to hire a consultant to complete a comprehensive evaluation of the entire Fleet operation. This area will be included in the review. Once the final report is received, TNR Fleet Services will bring any policy and procedural changes to Commissioners Court for approval. Fleet Services currently uses Travis County contracts for commercial repairs such as body damages and windshield repairs. Purchasing procedures will be updated in cooperation with the Purchasing Office as necessary once the final report is received.

## **4. Vehicle Cleaning**

### Background/Findings

Fleet Services uses 9325 Inc. and Car Wash Partner Inc. to clean County vehicles at specific, agreed-upon prices. A contract is not in place with either entity. However, the County does not have a policy for determining how often vehicles should be cleaned.

The agreed-upon base-line cost for vehicle cleaning is \$4.80. Only in specific circumstances (i.e. vomit within the vehicle, etc.) should a driver obtain a more extensive and costly cleaning option for their vehicle. When these upgraded car washes are obtained, the driver is required to provide support to Fleet Services via email detailing their extenuating circumstances; however, this does not always occur.

**Increased costs due to up-graded vehicle cleaning**

Based on our analysis, any County vehicle can obtain any level of service at Car Wash Partner Inc. locations, and the services obtained often exceed the \$4.80 base-line cost. Because of this, vehicle cleaning costs have risen steadily.

During our review, we examined detailed support for vehicle cleanings obtained in January, February, March and May of both 2014 and 2015. From this, we determined that the average price per car wash increased approximately 5% in 2015 over 2014 due to increased utilization of more extensive, high-cost car washes. For example, in May 2015, 81% of car washes were upgraded above the basic car wash service of \$4.80.

The table below summarizes information tested for the four months of January, February, March, and May of 2014 and 2015:

<b>Car Wash Price Analysis</b>	<b>Data from four months tested in 2014</b>	<b>Data from four months tested in 2015</b>	<b>Year over year change %</b>
Total number of car washes	1,362	1,107	-18.72%
Total dollar amount of car washes	\$ 10,559.90	\$ 9,021.80	-14.57%
Average price per wash	\$ 7.75	\$ 8.15	5.11%
Total number of car washes totaling \$4.80/each	202	211	4.46%
Total dollar amount of car washes totaling \$4.80/each	\$ 969.60	\$ 1,012.80	4.46%
Total number of car washes totaling \$5.60/each or more	1,160	896	-22.76%
Total dollar amount of car washes totaling \$5.60/each or more	\$ 9,590.30	\$ 8,009.00	-16.49%
Average price per car wash over \$4.80	\$ 8.27	\$ 8.94	8.12%
Total savings if each car wash had been \$4.80	<b>\$ 4,022.30</b>	<b>\$ 3,708.20</b>	<b>-7.81%</b>

**Vendor Invoice Review (Serious)**

According to the agreement with Car Wash Partners Inc., the vendor must provide Travis County with *“the date of service, license plate number, vehicle number (when applicable), driver’s name, driver’s signature, and Travis County Department”* for all full service car washes.”

However, when comparing the car wash invoice and the car wash sign-in logs (required to be completed by employees at the car wash facility), there was a significant discrepancy in the amount of car washes submitted on the logs versus the number invoiced. The table on the following page details “identified” verses “unidentified” vehicle cleanings. “Unidentified car washes” indicate that incomplete information was found on the sign-in logs to properly identify and verify the driver and vehicle receiving the cleaning service.

<b>Vehicle Identification Analysis</b>	<b>Data from four tested months in 2014</b>	<b>Data from four tested months in 2015</b>
Total identified Travis County car washes	1,035	923
Total amount of identified car washes	\$ 8,151.52	\$ 7,575.29
Total unidentified car washes	327	184
Total amount of unidentified car washes	\$ 2,408.38	\$ 1,446.51
Percentage of total car washes unidentified	24.01%	16.62%

### Significance

Without a clearly established and consistently enforced policy of vehicle cleaning, drivers appear to be excessively obtaining up-graded car washes, resulting in increased costs to the County. Incomplete log entries may be indicative of vehicle cleanings performed on non-County vehicles, including the personal vehicles of County personnel. In addition, making full payments on invoices that are only partially supported by completed log entries increases costs to the County for vehicle cleaning.

An estimate of the potential cost savings to the County are depicted in the table below:

<b>Total Annualized Cost Savings Analysis</b>	<b>2014 Calendar Year</b>	<b>2015 Calendar Year*</b>
Total Actual Costs	\$ 33,392.01	\$ 28,542.78
Estimated annual savings if all washes were performed @ \$4.80.*	(\$12,066.90)	(\$11,124.60)
Estimated annual amount if unidentified vehicles (incomplete log entries) are not paid by County*	(\$7,225.14)	(\$4,339.53)
Total estimated potential savings	(\$19,292.04)	(\$15,464.13)
Estimated Annual Cost	\$ 14,099.97	\$ 13,078.65

**\*Note:** These calculations are derived by multiplying the cost savings from the table at the top of this page and on the preceding page by a factor of three (four months in the selected data times three equals 12 total months) to arrive at the annualized number of months in a year.

### Recommendations

We recommend that Fleet Services produce and obtain Commissioners' Court approval for written policies and procedures governing vehicle cleaning provided by the County's outside vendor. These policies and procedures should detail the level of cleaning services employees can obtain from the vendor and the circumstances under which they may obtain up-graded services. They should also detail the supporting documentation and approval process necessary

to obtain these up-graded services. These policies and procedures should be distributed to all employees that are assigned vehicles.

We also recommend that TNR personnel reconcile the number the car washes on the vendor's sign-in sheet with the number of car washes on their invoices. Only those cleanings on the vehicle sign-in sheet that contain complete driver and vehicle information should be included. TNR should also verify that all data obtained from the sign-in logs relates to active Travis County employees and vehicles. Only valid, fully supported vehicle cleanings should be paid.

### Management Response

TNR verifies the unit numbers or license plates with the master list of vehicles owned by Travis County. In almost all cases, the vehicle is verified even though the logs are incomplete. Due to insufficient information for some of the cleanings that exceeded \$4.80, it is not clear how many of those did indeed have a need for more extensive cleaning and how many should have been done at the standard rate.

TNR is in the procurement process to hire a consultant to complete a comprehensive evaluation of the entire Fleet operation. This area will be included in the review. Once the final report is received, TNR Fleet Services will bring any policy and procedural changes to Commissioners Court for approval.

## 5. Parts Vendors

### Background/Findings

Fleet Services obtains vehicle parts from a variety of local vendors; these parts are typically obtained through blanket purchase orders. From our discussions with Fleet Services personnel, standard protocols are not in place to determine the best pricing for each part ordered. The table below lists nine vendors from whom Fleet Services purchased seven common parts groups during the period:

Vendor	A/C Compressor	Alternator	Battery	Brake Caliper	Brake Rotor	Brakes	Tire
Arnold Oil	9	6	18	6	224	345	
Bridgestone							885
Covert Chevrolet	5	2			49	35	
Interstate Battery			1,835				
Leif Johnson	26	33	2	22	42	202	
O'Reilly	12	7	90	19	404	499	
San Antonio Brake & Clutch Service, Inc.	4				2	4	
Southern Tire Mart							5,023
Texas Alternator		178					
<b>Grand Total</b>	<b>56</b>	<b>226</b>	<b>1947</b>	<b>47</b>	<b>721</b>	<b>1,086</b>	<b>5,908</b>

## Significance

Due to the lack of protocols for vendor selection, Fleet Services may not be getting the most competitive rates when purchasing parts for its fleet. Organizations that consolidate parts procurement into fewer vendor contracts are more likely to realize volume discounts than agencies that spread parts procurement among many vendor contracts. Also, by reducing the number of suppliers, Fleet Services should realize more standardization in quality of the parts received.

## Recommendations

We recommend that Fleet Services create vendor selection protocols for parts purchases. We also recommend that Fleet Services reduce the number of vendors from which parts are regularly purchased (Other vendors can be used when parts are unavailable from the primary suppliers.). The implementation of the new FleetFocus system should help with both of these items.

We recommend that Fleet Services work with the Purchasing Office to negotiate volume discounts with the selected primary vendors.

## Management Response

TNR is in the procurement process to hire a consultant to complete a comprehensive evaluation of the entire Fleet operation. This area will be included in the review. Once the final report is received, TNR Fleet Services will bring any policy and procedural changes to Commissioners Court for approval.

Currently, TNR uses Travis County contracts for many of the frequently used vendors (Chevrolet, Ford, Interstate Battery) and cooperative buying agreements such as BuyBoard (Southern Tire Mart, Arnold Oil) when available to ensure the best pricing is received. Because of the breadth of the Travis County fleet, many vendors are required to supply good quality parts for the particular makes and models the County owns.

## **6. Invoice Payment Process**

### Background

The invoice payment process within Fleet Services consists of many highly specific sub-processes for each vendor. However, for the purposes of this review, we examined the general processes that apply to the majority of Fleet Services suppliers. These general processes are detailed below:

### **Invoice Payment Process**

1. The parts clerk initiates routine orders and establishes purchase orders in SAP, consistent with pre-approved budget amounts.
2. Mechanics have the ability to initiate, approve, and handle parts on non-routine services.

- Orders are received in SAP by the accounting associate after verifying that the receiving documentation or invoice is duly signed by an authorized person and that the items/amounts match the PO.

### **Invoice Reconciliation Process**

On a monthly basis, the accounting associate obtains monthly statements from vendors and reconciles the outstanding balances against the amounts paid in SAP. However, vendor statement reconciliations are typically only performed when requested by the vendor or needed for an account analysis.

### **Findings**

REC requested monthly statements from four randomly selected Fleet Services vendors. We noted that a significant portion of old (past 90 days) credits and debits remained outstanding on each statement. The table below is comprised of monthly statements from Holt Co. of Texas (6/01/15), Freightliner of Austin (5/31/15), Arnold Oil Co. of Austin (5/14/15), and O'Reilly Auto Parts (3/28/15). This table illustrates a number of old invoices from these vendors which contain unpaid balances due and/or unclaimed credits due to the County.

<b>Credit Aging</b>		<b>Payables Aging</b>	
<b>Credits Due to Travis County</b>	<b>Amount</b>	<b>Accounts Payable Due to Vendors</b>	<b>Amount</b>
CURRENT	(1,135.07)	CURRENT	52,192.38
OVER 30 DAYS	(374.65)	OVER 30 DAYS	8,370.56
OVER 60 DAYS	(164.55)	OVER 60 DAYS	1,242.88
OVER 90 DAYS	(3,768.44)	OVER 90 DAYS	262.00
OVER 180 DAYS	(1,826.74)	OVER 180 DAYS	10,084.43
OVER 360 DAYS	(6,268.01)	OVER 360 DAYS	2,961.09
OVER 720 DAYS	(6,209.07)	OVER 720 DAYS	1,023.63
<b>TOTAL CREDITS</b>	<b>\$ (19,746.53)</b>	<b>TOTAL DUE</b>	<b>\$ 76,136.97</b>

### **Significance**

Past due vendor credit balances are not readily identifiable on a balance sheet review and may be undetectable. Therefore, vendor statements must be requested and reviewed to capture and collect outstanding credits due to the County.

### **Recommendations**

We recommend that TNR perform a monthly review of all vendor statements, requesting all outstanding payments and credit memos, and submitting them for payment/collection, following up on outstanding items as needed.

### **Management Response**

TNR Financial Services has increased its focus in reviewing vendor statements in the second half of FY2015. New reports released in SAP during 2015 gave the department critical information that aided in the resolution of open items. Financial Services will now request vendor statements

when completing the quarterly review of open items. This should reduce the number of aged items for most vendor accounts.

## **7. Miscellaneous control issues**

### **Findings/Significance**

We noted the following miscellaneous control issues:

- a) **Registration renewals** - The fleet manager maintains a database which tracks registration expiration dates for Travis County vehicles. However, no official policy exists for notifying departments with assigned vehicles about expired registrations/registration renewals. A policy of this type would help Fleet Services ensure that these departments are aware of their registration status and encourage them to obtain their required vehicle inspections.
- b) **Warranty tracking** – Warranties on parts purchased from commercial vendors are not currently being tracked by Fleet Services. If parts that are still under warrant fail, Fleet Services does not typically return these parts for replacement or reimbursement by the vendor. This practice has resulted in an unknown amount of unnecessary expenditures of County funds.
- c) **Law Enforcement Weapons** – When patrol vehicles are dropped off for service, weapons are sometimes left inside the vehicles. Service center management stated that they remove all weapons from the vehicles and secure them in a locked office as a safety measure. This process is insufficient to properly mitigate the risks associated with these weapons.
- d) **Recycling Parts** – Fleet Services does not have a policy under which totaled vehicles are stripped of usable parts for use in future repairs of similar vehicles. Given the extremely low auction value for totaled vehicles, stripping these vehicles of usable components is likely to result in a reduction in future operating expenditures. In addition, there may be other components of these vehicles (e.g. batteries, scrap metal, tires) that can be sold to specialized recycling companies, resulting in more funds being received than simply auctioning the totaled vehicle as a single unit.
- e) **Fuel System Access** – Fleet Services does not consistently eliminate fuel system access after employees are terminated or cease to be assigned vehicles.

### **Recommendations**

For these control issues, we recommend the following:

- a) Fleet Services should consider implementing an official policy to notify departments with assigned vehicles about expired registrations and pending registration renewals.
- b) Once the FleetFocus system has been implemented, Fleet Services should determine if this software can be used to track commercial vendor parts warranties. If so, we encourage Fleet

Services to track these warranties and recoupe costs for parts that fail while under warranty as often as possible.

- c) Law enforcement personnel should be required to remove all weapons prior to fleet technicians performing maintenance on their vehicles. Law enforcement personnel should maintain possession of these weapons throughout the repair process.
- d) Consideration should be given to stripping totaled vehicles of usable parts prior to auction. In addition, a study should be performed to determine the benefits of specialized recycling of totaled vehicles.
- e) Fleet Services should implement protocols to ensure that fuel system access is properly revoked when a user is terminated or no longer needs access to fuel.

## Management Response

TNR is in the procurement process to hire a consultant to complete a comprehensive evaluation of the entire Fleet operation. This area will be included in the review. Once the final report is received, TNR Fleet Services will bring any policy and procedural changes to Commissioners' Court for approval.

In addition, Fleet Services is implementing a new fleet management system that includes the ability to track vehicle registration renewals and parts warranties. These features will be used in that system.

Law enforcement personnel have vaults in their vehicles that should be used to store their weapons if they are not taken with them. Fleet Services will reiterate to all law enforcement customers that weapons should be removed from the vehicle when it is received for service. This step will also be added to the checklist mechanics use during intake.

TNR has worked with SAP staff to automate receipt of a report that provides county-wide personnel changes. This report is now being used to regularly update the fuel system access.

Fleet Services is also writing specifications for a contract that would provide in-house parts store. The recycling of parts will be included in the specifications. The current standard operating procedures is for Fleet Services to recycle parts regularly. This is done for totaled vehicles as well as those being auctioned.

## **8. Mechanic Time Allocation**

### Background/Findings

National Association of Fleet Administrators (NAFA) and American Public Works Association (APWA) provide industry standards and best practices to help government agencies operate their fleets efficiently and effectively. The APWA's Top Ten Measures (2004) recommend that of the 2,080 work hours available annually per technician; at least 79% (1,650 hours) of the technician's time should be directly allocated to maintaining or repairing a vehicle. The

remaining 430 hours can be non-maintenance in nature, allocated to vacation time, holidays, sick leave, training, cleaning the facility, meetings, etc. When we used the available HTE data to estimate the percentage of time County technicians spend on direct maintenance tasks, we estimated the overall direct maintenance rate to be 59%, or 20% below the standard.

Average direct labor hours for the review period totaled 21,459.44 hours, consisting of all straight-time hours allocated to work orders by fleet services technicians. Hours available consists of total on-the-job hours (including non-maintenance time) by these technicians - 36,300 hours. The ratio of these two amounts equates to an average of 59% of technicians’ time being spent specifically on repairing and maintaining vehicles.

The table below details our computation of technician productivity:

<b>Estimated workload comparison to average work load</b>	
<b>Total Vehicle Equivalents (VEs) (See Attachment A, page 35)</b>	3,104.40
<b>Total Hours @ 13.27 hours per Maintenance Repair Unit (MRU) @ 95% (In-house repair percentage – See Comment #3 on page 9)</b>	39,135.62
<b>Number of direct hours est. with 22 FTEs</b>	36,300.00
<b>In house average hours of repairs (for 22 FTEs)</b>	21,459.44
<b>Difference of Best Practice and Average repair hours</b>	-17,676.18
<b>Operating percentage at 1,650 direct hours</b>	59.12%

### Significance

The preceding finding is not meant to indicate that Fleet Services employs too many technicians or that these technicians are not productive. Instead, our findings indicate that more technician time is being dedicated to “non-maintenance” tasks than is considered best practice.

The lack of a centralized parts inventory function appears to contribute significantly to this situation. As stated above, a centralized parts function would greatly reduce technician hours dedicated to ordering and picking up vehicle parts. Technicians also drop off and pick up vehicles from commercial repair shops, duties that could be performed by non-technicians. By reducing these driving and parts-related duties, technician time could be better utilized on performing preventative maintenance and reducing the amount of repairs performed by commercial repair shops.

### Recommendation

We recommend that Fleet Services track and analyze non-maintenance technician hours. The new FleetFocus system should be helpful in both of these tasks. If borne out by this analysis, we suggest that Fleet Services implement new protocols and business processes to increase direct maintenance hours for technicians, with the intention of meeting the best practices level of at least 79%.

### Management Response

TNR is in the procurement process to hire a consultant to complete a comprehensive evaluation of the entire Fleet operation. This area will be included in the review. Once the final report is

received, TNR Fleet Services will bring any policy and procedural changes to Commissioners' Court for approval.

Reports within FleetFocus, the new fleet management software being implemented, will provide information until the above report is received. Training on the new system is scheduled for February 8<sup>th</sup>, 2016. It will take several months for the new system to have enough data to draw any meaningful conclusions, but Fleet Services will be able to follow the trends as more work orders are completed.

# Vehicle Policies and Usage - Findings and Responses

## 1. Vehicle Usage Policy

### Background

During our testing, we noted that Fleet Services does not perform an annual fleet utilization study. A study of this type allows fleet management to perform an initial assessment of how much fleet vehicles are being used, and how necessary the vehicle may be to an entity's operations. Fleet utilization studies can be used to help reduce the size and cost of an entity's fleet by identifying vehicles that may be eliminated due to low usage. These studies may also identify areas with excessive usage for which additional vehicles may be needed.

Fleet utilization studies are typically a two-step process. First, vehicle utilization criteria must be set. This involves determining a floor of miles driven annually under which a vehicle is deemed to be potentially under-utilized. We believe that this type of defined criteria provides fleet management with a starting point for assessing whether a given vehicle is being appropriately utilized.

Second, any vehicle identified as being potentially under-utilized is reviewed in detail. This involves an assessment of the vehicle and its operational usefulness to determine if it should be eliminated from the fleet. For example, an entity might determine that any vehicles driven less than 10,000 miles annually may be under-utilized. Any vehicles meeting this criteria would be reviewed, their drivers interviewed, and the operational usefulness of the vehicle determined. When the usefulness of the vehicle is not sufficient to justify the associated costs, the vehicle is removed from the fleet.

We researched various reports and conducted interviews with several government entities to best determine the appropriate vehicle utilization criteria for our review of Travis County vehicles. We found that while the majority of large state and local governments have this type of defined mileage criteria, some do not. The following is an excerpt from an audit on Vehicle Utilization performed in 2010 by the City of Austin:

*"We noted that several entities stated that they did not have criteria for underutilized vehicles. Other entities do not rely solely on mileage but consider other factors including cost models or a mix of factors. In the City of Houston, each department manages their fleet operation. We contacted the Houston Public Works Department and noted that they do not base criteria on annual miles. Instead, they use a methodology that considers age, usage, and assignment factors to rotate low mileage vehicles from a fleet pool to replace high mileage vehicles to achieve better overall utilization. In a municipal setting, an effective utilization model should accommodate the unique usage patterns of the diverse user departments."*

*If the threshold for considering a vehicle underutilized is too low, a vehicle may remain with a department when it should be eliminated from the fleet or transferred to another department that needs the vehicle.”*

To illustrate, El Paso County had an original utilization criteria of 10,000 miles driven per year. However, according to the current Fleet Manager, it proved to be difficult to administer since, with the exception of law enforcement vehicles, many vehicles in the County were driven less than 10,000 miles annually. The manager is currently implementing the 5,000 mile utilization criteria, which should better assist in identifying vehicles that may no longer be required.

Below is a listing of utilization criteria for relevant state, federal and other local governments which we obtained from various state and local audits:

**Vehicle Utilization Criteria (required annual miles per year)**

City of Austin 2,400

El Paso County 5,000

State of Texas 11,000

University of Texas system 11,000

United States Government (passenger) 12,000

United States Government (light trucks under 12,500 lbs.) 10,000

**Methodology**

We attempted to create both ad hoc utilizing maintenance records from 2013 through a portion of 2015. We settled on two-tiered vehicle utilization criteria seeking to identify vehicles driven less than 6,500 miles driven annually and vehicles driven between 6,500 and 11,000 miles per year.

Based on the available data, we determined that 1,103 Travis County *road-driven* vehicles were in service during the period. From this list, we removed vehicles that were sold and disposed in auctions during the period. In order to determine the mileage incurred by these vehicles in the period, we obtained the mileage data input into TNR’s fleet database in HTE by TNR maintenance personnel for each vehicle when it was serviced. Using this data, we manually calculated mileage on an annualized basis between service visits. Based on conversations with TNR fleet management, we determined that this was the most accurate method to estimate vehicle mileage for the review period.

Due to the nature of this calculation, we were not able to obtain annualized mileage for some newer vehicles and some vehicles that were no longer in active use – approximately 42 vehicles. However, we included these vehicles in our vehicle population, because we could not assume that they would be fully utilized. Because of this, we anticipate a margin of error on our calculation of +/- 3.5%, based on the number of new vehicles (vehicles in service less than 24 months) divided by the total vehicle population. Our data excluded vehicles sold in the most recent vehicle auction on August 15, 2015.

The table below illustrates: 1) estimates of the average annualized mileage per vehicle of each department (and division where applicable), 2) the number of vehicles assigned to the entity with average annual mileage less than 6,500 miles, 3) the number of vehicles assigned to the entity

averaging between 6,500 and 11,000 miles, 4) total vehicle count for the entity, and 5) the total underutilization percentage - calculated by dividing the number of vehicles averaging less than 11,000 miles driven per year and the total number of vehicles assigned:

Department	Average Annualized Miles (AAM) per vehicle	Vehicles with AAM from 0 - 6,499 miles	Vehicles with AAM from 6,500 - 11,000 miles	Total Vehicle Count	% Under-utilized (both ranges)
CONSTABLE 1 CIVIL	21,293	0	1	19	5.3%
CONSTABLE 2 CIVIL	17,810	0	3	28	10.7%
CONSTABLE 3 CIVIL	19,141	1	4	20	25.0%
CONSTABLE 4 CIVIL	7,267	4	3	10	70.0%
CONSTABLE 5 CIVIL	19,935	2	0	34	5.9%
COOPERATIVE EXTENSION	10,760	0	1	1	100.0%
COUNSELING & EDUCATION SV	9,154	0	1	1	100.0%
COUNTY ATTORNEY*	12,598	0	2	4	50.0%
COUNTY ATTY CRIMINAL	15,608	1	0	3	33.3%
CSCD BASIC SUPERVISION	24,519	1	1	5	40.0%
CSCD SMART-SUBS ABS HOUS	6,892	2	1	4	75.0%
CSCD SPECIAL GRANT FUNDS	13,870	0	0	1	0.0%
DISTRICT ATTORNEY SUPPORT	7,176	6	3	11	81.8%
EMERGENCY MANAGEMENT	5,019	5	2	7	100.0%
EMERGENCY SVCS INTERLOCAL *	0	1	0	1	100.0%
EMS STARFLIGHT*	17,333	1	0	5	20.0%
ES FIRE MARSHALL*	25,036	2	0	7	28.6%
FAC MAN FACILITIES ENGIN	637	1	0	1	100.0%
FAC MAN BUILDING MAINT	9,882	7	15	30	73.3%
FAC MAN SECURITY SERVICES	35,293	0	0	3	0.0%
FAC.MAN.- EXPO CENTER	3,322	5	0	6	83.3%
H&HS-ADMINISTRATIVE SERVS	11,940	0	1	2	50.0%
H&HS-CHILD PROTECTIVE SER	7,682	1	1	2	100.0%
H&HS-HOUSING REPAIR	7,826	4	4	9	88.9%
ITS-ADMIN	7,196	1	1	2	100.0%
ITS-CUSTOMER SUPPORT	6,811	0	1	1	100.0%
ITS-TECHNICAL SUPPORT	6,450	1	1	2	100.0%
JUVENILE PROBATION ADMIN	17,289	7	2	17	52.9%
JUVENILE PUBLIC DEFENDER	1,532	1	0	1	100.0%

Department	Average Annualized Miles (AAM) per vehicle	Vehicles with AAM from 0 - 6,499 miles	Vehicles with AAM from 6,500 - 11,000 miles	Total Vehicle Count	% Under-utilized (both ranges)
MEDICAL EXAMINER	4,829	3	0	4	75.0%
PURCHASING ADMIN	2,238	2	0	2	100.0%
RECORDS MANG & COMMUNICTN	5,109	4	0	4	100.0%
SHERIFF AUTO THEFT PREVT*	14,155	1	2	8	37.5%
SHERIFF CIT MENTAL HEALTH	15,064	0	0	9	0.0%
SHERIFF CORRECTION BUREAU	22,094	36	11	78	60.3%
SHERIFF LAW ENFORCEMENT*	20,841	38	32	372	18.8%
SHERIFF SUPPORT BUREAU	11,902	8	7	30	50.0%
TAX OFFICE	35,876	0	0	1	0.0%
TNR BALCONES CANYON LAND	5,926	4	1	6	83.3%
TNR COMMON SERVICES,ADM	3,196	9	2	11	100.0%
TNR ENGINEERING SERVICES	12,296	0	3	7	42.9%
TNR ENVIRONMENTAL SERV.	6,513	3	1	5	80.0%
TNR FLEET SERVICES, GEN.*	13,876	23	9	63	50.8%
TNR FLEET SERVICES, R&B*	14,897	4	0	10	40.0%
TNR LAND DEVELOPMENT SERV	14,048	0	3	5	60.0%
TNR LIRAP*	2,522	1	0	1	100.0%
TNR ONSITE SEWAGE	12,038	0	1	4	25.0%
TNR PARKS*	9,595	27	21	76	63.2%
TNR ROAD/BRIDGE MAINT*	12,424	52	41	165	56.4%
TNR SAFETY PROGRAM	21,119	1	1	3	66.7%
TNR SIGN SHOP	7,323	0	1	1	100.0%
TNR STORM WATER MANAG.	8,818	0	1	1	100.0%
Grand Total	<b>16,250</b>	<b>270</b>	<b>185</b>	<b>1,103</b>	<b>41.3%</b>

\* **Note** - This department/division currently possesses new or unused vehicles that may not have incurred sufficient mileage to be applicable to this study due to a limited number of service visits during the period under review.

## Findings

Based on data analyzed from HTE maintenance records for Fleet Services from 2013 through a portion of 2015 detailed in Table 1 on the preceding pages, 24.5% of the County fleet was considered underutilized using the criteria vehicles incurring less than 6,500 miles annually (270 vehicles). Using criteria of vehicles driven less than 11,000 miles annually, 41.25% of the

County’s passenger vehicles (455 vans, sedans, pick-up trucks, and other light vehicles) would be considered underutilized.

The table below depicts an estimate of the total annual costs of operating the County vehicles indicated to potentially be underutilized using the two-tiered utilization criteria. We used the actual acquisition costs for the vehicles obtained from the fixed asset module in SAP. Maintenance costs were based on actual costs from HTE service records. To be clear, we are not stating that TNR should eliminate these 455 vehicles to save over \$16M. We are including these cost totals in order to give the reader perspective on the costs involved and the importance of performing a fleet utilization study annually, eliminating vehicles from the County’s fleet as is deemed appropriate.

<b>Utilization Criteria</b>	<b>Number of Vehicles</b>	<b>Estimated Annual Maintenance/ Fuel Cost</b>	<b>Acquisition Cost</b>	<b>Combined Cost</b>
<b>6,499 miles or less</b>	270	\$417,117	\$9,396,736	\$9,813,853
<b>6,500 to 11,000 miles</b>	185	\$624,385	\$6,179,021	\$6,803,406

As stated above, Fleet Services does not perform an annual fleet utilization study, nor does CSF utilize vehicle utilization criteria. Because of this, Fleet Services cannot perform a systematic analysis of vehicles that are potentially under-utilized, allowing them to reduce the size of the County’s fleet and eliminate the associated costs for vehicles that are determined to be unnecessary or superfluous.

### Significance

Effective fleet utilization studies are excellent tools to help control costs and efficiently “right-size” the County’s fleet.

### Recommendations

We recommend that the Commissioners’ Court re-appoint the Vehicle Users Committee to create a template for conducting annual fleet utilization studies and to define a vehicle utilization criteria. Upon approval by the Commissioners’ Court, Fleet Services should implement both the study and the criteria. Low-usage vehicles identified by this study should be analyzed in detail to determine if they can be removed from the County’s fleet.

### Management Response

TNR is in the procurement process to hire a consultant to complete a comprehensive evaluation of the entire Fleet operation. This area will be included in the review. Once the final report is received, TNR Fleet Services will bring any policy and procedural changes to Commissioners’ Court for approval. Until the results are received, Fleet Services will continue to complete a

detailed analysis of utilization as it relates to the vehicle replacement list submitted as part of the budget process annually. It will also use data from the new fleet management system when sufficient records have been entered to make such analysis meaningful.

## **2. Overall Vehicle Policies**

### **Background**

We have completed a review of the policies for TNR Fleet Services. During this review, we noted that the current policies appear insufficient in providing rules for the purchase, use, and care of County vehicles. The Travis County Code lists three countywide policies addressing motor vehicles and their operation as follows:

**Chapter 30: Vehicle and Equipment Safety Policy** establishes a consistent procedure for conducting driver's license reviews for all employees required to maintain a valid driver's license or commercial driver's license as a condition of employment, which was developed by the County's risk management department. This policy applies to any employee who operates a County vehicle or their own vehicle in the course of conducting County business.

**Chapter 34: Vehicle and Heavy Equipment Replacement Policy** sets life-cycle guidelines for County vehicles and equipment. Its purpose is to set criteria for commissioning and decommissioning vehicles and equipment at an ideal level of use. This policy was developed over 20 years ago and has been used for the majority of vehicles in the County fleet.

**Chapter 40: Use of County-Owned Passenger Vehicles While Off-Duty** regulates and provides guidance for the use of "take-home" vehicles, which are those owned by the County and operated by County employees during on-call and stand-by status. The reason this policy was developed was to increase Travis County's ability to respond to public safety or law enforcement emergencies and to increase the operational efficiency of Travis County.

### **Findings**

#### **Chapter 30: Driver Eligibility Requirements Policy**

Currently, Fleet Services allows employees to maintain their Commercial Driver's Licenses on their schedule and the costs are reimbursable by the County; no on-going driver safety prevention programs exist. This practice is not consistent with Chapter 30 of the Travis County Code which states:

*"30.020 Supervisor's Responsibilities the Supervisor plays an important role in the reduction of vehicle accidents and the promotion of this policy. Specifically, the Supervisor's responsibilities include: (1) Conducting new driver orientation, (2) Conducting on-going training, (3) Recommending any action deemed appropriate as a result of any section of this policy to the Department Director and the Executive Manager, (4) Implementing a vehicle accident prevention plan with the Department's Safety Officer, (5) Making sure that all safe driving rules are followed, (6) Making sure that all Covered Drivers are aware of what steps to take if there is a collision, (7) Making sure that County Vehicles have appropriate safety*

*equipment, (8) Making sure that County Vehicles are in good working order, (9) Reviewing and implementing all recommendations, and (10) Taking appropriate disciplinary action.”*

### **Chapter 34: Vehicle and Heavy Equipment Replacement Policy**

The model for vehicle replacement is based on 1) Age of Vehicle, 2) Mileage, 3) Repair History, and 4) Expertise and knowledge of the Departmental Fleet Coordinator. The fleet is made up of three categories: 1) Primary, 2) Secondary, and 3) Auxiliary. The table below displays a summary of the current criteria for vehicle replacement:

Replacement Criteria	Primary Vehicles	Secondary Vehicles
Mileage	60,000-70,000	75,000-85,000
Years	3 Years	7 Years
Repair Cost	50% of initial cost	50% of initial cost

Note: Off-road equipment and on-road vehicles greater than 1 ton are considered separately.

**Primary vehicles** are used for life-threatening issues that impact human safety. **Secondary vehicles** are used in non-life threatening situations. **Auxiliary vehicles** have met all three categories for replacement, but may still be useful and are used as loaner vehicles while other vehicles are being repaired.

Due to the distinction in how vehicles are utilized in life threatening versus non-life threatening situations, they are allowed to be replaced at different times (i.e. Primary – 3 years, Secondary - 7 years). Chapter 34 currently considers primary vehicles unreliable when their mileage exceeds 60-70,000 miles. However, this mileage replacement is much lower than the City of Austin, City of El Paso, City of Dallas, and Tarrant County. Fleet Services does not typically auction primary vehicles until they surpass 100,000 miles unless the vehicle encounters a major accident and repairs exceed 50% of the original cost. However, we have noted that occasionally vehicles may not achieve the ideal mileage goals and may be auctioned.

The Vehicle Users Committee was charged with updating this policy on December 8, 2009. However, no official action has been taken to update the policy since the last meeting on May 17, 2013.

### **Chapter 40: Use of County-Owned Passenger Vehicles**

Fleet Services does not have a comprehensive policy regarding the recommended use of County vehicles based on each significant category and model (Primary, Secondary, and Auxiliary). This information can be obtained from the manufacturers and would directly correspond to a maintenance program specifically designed for each vehicle (i.e. oil change, brakes, tune-ups, etc.).

## Significance

### **Chapter 30 and Chapter 40**

Ensuring that appropriate safety procedures and programs are followed is important to assist drivers and prepare mechanics to efficiently and effectively serve the needs of County taxpayers with County Fleet vehicles. Effective safety training programs and procedures can reduce the number of risk management claims filed annually and may increase a vehicle's mission readiness.

### **Chapter 34: Vehicle and Heavy Equipment Replacement Policy**

Based on a review of vehicles sold over the assessment period, Fleet Services appears to be selling the majority of primary vehicles at the recommended time and mileage for replacement. However, secondary vehicles do not always appear to reach full mileage potential. Secondary vehicles (typically used for parks, corrections, etc.) are not generally required to drive across the County on a regular basis. When vehicles are sold at auction that are old but underutilized; the County does not generally recapture the value lost through depreciation.

The table below displays a listing of vehicles sold at auction during the assessment period that would not meet the recommended mileage criteria for vehicle replacement described on page 28, under Vehicle and Heavy Equipment Replacement Policy:

Unit Number	Max Mileage	Vehicle Description
3472	270	2011 FRD CV P7B CAR FULL 4D PP
79	20,671	1992 IHC 4700 TRK TRASH REAR COMPACTOR
2592	43,618	2005 TOY PRI CAR MID 4D HYBRID
3300	58,600	2010 FRD CV P7B CAR FULL 4D PP
3126	64,540	2008 FRD CV P71 CAR FULL 4D PP
2854	78,277	2007 FRD CV P71 CAR FULL 4D PP
2388	82,573	2002 GMC CHE EX CG31706 3500 VAN FULL EXT 15 PASS
2261	83,640	2002 GMC CHE IMP 1WF19 CAR FULL 4D FRT WD
2390	84,881	2002 GMC CHE EX CG31706 3500 VAN FULL EXT 15 PASS
971	86,767	1994 GMC C15 1500 PU REG CAB LB 2WD 1/2
837	87,877	1993 GMC CHE LUMI CAR MID 4D
2849	92,444	2007 FRD CV P71 CAR FULL 4D PP
2901	94,656	2007 DOD MAG LXDH49 CAR FULL 4D WAGON PP
2510	95,314	2004 FRD F350 X303 SUPER DUTY TRK SRVC BODY 1T EXT
1030	96,685	1993 CHY PLY VOY VAN MINI 7 PASS
916	98,581	1995 GMC CARGO VAN MINI CARGO
3091	98,916	2008 FRD CV P71 CAR FULL 4D PP
2064	99,274	2001 FRD F150 PU EXT CAB SB 4WD 3/4 SRW

## Recommendations

### **Chapter 30: Driver Eligibility Requirements Policy**

In addition to adhering to policies consistent with Chapter 30 of the Travis County Code, the following items should be considered:

- Offer and track the completion of a formal Defensive Driving course for all employees authorized to operate a County vehicle.
- Establish a formal training program to familiarize new drivers with the type of vehicle they will be driving. The program should include safe driving techniques as well as information specific to the area where the vehicle will be used (i.e. parks, etc.).

**Chapter 34: Vehicle and Heavy Equipment Replacement Policy**

In addition to updating the outdated cost information, we recommend that the Commissioners’ Court re-appoint the Vehicle Users Committee to review the policy and make suggested improvements by the Committee. The following table contains our recommended change to the replacement criteria, in addition to rotating vehicles between primary and secondary positions and reducing the slot count to ensure mileage goals are met prior to replacement:

Replacement Criteria	Primary Vehicle	Secondary Vehicle
Mileage	100,000 - 120,000	120,000 - 140,000
Years	4 Years	8 Years
Repair Cost	50% of initial cost	50% of initial cost

Note: Off-road equipment and on-road vehicles greater than 1 ton are considered separately.

**Chapter 40: Use of County-Owned Passenger Vehicles**

Fleet Services should develop policies and procedures that address vehicle use and integrate them into the current policies.

Fleet Services should implement a maintenance program within FleetFocus based on the manufacturer’s specifications/type of use classification and enforce the policies and schedules to ensure routine service is completed on time. The program should also include the manufacturer’s gross vehicle weight guidelines. Overloading vehicles stresses body parts and can be dangerous, as well as harmful, to the car.

In addition, Fleet Services should develop a vehicle operator handbook and issue it to all County departments. This should be a vehicle specific handbook that includes details for:

- Proof of insurance
- Vehicle use rules or policies
- Accident reporting procedures
- Emergency contacts

**Management Response**

Risk Management is responsible for compliance overall with Chapter 30 and each department with drivers should assist. For example, because of the large number of operators within TNR, monthly safety meetings are conducted to discuss driving and other safety topics. Included in those trainings are defensive driving courses. Equipment and vehicle training is conducted by

supervisors. Perhaps Risk Management could review each department's activities in these areas and suggest any changes necessary to be in compliance with the code.

Vehicle replacements are highly scrutinized by Fleet Services and the Planning & Budget Office. The information listed in the table is outdated. Chapter 34 now authorizes replacement of secondary vehicles at 90,000 miles and 8 years. The repair costs have never been taken into account for standard replacements. The table lists many vehicles that were replaced as a result of total loss, and not part of the standard replacement cycle. The remainder of those listed in the table either met the existing replacement policy or were approved for replacement by alternative funding sources such as the failing vehicle earmark on CAR reserve.

TNR is in the procurement process to hire a consultant to complete a comprehensive evaluation of the entire Fleet operation. Chapter 34 will be included in the review. Once the final report is received, TNR Fleet Services will bring any policy and procedural changes to Commissioners Court for approval.

TNR will develop a vehicle operator handbook to issue to all County departments. It will include the items listed as well as any recommendations from the external consultant.

### **3. Performance Measures**

#### **Findings**

Fleet Services does not sufficiently utilize formal standards or performance measures that allow for analysis and improvement of operational activities, including routine repairs and preventive maintenance procedures.

#### **Significance/Background**

Performance evaluations based on operational standards are useful to measure efficiency and effectiveness of each mechanic. Good management practices include goals and measures that allow management to assess the quality of work performed and identify problem areas. Inadequate information and failure to assess the quality of maintenance and repairs could result in operating procedures that are costly or unnecessary.

Tracking key indicators and analyzing performance are the foundations of process improvement. The regular analysis of performance metrics enables managers to make informed decisions about how to improve services and processes. Performance measures also enable management to develop solid budget justification, by either demonstrating program effectiveness or demonstrating a gap between needs and service levels. This method ensures that short-term resource allocation decisions are consistent with long-term goal and objectives. Some examples of performance measures that should be monitored are included beginning on page 30.

Productivity measures within fleet maintenance organizations can be a useful management tool to determine the efficiency of an activity. A comprehensive analysis of the types of repairs and maintenance performed at any given time on the shop floor, knowing the skill level of your work

force, and close supervision of the work performed would serve as a control to ensure productivity measures are operating as intended.

## Recommendations

We recommend that Fleet Services explore dedicating additional resources to monitoring and analyzing the data from the new fleet management system (FleetFocus) and from other operational sources, in order to track and assess fleet and maintenance productivity, efficiency, and effectiveness. These resources may be available once FleetFocus is fully implemented, as this system appears to require significantly less manual data entry than the HTE database currently used by Fleet Services.

### Examples of fleet-related performance measures:

<b>Industry Standard Proposed Measures for Fleet Services at the County, Department, and Shop Levels</b>					
<b>#</b>	<b>Performance Measure</b>	<b>Definition/ Rationale</b>	<b>Type of Measure</b>	<b>Level to Monitor</b>	<b>When to Monitor</b>
1	Maintenance & Repair Cost per Mile/Hour by Vehicle Type or Class	Total dollars spent on fully burdened labor, parts and commercial services divided by vehicle miles or hours. Normally excluded are costs associated with warranty work, make ready work and accidents. The lower the number, the more efficient an organization is managing and maintaining its fleet.	Cost	County wide, Department, Shop Levels	Quarterly
2	Total Vehicle Cost per Mile/Hour by Vehicle Type or Class	Measures the unit cost of a fleet mile or hour driven by class or by vehicle. Provides an indicator of cost savings achieved (mismanaged capital resources - identification of ineffective replacement, purchasing, and disposal practices, etc.). All costs associated with the vehicle from purchase to disposal, such as fixed costs (depreciation, tax, tags, title, insurance, and overhead); operating costs(fuel, oil, fluids); and maintenance costs (parts, labor, tires, batteries).	Cost	County wide, Department, Shop Levels	Quarterly
3	% of Fleet Below Utilization Targets	Measures the ideal fleet capacity and waste of fleet resources; aids in establishing realistic vehicle assignment criteria (internal trend analysis). A low utilization could indicate over capacity and wasted resources for a small geographical service area.	Assignment	County wide, Department, Shop Levels	Quarterly
4	% of Fleet Out of Life Cycle	Measures the compliance and commitment to the policy of the organization's replacement criteria program.	Fleet Replacement	County wide, Department, Shop Levels	Quarterly
5	Full Burden Labor Rate of Light and Heavy Duty Mechanics	Measures the efficiency of maintenance and repair services performed against other providers of these services; Makes fleet management aware of their costs and encourages fleet users to hold fleet management accountable for the cost and value of the service.	Fleet Services/ Maintenance & Repair	County wide	Yearly
6	Average Repair Costs by Vehicle Class	Measures the cost of maintenance and repair, and permits benchmarking against private contractors and other public maintenance & repair services. If the average repair costs are not decreasing, the PM program may not be successful. Tracking on a monthly basis can show cyclical trends, this should be questioned and causes identified. In addition, more out-sourcing may be required to keep up with repairs, which would identify the need for more mechanics during these months.	Maintenance and Repair	County wide, Department, Shop Levels	Monthly

<b>Industry Standard Proposed Measures for Fleet Services at the County, Department, and Shop Levels</b>					
<b>#</b>	<b>Performance Measure</b>	<b>Definition/ Rationale</b>	<b>Type of Measure</b>	<b>Level to Monitor</b>	<b>When to Monitor</b>
7	Labor Hour Utilization (Ratio of Direct Labor to Indirect Labor)	Measures the utilization of mechanics and whether staff is used productively; if indirect labor is reasonably reduced and controlled, the effect on total overhead expenses and fully burdened labor rate can be significant.	Maintenance and Repair	County wide, Department, Shop Levels	Monthly
8	Return to Service Rate (% Returned in 24hrs, 2 days, > than 2 days)	Measures the efficiency of mechanics/technicians repair services; promotes focus on turnaround time/out of service time. Typical performance target: 70%, 20%, 10% respectively.	Maintenance and Repair	County wide, Department, Shop Levels	Monthly
9	Downtime Percentage	Measures downtime due to maintenance and repair; by class of vehicle, excludes accidents. The number of hours that a vehicle is unavailable for use <u>during the hours it is normally available</u> because it is being maintained or repaired. Targets medium/heavy - 2-4 %, specialized 6-8 %.	Maintenance and Repair	County wide, Department, Shop Levels	Quarterly
10	Ratio of Internal vs. External Dollars Spent on Repairs	Identifies the use of external help for repairs, which could show that Fleet Service's maintenance staff is; not qualified, understaffed or labor rates are cheaper outside of the organization. This could also show more expensive repairs tend to be out -sourced.	Maintenance and Repair	County wide, Department, Shop Levels	Monthly
11	% of Technicians or Mechanics ASE Certified	Measures how qualified the maintenance staff is. A higher % of certified mechanics could reduce the # of out -sourcing tasks and ultimately may reduce overall repair costs if in-house labor is cheaper. See measure 10.	Maintenance and Repair	Countywide	Yearly
12	% of PMs Overdue	Measures effectiveness of PM program compliance; typical performance target for PMs completed on time is 95% to 98%.	Maintenance and Repair	County wide, Department, Shop Levels	Monthly
13	Ratio of Preventive Maintenance (PM) to Reactionary Repairs	Measures the adequacy of the PM program in preventing vehicle repairs. Make sure to clearly define what is preventive maintenance and what are reactionary repairs.	Maintenance and Repair	County wide, Department, Shop Levels	Quarterly
14	% Breakdown of Reactionary Repairs by Vehicle Class	Measures, which classes of equipment are breaking down most often. Could help to improve purchasing standards of better vehicles and equipment.	Maintenance and Repair	County wide, Department, Shop Levels	Quarterly
15	# of Reportable Accidents	Provides a safety indicator of the fleet. Trends can be identified and action can be taken to reduce this. For example, if there are a higher number of accidents during the winter months, increased winter driving training may be needed.	Maintenance and Repair	County wide, Department, Shop Levels	Monthly
16	% of Repairs Due to Operator Abuse, Accidents, Unexpected Repairs, and PMs	Break down repairs into categories to identify areas of needed attention. If abuse is high, it could indicate a need for disciplinary actions pertaining to the use of the vehicles. If accidents are high, this indicates more vehicle training is needed or disciplinary actions are needed. Finally, if unexpected breakdowns are high, the PM program could be insufficient.	Maintenance and Repair	County wide, Department, Shop Levels	Monthly
17	# of Vehicle Tow-In Road Call Actions	Measures how well the PM program is operating. Shows recurring trends.	Maintenance and Repair	County wide, Department, Shop Levels	Monthly
18	Breakdown of Total Costs of PMs, Abuse, Accidents and Unexpected Repairs	Provides an overall picture of the maintenance and repair program and could help to focus attention on certain areas. If PM costs are increased to establish a better PM program, unexpected repairs should decline thus observing reduced costs of unexpected repairs.	Maintenance and Repair	County wide, Department, Shop Levels	Quarterly

<b>Industry Standard Proposed Measures for Fleet Services at the County, Department, and Shop Levels</b>					
<b>#</b>	<b>Performance Measure</b>	<b>Definition/ Rationale</b>	<b>Type of Measure</b>	<b>Level to Monitor</b>	<b>When to Monitor</b>
19	Vehicle-Hours (or Days) Lost Waiting for Parts	Provides a measure of the downtime due to waiting for parts services.	Inventory	Shop levels	Monthly
20	Inventory and/or Parts Turnover Ratio	Measures stock utilization as a portion of maintenance and repair production; determining the turnover ratio gives an indication of excessive or depleted stock levels; it highlights slow moving and/or obsolete stock.	Inventory	County wide, Department, Shop Levels	Quarterly
21	Automotive Parts Inventory Totals (\$ and # of Parts)	Measures value of the parts inventory and the amount (volume) of inventory.	Inventory	County wide, Department, Shop Levels	Quarterly
22	Total Fuel Consumption and MPG by Vehicle and/or Vehicle Class	Provides an indicator of the fleet's energy efficiency and operating effectiveness for corrective action. Could help identify when to service a vehicle for PM service based on fuel consumption (gallons used), mileage or engine hours.	Fuel	Countywide	Yearly

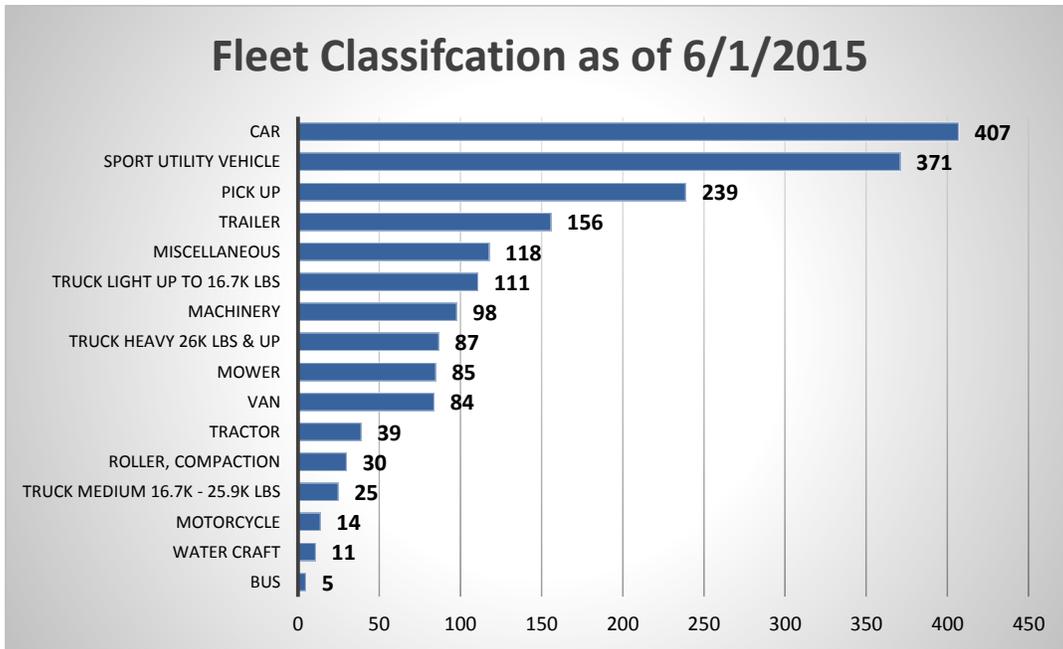
### Management Response

TNR is in the procurement process to hire a consultant to complete a comprehensive evaluation of the entire Fleet operation. This area will be included in the review. Once the final report is received, TNR Fleet Services will bring any policy and procedural changes to Commissioners Court for approval. Until the results are received, Fleet Services will regularly review many of the performance measures detailed above through FleetFocus, the new fleet management software being implemented. Training on the new system is scheduled for February 8<sup>th</sup>, 2016. It will take several months for the new system to have enough data to draw any meaningful conclusions but Fleet Services will be able to follow the trends as more work orders are completed.

## Attachment A – Vehicle Equivalent Computation

The County’s Fleet contains approximately 1,880 pieces of equipment issued to 24 departments and other jurisdictions through interlocal agreements. Fleet Services tracks each piece using a maintenance classification system to identify the type of maintenance needed for each vehicle class. The 1,880 vehicles are categorized into 16 maintenance classes. The maintenance classes are displayed in the graph below, by class and number of vehicles in each class.

Table 1



The number of mechanics required for maintenance and repair is primarily driven by the size, condition, and composition of the fleet it supports. Typically, government fleet operations maintain a wide variety of vehicles and equipment. It is necessary to establish a relative measure that allows for the evaluation and comparison of staffing needs.

In order to determine the appropriate number of mechanics and maintenance hours needed, a vehicle equivalent analysis needs to be conducted, which is a method for breaking down a diverse fleet conceptually into a homogenous one so it is easier to organize<sup>2</sup>. This method has been determined to be very useful when comparing efficiencies and effectiveness between shops and industry standards.

The Fleet Services staff level is determined by the size and diversity of its fleet. According to APWA, determining the appropriate level of staff is a complex task that consists of different factors, which include the following:

- Labor demand (average number of direct hours it takes to maintain each type of vehicle)

<sup>2</sup> NAFA, APWA, Government-Fleet.gov, and Americacityandcounty.com

- Labor supply (average number of direct hours each FTE can produce),
- Additional factors such as fleet size, type, and policies and procedures can also affect the number of FTEs needed to maintain its fleet.

The labor demand was calculated by reviewing historical maintenance records, which can be useful when determining or managing workloads, and comparing it to industry standards. The labor supply involves calculating the number of wrench turning hours (direct labor) available to mechanics for the year.

A vehicle equivalent (VE) calculation is used to equate the level of effort required to maintain dissimilar types of vehicles and equipment to a car (sedan), which is given a baseline value of 1.0. Based on the data received from HTE, a VE of 1.0 is equal to 13.27 annual maintenance labor hours (depending on a variety of factors unique to the fleet being measured).

All other types of vehicles are allocated a value relative to the value of the car. For example, a bus requires four times the annual maintenance and repair of a car, or 53.08 (four multiplied by 13.27) hours per year. This assessment of the maintenance repair unit (MRU) factor also accounted for a degree of seniority between mechanics, which has led to a highly experienced and knowledgeable staff.

Fleet Services does not currently use a VE computation. Because of this, we attempted to estimate a VE computation for the County’s fleet in the table below. As indicated earlier, the total fleet size of 1,880 was converted to a VE size of 3,104.40. The total VEs was multiplied by the average number of annual maintenance wrench turning hours (direct labor) of 13.27 hours per unit, which equates to 41,195.39 annual hours of required maintenance for the County’s fleet. An average of the 22 mechanics direct labor data, that was entered into HTE, allocated to a maintenance class, was used to calculate the VEs required for the County’s Fleet (Review Period 30 Months)<sup>3</sup>.

<b>Table 2: Number of labor hours needed for the number of the VEs</b>				
<b>Equipment Class</b>	<b>No. of Equip.</b>	<b>MRU Factor<sup>4</sup></b>	<b>Vehicles Equivalents (VE)</b>	<b>VE x 13.27 Labor Hrs</b>
<b>Bus</b>	5	4.0	20.0	265.4
<b>Water Craft</b>	11	1.0	11.0	146.0
<b>Motorcycle</b>	14	1.0	14.0	185.8
<b>Truck Medium 16,700 to 25,999</b>	25	1.3	32.5	431.3
<b>Roller, Compaction</b>	30	1.9	57.0	756.4
<b>Tractor</b>	39	2.3	89.7	1,190.3
<b>Van</b>	84	1.6	134.4	1,783.5
<b>Mower</b>	85	1.5	127.5	1,691.9
<b>Truck Heavy 26,000 &amp; up</b>	87	3.9	339.3	4,502.5

<sup>3</sup> NAFA recommended: in order to accurately calculate VEs for a fleet, the use of previous data is recommended.

<sup>4</sup> MRU Factor was calculated by recommended best practices from NAFA, APWA, and Government–Fleet.com/How to calculate Technician–to-vehicles ratios. Maintenance Class “Car” was used as the base unit (1.0 MRU factor equals to 13.27).

<b>Equipment Class</b>	<b>No. of Equip.</b>	<b>MRU Factor<sup>5</sup></b>	<b>Vehicles Equivalents (VE)</b>	<b>VE x 13.27 Labor Hrs</b>
Machinery	98	2.9	284.2	3,771.3
Truck Light up to 16,699	111	2.4	266.4	3,535.1
Miscellaneous	118	1.3	153.4	2,035.6
Trailer	156	1.4	218.4	2,898.2
Pick Up	239	1.8	430.2	5,708.8
Sport Utility Vehicle	371	1.4	519.4	6,892.4
Car	407	1.0	407.0	5,400.9
<b>Total</b>	<b>1,880</b>	<b>30.70</b>	<b>3,104.40</b>	<b>4,1195.39</b>
<b>Note: MRU of 1.0 is based on 13.27 labor hours</b>				

The table below contains a summary of the conversion of VEs into wrench turning hours (direct labor) at the rate of 13.27 hours per MRU. Assuming 95% of the work is performed in-house and that each FTE produces 1,650 direct hours per year (79% utilization rate), the number of FTEs is estimated to be 23.72. The 23.72 FTEs equate to a ratio of 124 in-house MRUs per FTE (95% x 3,104.40 divided by 23.72). Using the method and the industry benchmark stating 95% of maintenance should be conducted in-house; REC calculated the County would need approximately 24 mechanics responsible for wrench turning hours (direct labor). Fleet Services has operated on average with 22 FTEs to maintain all vehicles, which is understaffed by two mechanics<sup>6</sup>.

<b>Estimated Workload and FTEs Needed</b>	
<b>Total VEs (From table above)</b>	3,104.40
<b>Total Hours @ 13.27 hours per MRU</b>	41,195.39
<b>In house hours @ 95% in house</b>	39,135.62
<b>Estimated number of FTEs needed @ 1650 hours/FTE (using 79% utilization)</b>	23.72

<sup>5</sup> MRU Factor was calculated by recommended best practices from NAFA, APWA, and Government–Fleet.com/How to calculate Technician –to-vehicles ratios. Maintenance Class “Car” was used as the base unit (1.0 MRU factor equals to 13.27).

<sup>6</sup> The division is currently holding vacant one of its budgeted mechanic positions.

## Attachment B - Suggested Reporting for Vehicle Utilization/Vehicle Replacement

### FleetFocus Reports

The new FleetFocus M5 software may benefit the Vehicle Users Committee to better assess the characteristics of the County Fleet. This information may provide the County's management to make more informed decisions regarding vehicle utilization and vehicle replacement. The source of these reports was obtained from the City of Dallas Fleet Audit Report, December 10, 2010. However, the reports have been customized to include Travis County data. The following table is an example of the life cycle of vehicles for each department throughout the County.

### Vehicle Status by Department

<b>Column1</b>	<b>Ready Unit for Service</b>	<b>Active</b>	<b>Flagged for Disposal</b>	<b>Hold for Reassignment</b>	<b>Replace at Later Date</b>	<b>Salvage</b>	<b>Prep for Sale</b>	<b>Total</b>
CONSTABLE 1 CIVIL	0	15	3	2	0	0	0	20
CONSTABLE 2 CIVIL	1	18	2	1	1	3	3	29
CONSTABLE 3 CIVIL	1	17	1	0	0	1	0	20
CONSTABLE 4 CIVIL	0	10	0	0	0	1	0	11
CONSTABLE 5 CIVIL	1	30	1	0	0	1	0	33
COOPERATIVE EXTENSION	0	2	0	0	0	0	0	2
COUNSELING & EDUCATION SV	0	1	0	0	0	0	0	1
COUNTY ATTORNEY	0	3	0		1	0	0	4
COUNTY ATTY CRIMINAL	0	2	0	0	1	0	0	3
CSCD BASIC SUPERVISION	1	6	0	0	1	0	0	8
CSCD SMART-SUBS ABS HOUS	1	4	0	0	0	1	0	6
<b>Totals</b>	<b>5</b>	<b>108</b>	<b>7</b>	<b>3</b>	<b>4</b>	<b>7</b>	<b>3</b>	<b>137</b>

In FleetFocus M5, vehicles can be identified by categories based on Gross Vehicle Weight Ratings (GVWR) and the average number of years in service as shown in the table on the following page:

Fleet by Category and Years of Service

<b>GVWR Category (1-9)</b>	<b>Average Number of Years in Service</b>
0	8.75
1	4.42
2	6.00
3	5.33
4	5.00
5	1.67
6	7.42
7	7.83
8	5.75
9	8.16

These reports can be combined to include GVWR and status based upon the proper system implementation, as shown in the table below:

Fleet by Category (GVWR) and Status

<b>Category</b>	<b>GVWR</b>	<b>Ready Unit for Service</b>	<b>Active</b>	<b>Flagged for Disposal</b>	<b>Hold for Reassignment</b>	<b>Replace at Later Date</b>	<b>Salvage</b>	<b>Prep for Sale</b>	<b>Total</b>
0	Trailers	0	15	3	2	0	0	0	20
1	0-6,000	1	18	2	1	1	3	3	29
2	6,001-10,000	1	17	1	0	0	1	0	20
3	10,001-14,000	0	10	0	0	0	1	0	11
4	14,001-16,000	1	30	1	0	0	1	0	33
5	16,001-19,500	0	2	0	0	0	0	0	2
6	19,501-26,000	0	1	0	0	0	0	0	1
7	26,001-33,000	0	3	0		1	0	0	4
8	Over 33,001	0	2	0	0	1	0	0	3
9	Off-Road & Construction	1	6	0	0	1	0	0	8
<b>Totals</b>		<b>5</b>	<b>108</b>	<b>7</b>	<b>3</b>	<b>4</b>	<b>7</b>	<b>3</b>	<b>137</b>

**Significance**

The above tables, along with proper vehicle mileage analysis, are helpful reporting tools that help ensure proper decision making during vehicle replacement and utilization studies.

## Attachment C – Fleet Breakdown

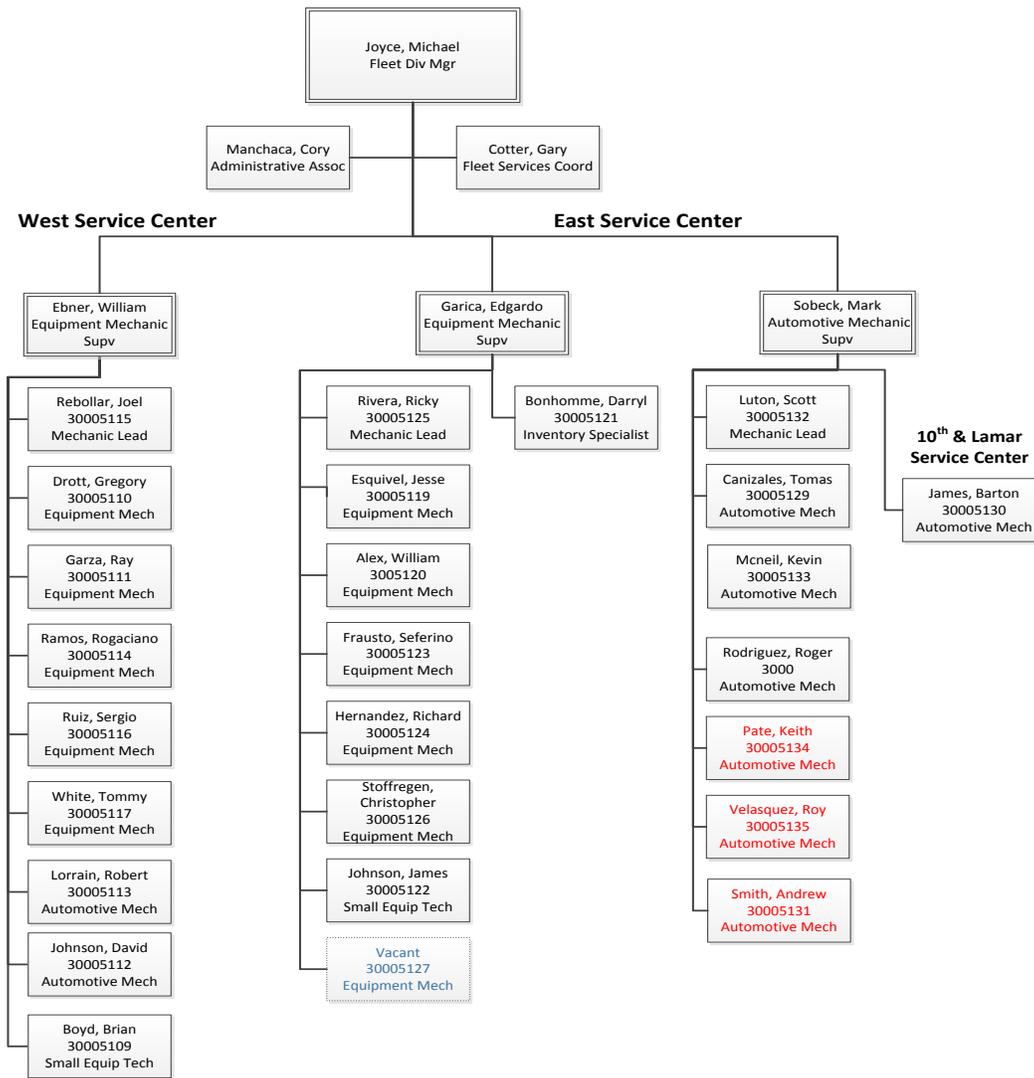
Fleet’s service centers maintain gasoline, diesel, and propane-powered vehicles/equipment in the County’s fleet. The County’s fleet includes standard passenger vehicles and light trucks; medium and heavy trucks; boats and motorcycles; road construction equipment such as backhoes, tractors, and trailers; and mowers and gators. The table below shows fleet size by department:

<b>Agency Fleet Size Summary<sup>7</sup></b>		
<b>Department</b>	<b>No. of Equip</b>	<b>Acquisition Cost</b>
Constable Pct. 1	19	\$463,893.23
Constable Pct. 2	30	\$781,007.72
Constable Pct. 3	20	\$489,974.62
Constable Pct. 4	11	\$269,397.43
Constable Pct. 5	35	\$935,898.68
Cooperative Ext.	2	\$44,508.51
Counseling & Education	1	\$18,981.00
County Attorney	9	\$190,090.54
County Clerk	1	\$24,877.28
CSCD	21	\$229,697.10
District Attorney	13	\$227,386.50
Emergency Medical Srv	34	\$3,686,149.94
Emergency Services	20	\$523,426.87
Facilities Management	73	\$1,680,098.10
Health & Human Svc.	24	\$507,063.30
Information Systems	5	\$124,693.75
Juvenile Court	19	\$395,610.49
Juvenile Public Defender	1	\$18,693.00
Medical Examiner	4	\$75,095.00
Purchasing	3	\$70,003.67
Records Management	4	\$80,461.65
Sheriff	628	\$18,187,408.70
Tax Office	2	\$38,343.00
TNR	903	\$34,833,152.79
<b>Grand Total</b>	<b>1880</b>	<b>\$63,895,912.87</b>

<sup>7</sup> Source: Provided by Fleet – includes active and inactive vehicles as of 6/1/2015

# Attachment D - Organizational Information

A current organizational chart for the areas tested during this audit is below.



## Vehicle Users Committee

On December 8<sup>th</sup>, 2009, the Commissioners' Court charged the Vehicle Users Committee to:

- Complete a comprehensive review of the existing Vehicle Replacement Policy and make recommended changes.
- Determine alternative approaches to ordering and receiving fleet vehicles.
- Determine and recommend the most efficient method to install and equip vehicles including radios, MDT's, etc.

- Determine and recommend alternative methods to improve overall fuel efficiencies of our fleet.
- Identify and recommend the most efficient assignment and use of our new vehicles.

The Vehicle User Committee last met on May 17<sup>th</sup>, 2013 to discuss the FY14 vehicle replacements, which consisted of replacing the Ford Crown Victoria with the Chevrolet Tahoe as the primary vehicle for the County fleet. We have found no evidence that the Vehicle Users Committee achieved the goals charged by the Commissioners' Court.

The Vehicle Users Committee was most recently comprised of members from the following departments:

Voting members:

1. Constables – Sgt. Jeff Parker
2. TCSO Law Enforcement – Capt. Frank Lofton
3. TCSO Corrections - John Hoffman
4. TNR - Don Ward, PE (Chairman)
5. Fleet Services - Mike Joyce
6. PBO - Travis Gatlin
7. County Attorney, District Attorney, and Juvenile Probation - Dawn McLean
8. Fire Marshal, Medical Examiner, and Emergency Management - Hershel Lee

Non-voting members:

1. ITS - David Lamp'l
2. Purchasing - Cyd Grimes
3. Sheriff - Jack Pirtle
4. Fleet Services - Gary Cotter

## Attachment E – Internal Controls Rating Key

A good internal control system reduces the risk of errors, defalcations, and misappropriations of funds. Weak internal control systems provide an environment in which errors, defalcations, and misappropriations of funds can go undetected. The following details the various grades we assign to internal control systems:

<b>RATING</b>	<b>RATING DESCRIPTION</b>
Good	Well-established internal controls with few, if any, minor weaknesses noted
Adequate	The overall solid system of internal controls is sufficient to outweigh noted weaknesses
Requires Improvement	Internal control weaknesses exist that moderately impact the overall system of internal controls
Requires Significant Improvement	Significant internal control weaknesses exist that negatively impact the overall system of internal controls
Inadequate	The existing system of internal controls is materially ineffective