



# CITY OF ORLANDO

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## Office of Audit Services and Management Support

### MEMORANDUM

To: Vernon L. Whitehurst, Fleet Management Division Manager

From: Beryl H. Davis, CPA, CGFM, Director  
Office of Audit Services and Management Support

Re: Follow-Up of Audit of Fleet Management Division  
(Report No. 07-12)

Date: April 10, 2007

Attached is a summary of the status of recommendations as determined from our follow-up review of the Audit of Fleet Management Division (*Report No. 06-13*), issued May 30, 2006. Our review procedures consisted of staff inquiries, examination of certain documents and a review of the status of the recommendations provided by the Fleet Management Division (Fleet).

Our follow-up was made in accordance with generally accepted government auditing standards, except that we did not perform substantial tests of evidence supporting the replies from the officials responsible for resolving audit findings and recommendations.

**Ten of the 14 recommendations in the original report were implemented, two were partially implemented and the remaining two are planned for implementation.**

Fleet plans to fully implement its partially implemented recommendations as follows: Fleet has decided to finalize work orders earlier by not adding new repair requests to previously established work orders; and, in May 2007, Fleet plans to complete its steps to comply with Florida Statutes using updated inventory lists of equipment from its customer divisions. Two remaining recommendations about management reports and technology documentation and backup are planned for implementation in June with support from an assigned Technology Management applications developer.

We commend the officials and personnel of the Fleet Management Division for their diligence in implementing financial, operational and customer service recommendations, and thank them for their cooperation and prompt response to the follow-up request.

We annually conduct a follow-up of all the citywide recommendations that have not been fully implemented, to determine their implementation status, and we encourage Fleet Division management to fully implement the remaining recommendations.

Mona Mellon, Audit Program Manager, performed this follow-up review.

BHD/am  
Attachment

c: **Honorable Buddy Dyer, Mayor**  
**Cheryl J. Henry, Chief of Staff**  
**Byron W. Brooks, Chief Administrative Officer**  
**Rebecca W. Sutton, Chief Financial Officer**  
**Mayanne Downs, City Attorney**  
**Kevin J. Edmonds, General Administration Department Director**  
**Conrad C. Cross, Chief Information Officer**  
**Jon Mead, Director of Purchasing and Materials Management**

**REPLY AND IMPLEMENTATION SUMMARY  
FOLLOW-UP REVIEW OF AUDIT OF FLEET MANAGEMENT DIVISION**

| #  | RECOMMENDATIONS  | RESPONSE | CURRENT STATUS | IMPLEMENTATION DATE | AUDITEE COMMENTS   |
|----|--|----------|----------------|---------------------|--|
| 1. | The Fleet Management Division should develop a procedure to annually project long-term cash needs for vehicle and equipment replacement, explain concerns that lie within the deferred replacements backlog, and report the results to upper management. | Concur   | Implemented    | March 2007          | Internal policy and procedures have been adopted. Meeting held with the Finance Department. Reviewed the concerns within the backlog. Fleet will annually review long-term replacement fund cash needs with Budget management during the Budget Process. |
| 2. | The Fleet Management Division should create policies and procedures regarding collecting and expending the Vehicle Replacement Cash Fund.  | Concur   | Implemented    | October 2006        | Internal policy and procedures have been adopted.  |
| 3. | The Fleet Management Division should, with the Finance Department, determine and document policies for a suitable Vehicle Replacement Fund cash balance, considering applicable OMB requirements.  | Concur   | Implemented    | March 2007          | Internal policy and procedures have been adopted. Meeting held with the Finance Department. It was determined that the fund should grow to meet the replacement needs projected through 2012.  |
| 4. | The Fleet Management Division should compare the actual lives and replacement costs of vehicles replaced each year with the projected useful lives and replacement costs used to determine vehicle replacement charges.                                  | Concur   | Implemented    | January 2007        | Fleet has made comparisons, found differences in some classes of vehicles. Fleet is analyzing these differences and may propose changing the projected useful lives on certain types of vehicles.  |

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|----|--|--------------------------|-----------------------|---------------------|--|
| 5. | The Fleet Management Division should ensure that Fleet Service Fee revenue collected to offset the General Fund Administrative Service Fee is properly budgeted and allocated between the operating and replacement funds. | Concur                   | Implemented           | February 2007       |  |
| 6. | The Fleet Management Division should determine how much operating cash should be maintained and what effect this has on the charges to customers, and adopt Fleet Management Fund cash balance policies.                   | Concur                   | Implemented           | March 2007          | Internal policy and procedures have been adopted. Meeting held with the Finance Department. Fleet will annually review long-term operating fund cash needs with Budget management during the Budget Process. It was determined that the operating cash needs should grow to meet the City's minimum Reserve Policy for this fund to 15%-20% of the annual cash requirement. If needed in the future, the agreed-upon mechanism to adjust the operating fund balance would be to adjust the Fleet labor rate. |
| 7. | The Fleet Management Division should carry out its stated policy to close work orders within 30 days.  | Concur with Reservations | Partially Implemented | August 2006         | Work order closeout within 30 days has improved. Fleet implanted in March 2007 a practice to create new work orders for new repair issues rather than adding new issues to existing work orders. This also is expected to aid the execution of work orders. Reservations refer to outside vendor repairs that are sometimes invoiced to Fleet (and therefore to Fleet customers) after 30  |

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|-----|---|--------------------------|----------------------------|---------------------|---|
|     |   |                          |                            |                     | days.   |
| 8.  | The Fleet Management Division should request the General Administration Department Director to communicate with Department Directors and Chiefs about late maintenance concerns.                                | Concur                   | Implemented                | August 2006         | Better compliance and fewer late maintenance issues are occurring. Procedure is to notify GAD Director to contact Department Directors if there are persistent late maintenance concerns.   |
| 9.  | The Fleet Management Division should more closely monitor and take several steps to increase technicians' billable work order hours.  | Concur                   | Implemented                | August 2006         | Fleet Superintendent compares weekly Kronos timekeeping data with weekly FASTER work order production. Productivity has increased.  |
| 10. | The Fleet Management Division should prepare a plan to improve customer satisfaction, including innovations, and an annual communication to provide customers significant information.                          | Concur with Reservations | Implemented                | August 2006         | Fleet Division Manager and Fleet Management Superintendent are in frequent contact with other Division Managers to address customers' needs. Customer requests for reports are generally supported by an assigned TM staff person; and Fleet has recently promoted an individual who now prepares some reports. |
| 11. | The Fleet Management Division should work with customer and Technology Management Division staff to provide monthly management reports and improve customers' access to and use of monthly billing information. | Concur                   | Planned for Implementation | June 2007           | Fleet and TM will be working toward implementation in June.   |

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|-----|---|----------|----------------------------|---------------------|--|
| 12. | The Fleet Management Division should request the Technology Management Division to document billing and other FASTER processes, assign back-up staff, and enable Fleet Management staff to prepare more of its own regular reports. | Concur   | Planned for Implementation | June 2007           | Fleet and TM will be working toward implementation in June with number 11. Back up personnel is dependent upon additional staff needed at TM.      |
| 13. | The Fleet Management Division should work with the appropriate staff to develop a process that will meet the statutory requirements for an annual inventory for all vehicles and equipment under the Fleet Management Division.     | Concur   | Partially Implemented      | May 2007            | During the Budget process for replacement equipment an inventory report was sent to each department and division requesting updating of equipment. |
| 14. | The Fleet Management Division should update or create any undocumented internal policies and procedures for its major functions, including technical and administrative activities.   | Concur   | Implemented                | October 2006        | Fleet has prepared internal policies and procedures, approved by Division Manager.   |