



Volusia County Schools, Florida Internal Audit Report: White Fleet Management

September 16, 2021

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TRANSMITTAL LETTER

September 16, 2021

School Board of Volusia County, Florida
200 N Clara Ave.
DeLand, FL 32720

Pursuant to our approved audit plan for Fiscal Year (“FY”) 2020-21 and our Statement of Work dated April 7, 2021, with The School Board of Volusia County, FL (“District”), we hereby present our report on the Internal Audit of White Fleet Management. We will present this report at the next regularly scheduled Audit Committee Meeting.

Our report is organized in the following sections:

Executive Summary	This provides a high-level overview and summary of the observations noted in this internal audit, as well as the respective risk ratings.
Overview	This section summarizes the key points of the various processes covered in this audit.
Background	This provides an overview of the organizational structures of the departments included in the scope of our review, as well as pertinent information related to the composition of the District’s white fleet of vehicles.
Objectives and Approach	The objectives of this internal audit are expanded upon in this section, as well as the various phases of our approach.
Observation Matrix	This section gives a description of the observations noted during this internal audit and recommended actions, as well as Management’s response including the responsible party, and estimated completion date.

We would like to thank the staff and all those involved in assisting our firm with this internal audit.

Respectfully Submitted,



RSM US LLP

EXECUTIVE SUMMARY

Background

The District owns and maintains a ‘white fleet’ (e.g.: cars, trucks, vans, etc.) of vehicles used for two main purposes: transporting employees to/from site locations to perform their duties; and working vehicles used to perform specific functions. Employees are assigned a white fleet vehicle if their position provides for a vehicle benefit. Vehicle benefits are generally assigned if the job position requires more than the minimum travel threshold set by the District, requires use of a specific type of vehicle (pickup truck, van etc.), or if the job position includes a vehicle as a benefit, such as with senior level positions. It was noted that at end of May 2021, the District hired a new Chief Operating Officer.

All white fleet vehicles are monitored and administered by either the Student Transportation Services department (“Transportation”) or Facilities Services Maintenance & Operations department (“Facilities”). Currently, the composition of the white fleet ranges from cargo vans to heavy duty trucks. Transportation maintains 128 fleet vehicles, with 33 overnight storage locations and four (4) service locations. The average age and mileage of these vehicles are 10 years and 57,529 miles, respectively. The larger portion of the white fleet is managed by Facilities, with 166 vehicles being actively maintained and repaired by Facilities personnel. The average age and mileage of these vehicles are 14 years and 105,954 miles, respectively.

Critical processes for administering the white fleet include vehicle acquisition, inventory procedures, maintenance and repair, risk management, and disposal. Each of these critical processes is currently performed by either Transportation or Facilities staff, for the fleet vehicles under their care.

Fieldwork was performed May 2021 through August 2021.

Overall Summary / Highlights

The observations identified during our assessment are detailed within the pages that follow. We have assigned relative risk or value factors to each observation identified. Risk ratings are the evaluation of the severity of the concern and the potential impact on the operations of each item. There are many areas of risk to consider in determining the relative risk rating of an observation, including financial, operational, and/or compliance, as well as public perception or ‘brand’ risk. The observations detailed in the pages that follow represent only the instances where exceptions were noted, and do not detail the instances where testing resulted in no reportable observations.

We would like to thank all District team members who assisted us throughout our procedures.

Objectives and Scope

The objectives of this Internal Audit of Fleet Management were to evaluate the design and effectiveness of the district-wide process for managing its white fleet, and to assess the internal controls of white fleet key processes, as well as perform testing for compliance with the District policies and procedures. Our approach consisted of two phases:

Phase I) Understanding & Documentation of the Process: The purpose of this phase was to obtain an understanding of the key processes, personnel, risks, and controls. We performed the following procedures as part of this phase:

- Reviewed documented policies and procedures, relevant Florida Statutes, quantitative reporting, and other information obtained from the District; and
- Conducted interviews and walkthroughs with key Transportation, Facilities, and other District personnel to obtain an understanding of District’s operating policies and procedures, monitoring functions, and key performance indicators related to the in-scope processes.

Phase II) Evaluation of the Design and Operating Effectiveness of Controls: The purpose of this phase was to test compliance and internal controls based upon our understanding gained in the first phase. Testing procedures included:

- Tested the vehicle inventory process, including vehicle additions and retirements;
- Tested vehicle maintenance procedures for accuracy, timeliness, and authorization; and
- Tested usage monitoring processes for access, authorization, and appropriateness.

Summary of Observation Ratings

(See page 3 for risk rating definitions)

	High	Moderate	Low
White Fleet Management	5	2	-

EXECUTIVE SUMMARY – CONTINUED

Observations Summary

The following is a summary of the observations noted in the areas reviewed. Each detailed observation is included in the observation matrix section of the report. Improvement opportunities have been provided following the detailed observations section. Definitions of the rating scale are included below.

Summary of Observations	
Observation	Rating
1. District – Retirement of Fixed Assets	High
2. Facilities – Policies and Procedures Documentation	High
3. Facilities – Fleet Management Software Functionality Limitations	High
4. Facilities – Purchasing Card Parts Purchases	High
5. Facilities and Transportation – Decentralization of Fleet Maintenance Operations	High
6. Facilities and Transportation – Vehicle Replacement Criteria	Moderate
7. Facilities and Transportation – Documentation of Vehicle Additions & Retirements	Moderate

Provided below is the observation risk rating definitions for the detailed observations.

Observation Risk Rating Definitions	
Rating	Explanation
Low	Observation presents a low risk (i.e., impact on financial statements, internal control environment, brand, or business operations) to the organization for the topic reviewed and/or is of low importance to business success/achievement of goals.
Moderate	Observation presents a moderate risk (i.e., impact on financial statements, internal control environment, brand, or business operations) to the organization for the topic reviewed and/or is of moderate importance to business success/achievement of goals. Action should be in the near term.
High	Observation presents a high risk (i.e., impact on financial statements, internal control environment, brand, or business operations) to the organization for the topic reviewed and/or is of high importance to business success/achievement of goals. Action should be taken immediately.

OVERVIEW

Overview

As of July 2021, the District owns, operates, and maintains a 'white fleet' of 294 vehicles used for two main purposes:

- Transporting employees to/from site locations to perform their duties; and
- Working vehicles used to perform specific functions.

Vehicles types included in the white fleet include cars, pickup trucks, and vans. White fleet vehicles are assigned to employees whose positions provide for a vehicle benefit. As part of the District's Operations department, both Transportation and Facilities are responsible (in some capacity) for maintaining and repairing the District's white fleet vehicles in a timely and cost-effective manner that maximizes the availability of the vehicles for the assigned users, and also to maximize the useful lives of the vehicles and minimize repair costs through effective vehicle maintenance. Working to facilitate the operational capabilities of the District's fleet, the Student Transportation Services department and Facilities Services Maintenance & Operations department report to the Chief Operating Officer. Please see page 6 for the Facilities organizational chart and page 7 for the Transportation organizational chart. It was noted that at end of May 2021, the District hired a new Chief Operating Officer. The below outlines where responsibilities lie for the various fleet process areas and activities:

Vehicle Additions

1. The need for additional vehicles is identified as part of the departmental budget process
2. Vehicles are approved to be procured by the FF&E Committee, or are purchased via the use of internal funds raised (e.g.: school fundraising)
3. Vehicles are subsequently approved by the Board of Directors and funding is made available by the School Board
4. District relies on existing state contracts to source acquisitions and works with departments for specifications on specific vehicles
5. Registration is centralized in Transportation and white fleet utilizes one self-insurance policy for all vehicles
6. Finance adds acquired vehicles into the Oracle Fixed Assets module

Vehicle Assignments

1. Each department is responsible for assigning their vehicles to employee, who are provided a vehicle if their position provides for a vehicle benefit
2. Vehicle benefits are generally assigned if the job position requires more than the minimum travel threshold set by the District, requires use of a specific type of vehicle (pickup truck, van etc.), or if the job position includes a vehicle as a benefit, such as with senior level positions
3. The departments are also responsible for assigning nighttime locations (e.g.: school parking lots, etc.) for the storage of their vehicles, as employees are generally not permitted to take District-owned vehicles home at the end of the day.
4. Vehicles for all departments, with the exception of Facilities, are added into the Transman system by Transportation personnel; Facilities vehicles are added into the AiM system by Facilities personnel

Vehicle Maintenance and Repairs

1. To keep the white fleet operational, vehicle maintenance and repairs are performed by the Transportation and Facilities departments, with the exception of body work which is exclusively done by Transportation as the only District body shop exists on-site at Transportation
 - Transportation utilizes the Transman Fleet Management Software System for scheduling, logging, and tracking vehicle maintenance and repair work orders
 - Facilities utilizes the AiM Work Management System for scheduling, logging, and tracking vehicle maintenance and repair work orders
2. Vehicles are scheduled to receive periodic preventive maintenance based on mileage and age thresholds, as set by both Facilities and Transportation for their respective vehicles. Users are notified when their vehicles are due for maintenance, and arrange to bring them in for service
3. Unscheduled repairs are performed on white fleet vehicles on an as-needed basis. Vehicles may be brought in by the users, or they could be brought in by tow truck if the vehicles are not in a safe operating condition

OVERVIEW – CONTINUED

Overview (continued)

Vehicle Maintenance and Repairs (continued)

4. Vehicle maintenance and repair work orders are assigned to technicians based on availability and expertise.
 - The technicians diagnose and repair the issues, noting the issue, diagnosis and resolution on the work order
 - Labor hours and parts used are also captured in the work orders
 - Work orders are reviewed and approved by department supervisors
5. The work orders are closed following resolution, and the vehicles are returned to their users

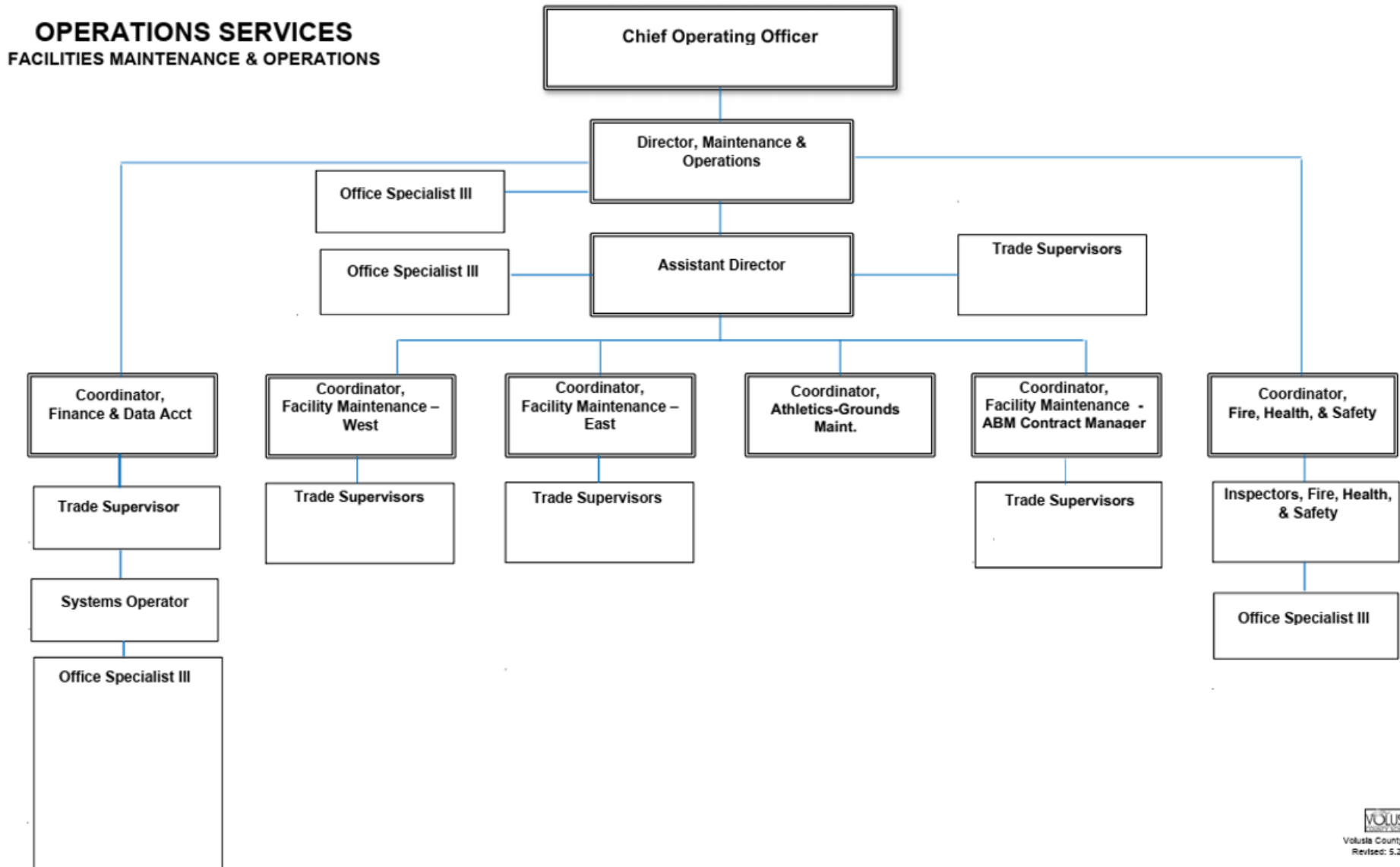
Vehicle Retirements

1. Each department determines vehicles to be disposed of based on various factors such as total repair dollars, age, mileage, usefulness, etc.
2. Once a vehicle has been determined to be disposed of, Transportation is responsible for coordinating with the District and facilitating to submit the vehicle for auction
3. Vehicles for all departments, with the exception of Facilities, are changed to “deleted” in the Transman system by Transportation personnel; Facilities vehicles’ statuses are changed in the AiM system by Facilities personnel
4. Vehicles for all departments, with the exception of Facilities, are stripped of District decals and equipment by Transportation personnel; Facilities vehicles are stripped by Facilities personnel

Additionally, the District currently has 29 leased vehicles, acquired through an agreement with Enterprise Rent-A-Car. These vehicles have been acquired as a “pilot program” to evaluate the effectiveness of vehicle leasing as a potential sourcing alternative. The leased vehicles are not currently anticipated to substitute fleet replacement, nor is their acquisition currently considered to be an alternative acquisition strategy. The maintenance of these vehicles is performed in-house by Transportation and Facilities, and the performance of repair work in-house or by a local dealer will be considered, as needed.

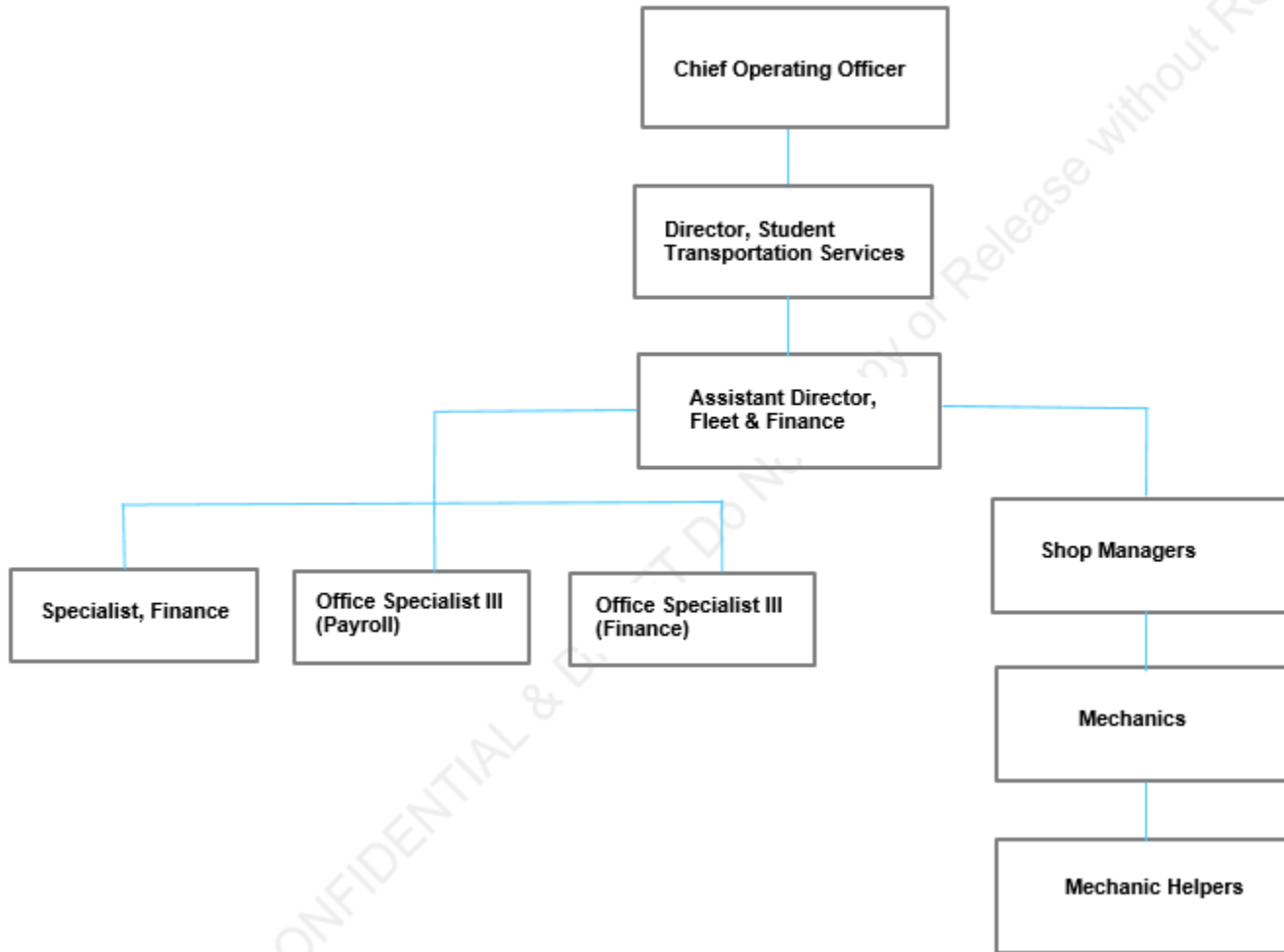
BACKGROUND

Organizational Chart – Facilities



BACKGROUND

Organizational Chart – Transportation



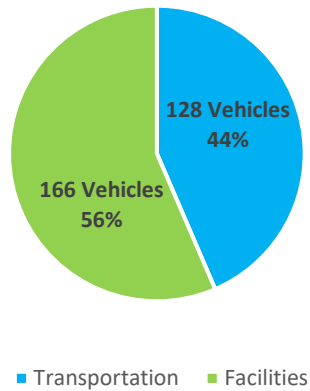
BACKGROUND – CONTINUED

Fleet Composition—Vehicle Type

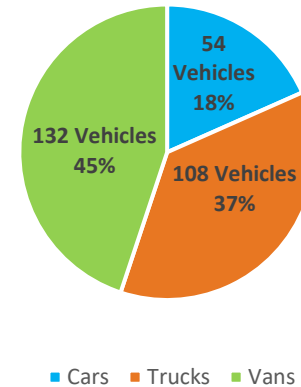
As of April, 2021, the white fleet is comprised of 294 vehicles which include a diverse mix of vehicles allocated across District departments and schools. The white fleet vehicles are primarily utilized to transport people or goods, however, the vehicles also provide mobile marketing, as each vehicle is branded with the Volusia School District logo to serve as identification and a representation of the constant and helpful presence of local school district employees.

Below is a breakdown of a) the number of vehicles maintained each by Transportation and Facilities, and b) the number of vehicles separated by vehicle type:

Total Vehicles Maintained by Department



White Fleet by Vehicle Type



BACKGROUND – CONTINUED

Fleet Composition—Department Ownership

Below is a breakdown of the number of white fleet vehicles owned by each District department and school, as of April, 2021:

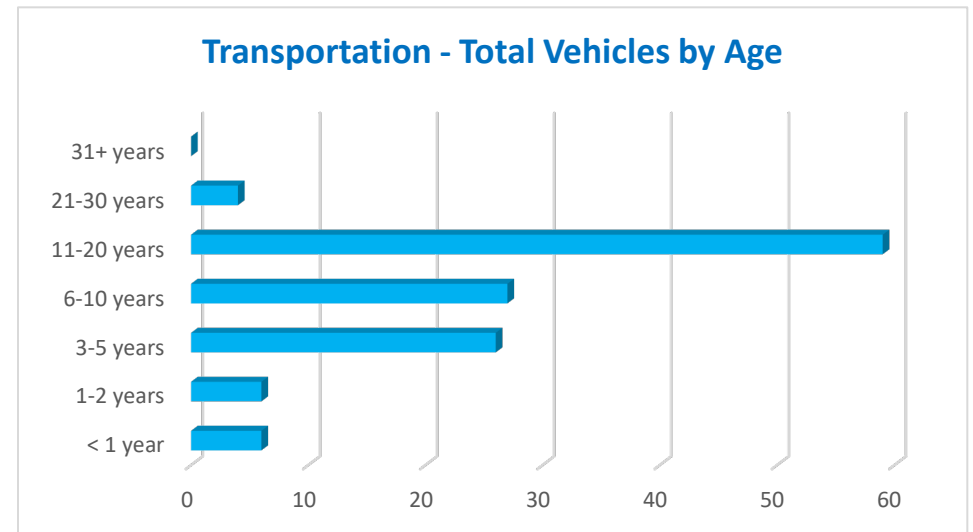
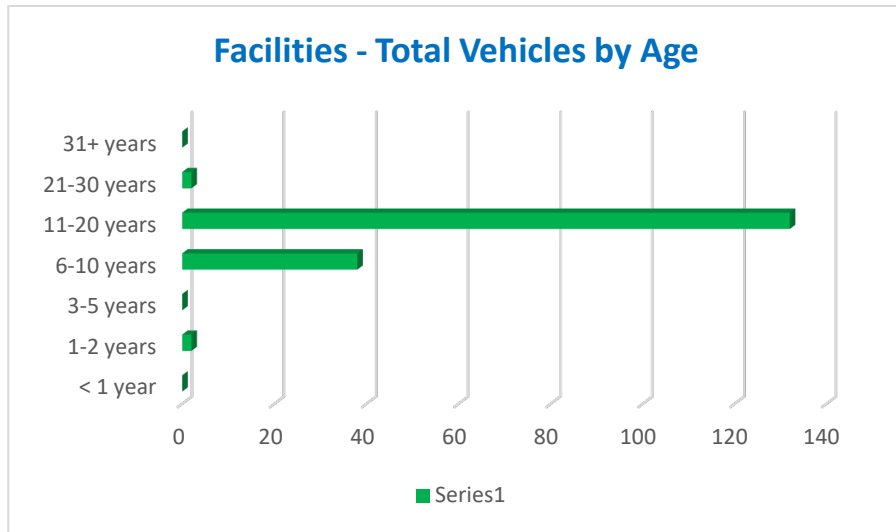
Department	Number of Vehicles Owned
Facilities	166
Transportation	24
School Way	12
Deland high	11
Technology Services	10
Pine Ridge High	8
Seabreeze High	7
Spruce Creek High	7
Atlantic High	6
NSB High	6
University High	6
Deltona High	5
Mainland High	5
Warehouse	5
Area Superintendent	4
Security	4
Taylor High	3
Professional Standards	2
Deputy Superintendent	1
Environmental Science	1
Operational Services	1

BACKGROUND – CONTINUED

Fleet Composition—Vehicle Age

Below is a visual representation of the total number of vehicles, by age group, for Facilities and Transportation, respectively.

Based on these charts, the average age of the vehicles maintained by Facilities is approximately 13.4 years old. The average age of the vehicles maintained by Transportation is approximately 10.3 years old.

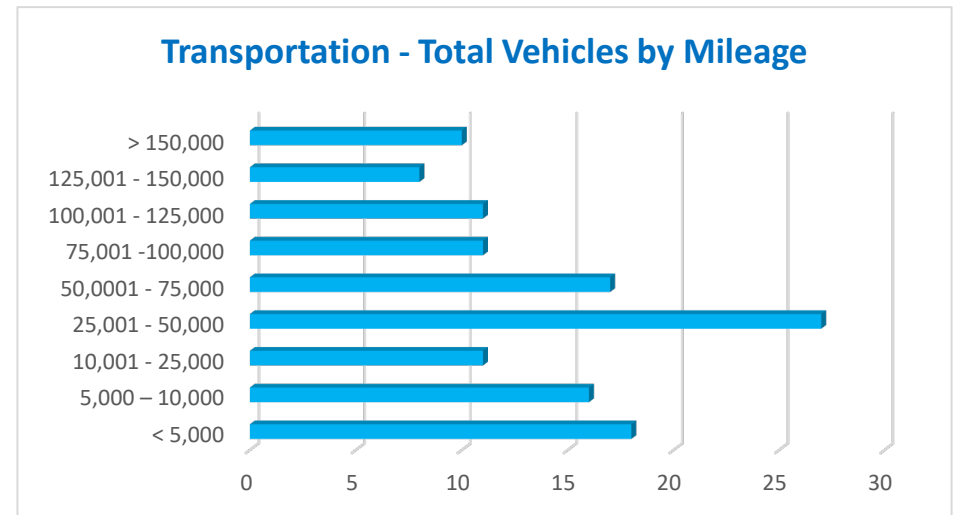
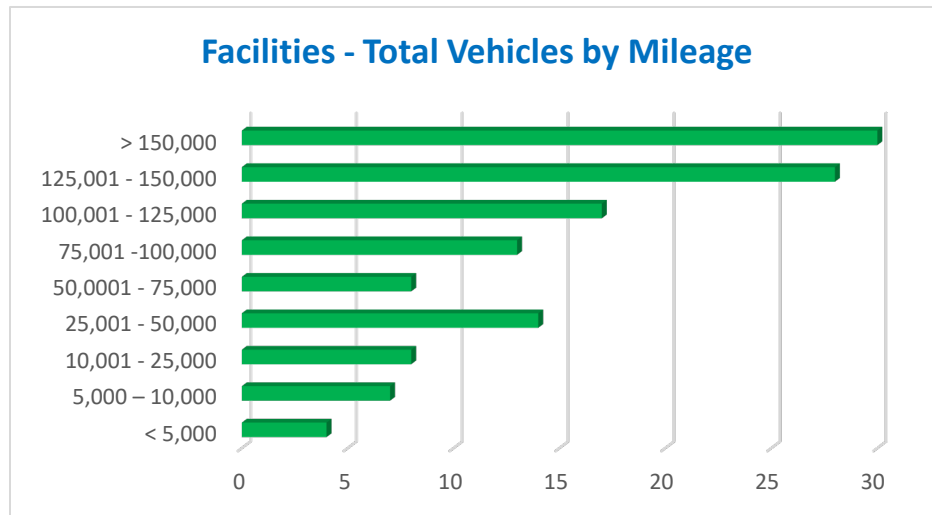


BACKGROUND – CONTINUED

Fleet Composition—Vehicle Usage

Below is the breakdown of vehicles by odometer mileage for Facilities and Transportation, respectively.

Based on these charts, the average mileage of the vehicles maintained by Facilities is approximately 103,000 miles. The average age of the vehicles maintained by Transportation is approximately 64,100 miles.



OBJECTIVES AND APPROACH

Objectives

The objectives of this Internal Audit of the District's white fleet were to evaluate the design and effectiveness of the district-wide process for managing its white fleet, and to assess the internal controls of white fleet key processes, as well as perform testing for compliance with the District policies and procedures.

Approach

Our approach to the audit execution consisted of the following phases:

Understanding and Documentation of the Process

Gaining an understanding of the key personnel, processes, risks, and controls, we performed the following:

- Obtained and reviewed documented policies and procedures, relevant Florida Statutes, population reports of key data sets, quantitative reporting and other information obtained from the District;
- Performed data analytics based on documentation provided for the white fleet compositions of Transportation and Facilities;
- Conducted initial information-gathering interviews with Transportation and Facilities management to obtain background information and an initial understanding of the white fleet management activities performed by each department;
- Conducted on-site detailed walkthroughs with management and key personnel from both the Facilities and Transportation departments to obtain a greater understanding of the District's operating policies and procedures, monitoring functions, and key performance indicators as they relate to the processes within our scope. Key focus areas included:
 - Vehicle assignment
 - Vehicle inventory, tracking of physical location and asset management
 - Vehicle maintenance and repair
 - Vehicle replacement including procurement and budgeting
 - Vehicle retirement
 - Vehicle usage and monitoring
 - Alternative transportation structures such as leasing options
- Risk management – safety, liability and insurance considerations
- Employee matters such as transfers, terminations, driver's license status, etc.;
- Conducted physical walkthroughs/inspections of both the Facilities and Transportation sites with key personnel to view and obtain an understanding of:
 - Maintenance and repair shops and relevant features
 - Tools and parts
 - Physical security aspects/features of the facilities
 - Vehicle storage locations;
- Gained an understanding of the systems utilized in white fleet along with their use throughout the various white fleet management, monitoring, and oversight processes; and
- Developed a work plan for the evaluation of the operating effectiveness of processes and controls, based on the information obtained through our review, inquiry and walkthrough procedures.

OBJECTIVES AND APPROACH – CONTINUED

Evaluation of the Process and Controls Design and Testing of Operating Effectiveness

The purpose of this phase was to evaluate the design of the key process and controls and test compliance and internal controls for operating effectiveness based on our understanding of the processes obtained during the first phase. We utilized sampling and other auditing techniques to meet our audit objectives outlined above. We conducted the following procedures and testing:

- Performed on-site physical vehicle inventories of four after-hours storage locations to verify the existence of the designated vehicles assigned to the locations via the population reports initially provided.
 - Tracked, analyzed and summarized the results of this inventory
 - Followed up on vehicles that could not be physically verified to obtain explanations for their absence (e.g.: sporting events, field trips, etc.)
- Performed substantive testing of the vehicle preventative maintenance processes and procedures for accurate and timely setup and completion of scheduled maintenance through source documentation review.
- Examined unplanned vehicle repair and work order-related population reports provided by Transportation and Facilities
 - Identified subsets of data for additional examination and inquiry.
- Performed substantive testing for proper authorization, reasonableness, timeliness and accuracy of the vehicle retirement procedures through source document review.
- Performed substantive testing for proper authorization, reasonableness and accuracy in association with the vehicle procurement and replacement procedures and budget alignment through source documentation review.
- Conducted meetings with the relevant contacts regarding various issues and questions noted throughout the walkthroughs and substantive tests to validate our findings and develop our recommendations.

Reporting

We summarized and reviewed the results of this audit with appropriate members of Management, Chief Operating Officer, the Superintendent and will present to Audit Committee and The Volusia County School Board. Observations, recommendations, and opportunities for improvement were developed based on the testing and analysis completed as part of our scope of work. We issued this report summarizing the observations and recommendations, which include management's response to each reportable observation.

OBSERVATIONS MATRIX

Observation	1. District – Retirement of Fixed Assets
High	<p>When vehicles have been approved for retirement and have been sold at auction or another means of disposal, the retirement information, including any funds received from the retirement, is provided to the District Finance department (“District Finance”). District Finance is responsible for depositing the funds received from the disposal, and for retiring the asset within the Fixed Assets module of Oracle, the District’s financial system.</p> <p>As part of our testing of vehicle retirements, we requested documentation to evidence that the vehicles were properly retired in Oracle. We obtained communication from the Inventory Specialist stating that: <i>“We have not been able to process a retirement in the Oracle system due to ERP implementation setbacks. We are continuing to work through this process and will perform the retirement once it has been resolved.”</i> As of now, testing finds that vehicles are not being properly retired as assets.</p> <p>Failure to appropriately retire assets in the financial system increases the risk that fixed asset balances reflect the value of vehicles that are no longer in the District’s position and result in an overstated asset value.</p>
Recommendation	<p>We recommend that the District retire all disposed vehicles in the financial system. If there is a system issue/limitation, develop a workaround to validate that any remaining value left on disposed vehicles has been written down to \$0 while the asset remains on the fixed asset register pending retirement at a later date.</p>
Management’s Action Plan	<p>Response: With your legacy system, SmartStream, retirements and disposals of fixed assets went for board approval on a quarterly basis. With this process in place, our Fixed Asset team would deliver this information to our Finance team for removal of the asset from our Financial Statements. With our current system, Oracle, retirements and disposals are not going before the board for approval but are being transferred to a “Hold Location” with a disposition code and date. Our ITS department and our Fixed Asset team are currently working on pulling the necessary data through a report from our Oracle system to provide that information to our Finance Team for removal of the assets from our Financial Statements. Our ITS department is also contacting our Oracle system team to understand how the items can be placed into the “Hold Location” without continuing to depreciate until they can be officially deleted from Oracle.</p> <p>Responsible Party: Dawn Fortes, Finance Director and Danny Seepersaud, Capital Projects Analyst</p> <p>Estimated Completion Date: 6/30/22</p>

OBSERVATIONS MATRIX – CONTINUED

Observation	2. Facilities – Policies and Procedures Documentation
High	<p>During information-gathering procedures, we noted that Facilities does not have existing procedural documents that define and facilitate their processes and activities specific to the maintenance and repair of their white fleet vehicles, including utilization of the work order system, preventive maintenance, vehicle repairs, parts acquisition, and collection/use of data for analysis. Processes are informal and undocumented.</p> <p>Without a comprehensive, current set of documented procedures to govern Facilities vehicle maintenance and repair activities and decisions, Facilities is at an increased risk of:</p> <ul style="list-style-type: none"> • Failing to capture information and data that can be used to make decisions such as vehicle repair vs replacement, or to identify potential issues with specific vehicles or operators; • Preventive maintenance is not appropriately performed on all vehicles on a defined, recurring basis, resulting in decreased useful life and increased repair costs; • Vehicle repairs are not properly supported and could be inappropriate or insufficient to address root failure causes; • Technician performance issues could go undetected and could result in decreased vehicle availability and increased parts and labor costs; and • Unauthorized and/or unsupported parts acquisitions could result in increased parts costs, inappropriate parts purchases, and misappropriation of District funds.
Recommendation	<p>We recommend the development of comprehensive procedures related to the maintenance and repair of white fleet vehicles and related fleet management. Procedures should be developed based on existing District policies, practices and systems. Based on our experience, best practice contract administration policies typically address, at minimum, the following processes and functions:</p> <ul style="list-style-type: none"> • The purpose, objectives, and scope of Fleet management processes; • The roles and responsibilities of Facilities management, fleet technicians, and department administration; and • Specific information to be captured and reported, including designation for who prepares and receives reporting. <p>Additionally, we recommend implementing an annual review and approval process of established procedures and policies to ensure ongoing accuracy and appropriateness.</p>
Management's Action Plan	<p>Response: Centralize the white fleet management process for transportation and facilities vehicles to use a single system for assignment of vehicles, scope of usage, maintenance and repair activities, parts acquisition, and data analysis. As part of centralization, develop and approve a comprehensive set of policies and procedures documentation.</p> <p>Responsible Party: Christopher Boyer, Assistant Director, Finance and Fleet Management, Student transportation Services</p> <p>Estimated Completion Date: 6/30/22</p>

OBSERVATIONS MATRIX – CONTINUED

Observation	3. Facilities – Fleet Management Software Functionality Limitations
High	<p data-bbox="373 277 1990 367">Facilities utilizes the AiM Facilities Management Software (AiM) for work order management. AiM is a work order system designed for real estate and facility management. AiM includes a work order function that is used for logging and tracking facilities maintenance requests, and is also used for fleet management.</p> <p data-bbox="373 386 1990 505">AiM's work order system is not intended to provide the level of detail, or capture the specific data (labor and parts costs per repair/maintenance event) needed to effectively monitor fleet maintenance operations, and to properly analyze fleet vehicles and make informed decisions. Further, AiM is not designed to allow for establishing preventive maintenance schedules, necessitating the use of workarounds to identify vehicles due for preventive maintenance.</p> <p data-bbox="373 524 1990 581">We reviewed the population of work orders opened during the review period and evaluated the quality and consistency of the information captured. Specifically, our testing noted:</p> <ul data-bbox="422 602 1990 1333" style="list-style-type: none"> <li data-bbox="422 602 1990 781">• 20 work orders in which the labor hours captured appear to be excessive (> 20 hours of labor time) and did not seem to accurately reflect the amount of time that would realistically be required to address the issue noted in the work order description <ul data-bbox="516 662 1990 781" style="list-style-type: none"> <li data-bbox="516 662 1990 781">○ Of the 20 work orders, we selected a sample of 10 that appeared to have an excessive number of labor hours. For each sample selected, we requested support for the number of labor hours recorded. Management provided a response attributing the excessive number of labor hours to the limitations of the AiM system, rather than an actual delay in the amount of time taken for the associated repairs; <li data-bbox="422 789 1990 967">• 1,123 work orders in which no labor hours were captured in the work order detail, despite the work order description indicating that labor would have been required to address the issue noted in the work order description <ul data-bbox="516 849 1990 967" style="list-style-type: none"> <li data-bbox="516 849 1990 967">○ Of the 1,123 work orders, we selected a sample of 267 that had no labor hours captured on the work order. For each sample selected, we requested support for the lack of labor hours. Management provided a response attributing the lack of labor hours to the limitations of the AiM system, rather than an actual reflection on the amount of time taken for the associated repairs; <li data-bbox="422 976 1990 1154">• 1,410 work orders in which there were no costs recorded for parts, despite the work order description indicating that parts would have been required to address the issue noted in the work order description <ul data-bbox="516 1036 1990 1154" style="list-style-type: none"> <li data-bbox="516 1036 1990 1154">○ Of the 1,410 work orders, we selected a sample of 267 that had no parts costs captured on the work order. For each sample selected, we requested support for the lack of parts costs. Management provided a response attributing the lack of parts costs to the limitations of the AiM system, rather than an actual reflection on the cost of any parts used in the associated repairs; and <li data-bbox="422 1162 1990 1333">• 792 work orders that remained open for extended periods of time (“In Progress” > 3 months), despite work order descriptions that indicate repairs could have been completed more timely <ul data-bbox="516 1222 1990 1333" style="list-style-type: none"> <li data-bbox="516 1222 1990 1333">○ Of the 792 work orders, we selected a sample of 10 that appeared to have remained open for an extended period of time. For each sample selected, we requested support for the work order aging. Management provided a response attributing the work order aging to the limitations of the AiM system, rather than the actual amount of time taken for the associated repairs.

OBSERVATIONS MATRIX – CONTINUED

Observation	3. Facilities – Fleet Management Software Functionality Limitations (continued)
	<p>Additionally, we selected a sample of 10 vehicles and requested documentation to verify that each vehicle was included in the scheduling of preventive maintenance, and that the maintenance was completed in each instance.</p> <ul style="list-style-type: none"> • In 10 of the 10 instances, there was no evidence that the vehicles were included in the scheduling of preventive maintenance; and • In 3 of the 10 instances, there was no evidence that the preventive maintenance was completed during our audit period (a total of 21 months) for the selected vehicle. <p>Per discussion with Facilities management, rather than individual work orders for each instance where a vehicle is brought in for maintenance and repair, an annual work order is opened for each vehicle, and individual work order “phases” are created for each instance. System limitations prevent accurately capturing labor and parts costs, as well as other valuable analytics such as gas mileage.</p> <p>The use of an inadequate fleet management system results in fleet-related decisions being made without access to important information about the vehicles in the fleet, as well as the work being done to those vehicles, and the people doing the work. Failure to appropriately capture, track, and monitor data related to fleet vehicle maintenance and repair, including metrics like labor and parts expenses, repair times, repeat work orders, and vehicle performance data inhibits management’s ability to identify personnel and/or fleet issues and trends, or consider important vehicle data in strategic decision-making. The lack of available data increases the risks that: personnel training or performance issues aren’t identified and addressed timely; vehicle or driver performance issues aren’t identified and corrected, resulting in decreased vehicle service life; and that vehicles are replaced too soon, or not soon enough, resulting in increased fleet vehicle spending.</p>
<p>Recommendation</p>	<p>We recommend that the District review the fleet management software utilized for fleet maintenance operations and determine if the needs of the departments and the District are being effectively met. Per observation #2, the District would have the opportunity to streamline under one single fleet management system if and when operations became centralized. An effective fleet management software solution would provide capabilities that would help improve vehicle reliability and extend the life of vehicles including, but not limited to:</p> <ul style="list-style-type: none"> • Information about each unit that includes: performance history, repair history, vehicle assignment, warranty information, historical information; • Inventory management capabilities that include: centralized parts inventory with standardized parts numbers, parts requisitions – including review and approval, and parts ordering/receiving; • Work order management functionality that includes: assigned preventive maintenance schedules, job standards, capturing all repair costs, tracking warranty repairs and outside repairs, and quality control/review and work order approval functionality; • Labor management that includes: capturing repair time for each work order, providing visibility into technician performance – including time spent on work orders, repeat work orders indicating quality issues, and assignment of technicians based on factors such as workload and expertise; and • Data analytics capabilities that allow for the District to make more informed decisions through access to better information, such as gas mileage, total cost to operate, and fleet availability.

OBSERVATIONS MATRIX – CONTINUED

Observation	3. Facilities – Fleet Management Software Functionality Limitations (continued)
Management's Action Plan	<p>Response: Conduct a SWOT analysis on AiM and Transman to identify the go-forward single infrastructure solution for tracking all components named in the audit, inclusive of life cycle management, addition and deletion tracking. Implement the identified system across the consolidated Fleet Management function.</p> <p>Responsible Party: Christopher Boyer, Assistant Director, Finance and Fleet Management, Student Transportation Services Joe Phillips, Chief Information Officer Mark Shanoff, Chief Operating Officer</p> <p>Estimated Completion Date: 6/30/22</p>

OBSERVATIONS MATRIX – CONTINUED

Observation	4. Facilities – Purchasing Card Parts Purchases
High	<p>Both Transportation and Facilities maintain on-hand parts inventories for use in vehicle maintenance and repairs. On-hand parts are frequently used parts. Maintaining an inventory of on-hand parts on-site reduces the amount of vehicle downtime that would result from waiting for parts deliveries. Parts not kept in an on-hand inventory can be purchased from suppliers and delivered to the vehicle repair locations, or they can be purchased by Transportation or Facilities personnel who go to retail locations, purchase the needed parts, and obtain them for use in vehicle repairs.</p> <p>Through walkthroughs we noted that the Facilities fleet manager, supervisors, and technicians can purchase vehicle maintenance and repair parts using their District-issued purchasing cards (PCards). PCard vehicle parts purchases are reviewed by Facilities administrative personnel to validate that the purchase receipt agrees to the PCard charge amount, along with a cursory review to verify that the charges appear to be Fleet-related. However, a detailed, technical review is not performed by someone independent to verify that the vehicle parts purchased coincide with the specific work being performed on a given vehicle.</p> <p>Additionally, vehicle parts purchases are aggregated and added to vehicle work orders within the AiM system. There is not a process to document vehicle parts purchases in the respective work order phases so that the cost of individual repairs, or the total cost of vehicle maintenance and repair can be accurately calculated. Specifically, our testing noted 1,410 work orders in which there were no costs recorded for parts, despite the work order description indicating that parts would have been required to address the issue noted in the work order description</p> <ul style="list-style-type: none"> Of the 1,410 work orders, we selected a sample of 267 that had no parts costs captured on the work order. For each sample selected, we requested support for the lack of parts costs. Management provided a response attributing the lack of parts costs to the limitations of the AiM system, rather than an actual reflection on the cost of any parts used in the associated repairs. <p>The lack of an appropriate, independent technical review of PCard vehicle parts purchases, and monitoring of PCard vehicle parts purchase activity increases the risk of: inappropriate, fraudulent and/or unauthorized purchases, including parts that don't support active District vehicle repair needs; and failing to identify and utilize optimal pricing with preferred vendors, resulting in overpaying for vehicle repair parts.</p>
Recommendation	<p>We recommend that Facilities develop, document, and implement a process to perform an independent technical review of PCard vehicle parts purchases to verify that purchases are appropriate for open maintenance and repair order needs and supported by work order documentation (notes, repair codes, etc.). We further recommend that Facilities identify a method for better tracking the vehicle repair parts costs associated with the completion of each vehicle maintenance and repair work order, which will allow for better, more consistent data regarding the costs of repairs.</p>
Management's Action Plan	<p>Response: Establish a 1:1 relationship between part: vehicle and ensure a economy of scale approach is established for part ordering and inventory management. Every P-Card transaction must have a corresponding vehicle number, work order number, and cost (labor/part) are captured within the vehicle management system. Establish a refined P-Card training module for white fleet maintenance and repair orders.</p> <p>Responsible Party: Christopher Boyer, Assistant Director, Finance and Fleet Management, Student Transportation Services Maria Kraft, Director, Procurement and Warehouse Services</p> <p>Estimated Completion Date: 6/30/22</p>

OBSERVATIONS MATRIX – CONTINUED

Observation	5. Facilities and Transportation – Decentralization of Fleet Maintenance Operations
High	<p>Fleet maintenance operations within the District are performed by both Student Transportation (Transportation) and Facilities Maintenance and Operations (Facilities). With a few exceptions, Transportation and Facilities fleet operations are conducted and managed independently.</p> <ul style="list-style-type: none"> • Transportation is responsible for maintaining and repairing white fleet vehicles for all schools and departments, except for Facilities vehicles. Transportation is also responsible for: <ul style="list-style-type: none"> ○ Registering and titling all new District vehicles; ○ All vehicle disposals – including coordinating with the auction vendor, transfer of titles, and managing the receipt and deposit of funds received from disposals; ○ All vehicle body work – Transportation has an in-house body and paint shop; and • Facilities performs the maintenance and repairs for their own white fleet vehicles, used to perform maintenance for school buildings (e.g.: HVAC, electricians, plumbers, carpenters, etc.). <p>Through our procedures and walkthroughs we found that there is generally a lack of coordination between Transportation and Facilities. As a result, each department procures vehicles independently, has their own agreements with parts and services vendors, maintains their own equipment and tools, and manages their own vehicles. Additionally, Transportation and Facilities utilize their own separate Fleet Maintenance IT systems.</p> <p>The decentralization of Fleet Maintenance operations has resulted in disparate operations that adversely impact and increase risk to the District. These risks include:</p> <ul style="list-style-type: none"> • The lack of uniform information available to make capital spending decisions could result in the District incurring additional unnecessary costs from incorrect vehicle repair versus replacement decisions; • The inability to leverage greater parts purchasing discounts/advantageous pricing and delivery frequency could result in additional expense to the District, as well as increased vehicle down time caused by waiting for parts deliveries; • Separate fleet operations prevent each department from being able to take advantage of the experience, expertise, and availability of repair technicians working in the other department, even though they are still District employees, resulting in a potential decrease in quality and an increase in the time to repair out of service vehicles; and • Maintaining separate fleet maintenance facilities increases the amount of space needed for vehicle maintenance and repairs, which results in excess facilities costs and encumbers space that could be utilized for other District functions.

OBSERVATIONS MATRIX – CONTINUED

Observation	5. Facilities and Transportation – Decentralization of Fleet Maintenance Operations (continued)
Recommendation	<p>We recommend that the District review the current organizational structure wherein fleet maintenance operations are decentralized and split among two separate departments. The District should evaluate alternative organizational structures that could result in increased efficiencies, cost savings, increased vehicle availability, and the elimination of redundancies inherent in maintaining two separate fleet operations, run independently and led by two separate management teams, each with their own administrative personnel. The evaluation should consider, but not be limited to: the location of the using departments and vehicles being served, the current responsibilities and expertise of personnel at each location, the performance of both technical and administrative personnel throughout each department and location, the availability of parts inventories, and relationships and agreements with vehicle parts and services vendors. If management should choose to not centralize the operations of Transportation and Facilities, management should consider alignment of policies and procedures along with monitoring of key processes.</p>
Management's Action Plan	<p>Response: Centralize white fleet management under Transportation Services. This will ensure alignment of policies, procedures, and enforcement guidelines across the white fleet. Regular monthly monitoring meetings will occur between Assistant Director, Finance and Fleet Management, Transportation Services, the Chief Operating Officer, and the Director of Maintenance.</p> <p>Responsible Party: Christopher Boyer, Assistant Director, Student Transportation Services</p> <p>Estimated Completion Date: 6/30/22</p>

OBSERVATIONS MATRIX – CONTINUED

Observation	6. Facilities and Transportation – Vehicle Replacement Criteria
Moderate	<p>White fleet vehicles may need to be retired for a number of reasons, including mileage, age, irreparable damage due to an accident, or in some cases operational failure. In order to most effectively retire vehicles before operational failure, a number of variables must be considered to appropriately identify and select vehicles for retirement.</p> <p>Transportation and Facilities currently use vehicle age and mileage as the initial determinant of white fleet replacement eligibility. Per the White Fleet Procedures Draft Policy, the suggested replacement policy for unleaded vehicles is 10-12 years or 100,000/120,000 miles, and the suggested replacement policy for diesel vehicles is 12-15 years or 120,000/150,000 miles. There are subsequent discussions with using departments to further evaluate each vehicle proposed for retirement to consider factors such as reliability (based on available information) to determine whether to replace or retain each vehicle. The implementation of a more robust scoring method would provide an objective list of vehicles that should be replaced based on a number of different metrics and factors. Transportation and Facilities would have a better proposed replacement list to facilitate discussions with the using departments, and with District Management.</p> <p>Without effective replacement modeling, the District risks leaving vehicles in service that should be retired or retiring vehicles too soon. This can result in inefficient use of available vehicle replacement funds, and can adversely impact fleet availability and overall fleet safety.</p>
Recommendation	<p>We recommend Transportation and Facilities consider the adoption of a more robust, quantitative criteria for vehicle replacement, which considers additional variables such as maintenance history, vehicle reliability, vehicle condition, etc. Quantitative factors could include: Age, Miles/Hours, Type of Service (off-road, pulling trailers, snow removal, etc.), Reliability (Frequency of failures and/or repair work orders, excluding PM), Maintenance and Repair Costs (excluding accident repair costs), and Condition.</p> <p>A timeline for adoption should be defined and adhered to. Once adopted, the additional criteria should be added to updated fleet standard operating procedures so all stakeholders are aware of the inputs for this decision-making process. Review of vehicles subject to replacement should be performed, at the least, on an annual basis.</p>
Management Action Plan	<p>Response: Establish criteria for vehicle replacement and ensure updates of a current addendum to the white fleet operator's manual every year. The criteria may be dependent upon the purpose of the vehicle.</p> <p>Responsible Party: Christopher Boyer, Assistant Director, Finance and Fleet Management, Student Transportation Services Nicole Miller, Coordinator, Finance and Data, Maintenance and Operations Services</p> <p>Estimated Completion Date: 6/30/22</p>

OBSERVATIONS MATRIX – CONTINUED

Observation	7. Facilities and Transportation – Documentation of Vehicle Additions & Retirements
Moderate	<p>Fleet vehicle purchase requests require business case justifications supporting the need to purchase the requested vehicle. Justifications could include increased headcount or the need to retire/replace unreliable vehicles. Similarly, vehicle retirements require documentation that evidences the completion of activities associated with the retirement of Fleet vehicles. These steps include the completion of maintenance tasks that remove District decals, sensitive or prohibited equipment, emergency lights, etc.</p> <p>We selected a sample of five vehicle additions and conducted detailed testing, which identified the following instances related to insufficient purchase documentation:</p> <ul style="list-style-type: none"> Two out of five recent vehicle purchases did not have a documented reason as to why the new vehicle was an appropriate use of departmental funds. <p>We also selected a sample of five vehicle retirements and conducted detailed testing, which identified the following instances related to insufficient retirement documentation:</p> <ul style="list-style-type: none"> None of the five recent vehicle retirements had a completed decommissioning/dead lining work order. These work orders are used to identify vehicles ready to be sent to auction, and validate that all District decals, etc. are removed prior to sale; and One out of five instances in which the Transfer of Assets form used to document the movement of the vehicle to the scrap location was signed by the same individual, as the manager of both the warehouse and the scrap location. We noted that the risk of unauthorized vehicle retirement that this poses is mitigated by involvement of other District individuals throughout the retirement process (e.g.: during auction process, vehicle registration, etc.). <p>If justifications and approvals for vehicle additions and retirements are not appropriately documented, the District risks funding the purchase of vehicles for which there is not an approved, demonstrated need. Additionally, if the steps included in the vehicle retirement process are not adequately documented via decommissioning/dead lining work orders, District vehicles could be sent to auction while still including District decals and equipment, which could increase the likelihood that the vehicle is incorrectly associated with non- District activities.</p>
Recommendation	<p>We recommend Transportation and Facilities implement the following to enhance the processes and controls around the addition and retirement of vehicles:</p> <ul style="list-style-type: none"> Verify that all vehicle purchase requests include appropriate business case justifications prior to vehicle purchase; Verify that evidence of approval for all vehicle retirement requests is properly documented and retained; and Verify that all vehicle retirements are supported by completed decommissioning/dead lining work orders prior to completing the vehicle retirement and allowing the removal of the vehicle for sale.
Management Action Plan	<p>Response: We must build out a new business case model for all proposed white fleet additions/replacements. All new white fleet purchases must have a business case attached by the requestor. The BPO, Christopher Boyer, will vet all new requests with the Chief Operating Officer.</p> <p>Responsible Party: Christopher Boyer, Assistant Director, Finance and Fleet Management, Student Transportation Services Mark Shanoff, Chief Operating Officer</p> <p>Estimated Completion Date: 6/30/22</p>



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