

OFFICE OF AUDITS & ADVISORY SERVICES



FLEET MANAGEMENT: VEHICLE PROCUREMENT & MAINTENANCE

FINAL REPORT

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County of San Diego

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JUAN R. PEREZ
CHIEF OF AUDITS

September 29, 2022

TO: Marko Medved, Director
Department of General Services

FROM: Juan R. Perez
Chief of Audits

**FINAL REPORT: FLEET MANAGEMENT: VEHICLE PROCUREMENT & MAINTENANCE
AUDIT**

Enclosed is our report on the Fleet Management: Vehicle Procurement & Maintenance Audit. We have reviewed your response to our recommendations and have attached it to the audit report.

The actions taken and/or planned, in general, are responsive to the recommendations in the report. As required under Board of Supervisors Policy B-44, we respectfully request that you provide quarterly status reports on the implementation progress of the recommendations. You or your designee will receive email notifications when these quarterly updates are due, and these notifications will continue until all actions have been implemented.

If you have any questions, please contact me at (858) 495-5661.

JUAN R. PEREZ
Chief of Audits

AUD:CE:nb

Enclosure

c: Ebony N. Shelton, Deputy Chief Administrative Officer/Chief Financial Officer
Tracy Drager, Auditor and Controller
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INTRODUCTION

Audit Objective The Office of Audits & Advisory Services (OAAS) completed an audit of the Department of General Services (DGS) Fleet Management Division (Fleet). The objective of the audit was to identify and assess performance goals and evaluate the adequacy of performance metrics and management controls in place to monitor and achieve goals related to vehicle procurement and maintenance.

Background The County of San Diego (County) Administrative Code Section 398.10 and County Administrative Manual Policy 005-01-10 designate the DGS Fleet as responsible for the comprehensive management of all County vehicles. As such, Fleet is responsible for the overall administration of vehicles, including acquisitions, disposal, inventory, regulatory compliance, maintenance, and fueling.

County vehicles are either department owned, or Fleet Internal Service Fund (ISF) owned, and user department operated. The ISF was established for the future replacement of County vehicles. Departments with ISF vehicles pay a monthly fee per vehicle to DGS where the accumulated funds are used to replace those vehicles at the end of their useful life. The methodology for the monthly ISF fee, and all supporting data, is approved by the County of San Diego Cost Commission¹ and provided to all user departments in the Operational Plan Instructions each year.

County Board of Supervisor's (BOS) Policy H-1 establishes guidelines for the administration and control of the ISF by DGS. As part of the administration process, DGS maintains an ongoing master inventory of all County vehicles and annually establishes rates or charges for the operations, maintenance, and depreciation of vehicles in the ISF.

Audit Scope & Limitations The scope of the audit included a review of Fleet's performance metrics, vehicle acquisition and monitoring, vehicle management fees, Department of Motor Vehicles (DMV) registrations and renewals, and vehicle maintenance during fiscal years 2018-19 through 2021-22.

This audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing prescribed by the Institute of Internal Auditors as required by California Government Code, Section 1236.

Methodology OAAS performed the audit using the following methods:

- Reviewed County and Fleet codes, policies, and procedures related to vehicle administration.

¹ The San Diego County Cost Commission was established to review and approve financial transactions between, and among, County departments to assure proper cost accounting for costing, pricing, and billing. The Commission is comprised of four members plus the Auditor and Controller as the Chairperson.

- Interviewed key personnel to identify and evaluate procedures and internal controls relevant to vehicle management.
- Identified and evaluated established Fleet performance measures to determine if they are sufficient to adequately assess the department's performance.
- On a sample basis, conducted limited testing to verify the following:
 - Fleet is adequately monitoring vehicle orders and processing them in a timely fashion and in accordance with established performance metrics.
 - Annual vehicle asset management fee charged agrees with Fleet's fee schedule.
 - DMV registrations are processed and renewed in a timely manner.
 - Internal controls relevant to vehicle maintenance are sufficient to allow for adequate service delivery to Fleet clients.
 - Vehicle true-up payments are performed timely.
 - Specialized vehicle orders were properly approved, acquired within the timeframes specified in the Fleet Manual, and delivered according to order specifications.

AUDIT RESULTS

Summary

Within the scope of the audit, Fleet management controls need improvement to ensure the effectiveness and efficiency of operations. Specific details regarding these areas for improvement are presented in the following findings and related recommendations.

Finding I:

Performance Metrics Require Further Development

Fleet has developed strong performance measures related to the evaluation and expansion of the County's electric vehicle (EV) fleet and infrastructure. Fleet has exceeded their current established EV performance goals of placing 50 to 125 EVs in service by 2020. According to Fleet, additional EV Roadmap goals are to place 250 EVs in service by 2025 and 501 by 2027. When fiscal year 2021-22 confirmed EV orders are delivered, Fleet will achieve 81% of their 2025 goal (203 of 250 vehicles) and 41% of their 2027 goal (203 of 501 vehicles).

However, performance metrics related to standard vehicle acquisition, vehicle utilization and maintenance require further development and improvement. Based on a review of Fleet's key performance metrics, OAS identified the following deficiencies.

Lack of Specific Baselines and Targets – Fleet lacks specific baselines and targets to accurately measure the performance of key operational areas within Fleet. Where baselines have been established, Fleet is unsure if they are an accurate indicator of acceptable performance. Furthermore, OAAS found that Fleet has not established a specific metric or goal for the time to process a vehicle order until after it has been submitted to the Department of Purchasing and Contracting (DPC).

Order Completion Targets Not Met – OAAS identified that during fiscal year 2020-21, Fleet was only able to deliver 16% of standard vehicle orders compared to their goal of delivering 85% of orders. Fleet noted this goal was not met due to the operational impacts of the COVID-19 pandemic as manufacturer plants were temporarily closed. Fleet believes this goal is not a reliable benchmark to measure performance and amended the Operational Plan goal in FY 2021-22 to benchmark vehicle delivery against the acquisition cycles established in the Fleet Manual.

Lack of Reliable Benchmarks – Fleet has not established reliable benchmarks to effectively evaluate vehicle acquisition time, vehicle underutilization, and customer satisfaction.

Fleet is aware of the need for reliable performance measures and benchmarks and has been working to identify and further develop key metrics. The COVID-19 pandemic has had a significant effect on supply chains and overall vehicle supply; therefore, it has been difficult for Fleet to determine reliable benchmarks or acceptable performance measures due to these uncertainties.

The lack of reliable metrics and benchmarks makes it difficult to evaluate organizational performance and to identify areas where improvement is necessary.

Performance metrics are essential tools to monitor, control, and improve everyday operations, and assist with long-term goals. Additionally, performance metrics provide a basis for internal analysis to measure and evaluate the efficiency and effectiveness of operations. Figure 1 below highlights five elements of a strong key performance metric:

Figure 1: Five Elements of a Strong Performance Metric

Objective	Indicator	Data	Target	Reporting
A clear objective or set of objectives	Indicator(s) that measure achievement of the objective	Data collected to show whether the indicator is being met	A target value for successful achievement	A process to report on the achievement of the indicator

With quality performance metrics in place, benchmarking can be used to compare performance against industry standards. Benchmarking is a quality management activity that seeks to improve an organization by comparing internal performance results against leading industry standards. In addition, benchmarking assists managers in identifying practices that can be adapted to increase internal performance.

Recommendation: To ensure performance measurement and evaluation are optimized, Fleet should:

1. Perform an internal review to identify key metrics necessary to adequately evaluate the performance of Fleet.
2. Based on the metrics identified, perform an analysis to determine appropriate benchmarks.
3. Set departmental performance goals based on the identified benchmarks.
4. Develop and document a process to periodically monitor, evaluate, and reassess performance goals.

Finding II: Vehicle Acquisition Process Needs Improvement

As of February 2022, OAAS noted that Fleet was not providing formal periodic updates regarding the status of outstanding orders to all departments, and that departmental inquiries regarding order status were not always responded to in a timely manner. Based on a review of the Fleet vehicle acquisitions workflow and narrative, OAAS determined that the procedures did not include steps on providing vehicle order status updates to departments, or how vehicle orders are prioritized when initially received.

As a best practice, all key aspects of a department's operations should be clearly documented in an up-to-date procedures manual. Key steps should be documented in a manner that allows for other staff to complete the task in the event of illness or employee turnover. Well documented procedures also serve as a valuable resource to train new employees.

Additionally, OAAS reviewed vehicle orders from fiscal year 2018-19 through fiscal year 2021-22 noting that as of December 2021, 40 of 297 vehicle orders (13%) from fiscal year 2019-20 and 203 of 289 vehicle orders (70%) from fiscal year 2020-21 were still in progress.

From the provided vehicle order listings, OAAS selected a sample of 20 vehicle orders to review in further detail. The following issues were identified during the review:

- 16 of 20 orders had more than 90 days pass between when Fleet received the vehicle order until a contract request was sent to DPC to begin the procurement process.

- 10 of 20 orders were not completed within the acquisition cycle timeframe, see Table 1 below.
- One of 20 orders were received on 10/27/2020 and approved by the department 11/20/2020; however, as of 2/16/2022, Fleet had not sent the order request to DPC to start the procurement process.

The Fleet Manual provides the target acquisition cycle, the total number of days from a department's vehicle request to the in-service date, by vehicle type, see Table 1 below:

Table 1: Target Acquisition Cycle by Vehicle Type

Vehicle Type	Acquisition Cycle
Standard Sedans	150 – 200 days
Patrol Vehicles	365 days
Light-Duty Trucks/Vans	200 – 250 days
Heavy-Duty Trucks	250 – 300 days
Construction Equipment	250 – 300 days
Specialty Vehicles	300 – 365 days

According to Fleet, the Contract Lifecycle Management System (CLMS) date, which documents when the order was sent to DPC, serves as the date of when the most recent purchase request was sent to DPC. Other purchase requests for vehicle orders may have been sent to DPC prior to the documented date; however, these attempts were not always recorded on the Buy Plan tracking spreadsheet. Furthermore, OAAS noted fields in the spreadsheet were not always updated when steps in the order process were completed. For example, fields such as the department approval date were often left blank even though the order had already been fully completed.

COVID-19 has had a significant effect on vehicle supply chains and overall vehicle supply that has resulted in large delays. Staffing changes also contributed to disruptions in Fleet operations. Specifically, two Fleet chiefs have left the department within the last few years and there has been turnover with Fleet Standards Technicians. In addition, Fleet management acknowledged that vehicle order tracking in prior years was suboptimal resulting in lost orders and delays.

Delayed vehicle acquisitions can cost customer departments in the form of continued repair costs of vehicles that are being retired while waiting for new vehicles. Many of the newer vehicles would also be more fuel efficient or electric. Furthermore, requested vehicles may no longer be available requiring the department to seek out alternative options.

Additionally, departments may not have a sufficient supply of vehicles to carry out essential functions if there are significant delays in the acquisition process which in turn results in significant customer frustration and potential safety issues.

- Recommendation:**
1. DGS should update current procedures to include the following:
 - a. Process performed to prioritize vehicle orders.
 - b. Detailed steps to track the status and follow-up on open vehicle orders.
 - c. Method for providing periodic updates on order status to client departments.
 - d. The process for documenting unexpected delays or unavailable vehicles, and how this information will be communicated to the client department.
 2. DGS should continue efforts with existing software vendor to further utilize the Assetworks M5 Case Management System(M5)². Specifically, explore the following:
 - a. Transferring the tracking of vehicle orders from the Buy Plan spreadsheet to the M5 Case Management System.
 - b. Ability for customers to track the status of their orders in real time.
 - c. Availability of automated reports that can be utilized to provide additional data to customers.

Finding III:

Inconsistency of Asset Management Fees

According to BOS Policy H-1, DGS is responsible for establishing rates or charges for the operation, maintenance, and depreciation of vehicles in the ISF. The methodology, rates or charges, and all supporting data are required to be approved by the Cost Commission. DGS is required to ensure that the rates or charges are sufficient to recover both operating and overhead costs of the services provided for ISF vehicles.

The Fleet Manual indicates there are two levels of asset management fees charged for vehicles based on whether they are classified as a Category 1 or Category 2 vehicle. Category 1 fees are charged for vehicles which only require a pre-delivery vehicle inspection and standard vehicle decaling, while Category 2 fees are applied for vehicles which require more extensive modifications such as specialized decaling or striping, special lighting, communication devices, utility bodies, animal and prisoner transport caging, lift gates, and cranes.

The Fleet Manual does not include vehicle registration fees as part of a requirement for the Category 1 or Category 2 fee; however, the fiscal year 2021-22 Category 2 asset management fee presented for approval

² Assetworks M5 is a case management system utilized by Fleet which stores information and records that detail the costs and transaction history associated with the purchase, use, inspection, maintenance, fueling, repair, and eventual disposal of vehicles.

to the Cost Commission included vehicles with annual registration and license requirements.

OAAS reviewed a listing of vehicles where registration renewal was required for the months of December 2021 and January 2022 and noted that they were treated inconsistently with the asset management rate methodology presented to, and approved by, the Cost Commission and with the DGS Fleet Manual. Specifically, we noted the following:

- December 2021 - Eight of 23 vehicles requiring registration renewal were categorized as a Category 1 vehicle, while the remaining vehicles were categorized as Category 2.
- January 2022 - Four of 60 vehicles requiring registration renewal were categorized as a Category 1 vehicle, while the remaining vehicles were categorized as Category 2.

According to DGS, notations were identified from the materials used to prepare the fiscal year 2019-20 asset management fees which associated vehicle registration fees with Category 2. DGS identified this as an error as registration requirements should not be a determining factor when classifying vehicles into a specific category. Therefore, the Category 2 rate presented to, and approved by, the Cost Commission incorrectly included the assumption that vehicles with registration requirements would be assessed a Category 2 vehicle management fee.

The Fleet Manual is the guiding document on asset management fees. Unless the vehicle meets the criteria specified in the Fleet Manual for a Category 2 vehicle, it should be classified and assessed a fee as a Category 1 vehicle.

Inconsistencies in the asset management fee categories could result in departments being charged the incorrect fee for vehicle acquisition and management.

Recommendation: To ensure that fees are assessed and applied correctly, Fleet should:

1. Perform periodic reviews of billing rates to correct any identified inconsistencies and/or errors prior to submitting them to the Cost Commission for approval.
2. Update relevant policies and guidance to accurately reflect the correct rate methodology.

Finding IV: Deficiencies in Vehicle Maintenance

BOS Policy H-1 designates DGS as the responsible party for providing maintenance to ISF vehicles and ensuring compliance with preventative maintenance requirements.

Vehicle maintenance is performed with in-house Fleet staff and through the use of commercial vendors. Fleet determines when to use

commercial vendors based on workload, estimated cost of repairs, and the requirement of special tools, equipment, or expertise. Fleet uses M5 to manage and monitor fleet-related data (e.g., fuel, parts inventory, maintenance).

Based on a review of Fleet's vehicle maintenance policies and procedures, as well as discussions with Fleet and client staff, OAAS identified the following:

- The prior Fleet chief had developed policies and procedures to distribute to all Fleet garage staff and technicians; however, they were not finalized nor provided to the garage staff or technicians.
- Fleet Technician vacancies and issues with staff calling out sick or extending time-off with the implementation of a 4-day/10-hour garage staff schedule has caused staffing issues and maintenance delays due to lack of staff available.
- As of December 2021, Fleet indicated there were over 700 past due maintenance services. OAAS observed Fleet has been collaborating with departments to effectively reduce the quantity of past due maintenance services. According to Fleet, as of May 2022, the number of past due services had been reduced to 393.
- There are currently three mobile technician vacancies out of five total budgeted positions. Mobile technicians are particularly essential to adequately service County Fire equipment located in rural communities that cannot be easily transported to be serviced.

Additionally, OAAS reviewed a sample of 10 vehicle orders from fiscal year 2019-20 through fiscal year 2021-22 noting the following:

Vehicle Maintenance Not Updated Timely in M5

- One vehicle had a work order opened and finished for maintenance on 10/30/2020; however, the vehicle was not completed in M5 until 11/18/2020, and the work order was not closed in M5 until 11/21/2020.
- One vehicle had a work order opened on 1/13/2020. Maintenance labor was completed on 1/15/2020; however, the vehicle was not completed in M5 until 1/17/2020, and the work order was not closed in M5 until 1/22/2020.

Labor Charges

- One vehicle had labor charged for a part that was covered by the vehicle's warranty. The vehicle should have been sent to the dealer for repair.
- One vehicle had labor charged on a tire replacement that appeared excessive. The total hours charged to change two tires

was 2.71. The total time to replace two tires on other reviewed work orders was only 0.86 hours and 1.16 hours.

- For one vehicle work order, a Ford Explorer patrol unit, the labor charge of 1.57 hours for preventive maintenance appeared excessive compared to other preventive maintenance work orders for Ford Explorer patrol units. Other preventive maintenance services for Ford Explorer patrol units were closer to an hour on average.
- Two vehicles had safety recall tasks entered in M5, but the recall work was not performed. Both vehicles were returned to the client department without an explanation as to why the recall task was not completed.

According to Fleet, COVID-19 increased the number of sick days used by Fleet staff and affected the ability of other County staff to bring in vehicles for scheduled preventive maintenance. In addition, the implementation of the 4-day/10-hour schedule for maintenance technicians has resulted in an increase of vacation requests or callouts to extend time-off resulting in a lack of adequate maintenance coverage. Furthermore, the introduction of teleworking schedules has also impacted the ability of other County staff to bring in vehicles for preventive maintenance.

Additionally, Fleet Team Leaders are responsible for reviewing vehicle work orders completed by technicians. If charges appear incorrect or excessive, the Team Leader has the ability to revise the work orders as needed. As the policies and procedures have not been formally distributed, staff may not be fully aware of all job requirements and expectations.

Deficiencies within vehicle maintenance processes could result in an inefficient use of County funds as well as a lack of functional County vehicles.

Recommendation: To ensure vehicle maintenance processes are properly performed, Fleet should:

1. Review the current draft of the maintenance procedures and update as necessary to ensure that procedures allow for sufficient service delivery to clients. Distribute the procedures to Fleet garage team leaders and technicians for review. Request that each Fleet garage employee signs off on a copy of the procedures indicating they have read and understand the expectations and requirements.
2. Continue efforts with Assetworks to further utilize the M5 Case Management System to provide additional information to clients regarding work order status.

3. Actively assess current staffing levels and scheduling to ensure appropriate coverage and minimize staffing shortages. Evaluate current recruitment efforts to determine if advertised positions are competitive with industry standards.

Finding V: Timeliness of DMV Registration Renewals

Fleet has the responsibility to register all County vehicles with the DMV as they have been designated as the party responsible for the management of County vehicles by the County Administrative Code.

OAAS identified that DMV renewal tags are consistently arriving at least one month after the expiration of the prior registration tags. Specifically, OAAS noted the following registration renewal issues with the Sheriff's Department vehicles:

- December 2020 undercover vehicle renewal tags were not received until mid-January 2021.
- November 2021 undercover vehicle renewal tags were not received until mid-December 2021.

In addition, OAAS discovered that registration renewals are consistently being sent to the DMV during the month in which they expire. Specifically, OAAS identified the following examples:

Table 2: Registration Renewals Sent During Expiration Month

Department	Registration Renewal	Date Sent to DMV
Sheriff	December 2021	12/7/2021
Probation	January 2022	1/4/2022
District Attorney	January 2022	1/4/2022
Sheriff	January 2022	1/6/2022
Sheriff	February 2022	2/1/2022

There are no written procedures for processing DMV registrations. Fleet maintains a log of when renewals are mailed to the DMV; however, it is handwritten and not saved electronically.

According to Fleet, registration delays have been due to DMV staffing shortages resulting in a backlog of work. Fleet indicated the DMV will accept registration paperwork in advance but will typically not process the request until the month it is due. However, DMV instructions for the renewal of nonexempt registration states that renewals of registration may be submitted as early as 90 days prior to the expiration date.

Without current DMV registrations, departments may be unable to legally operate vehicles that have an expired registration. Additionally, this could cause a potential security issue as undercover vehicles with expired tags are at greater risk of being pulled over.

Recommendation: To ensure that there are adequate controls over vehicle registrations, Fleet should:

1. Develop a process to enable Fleet to submit DMV renewal documentation to the DMV prior to the month of expiration, and in line with DMV instructions. The process should include the following guidance:
 - a. Steps and expected timeframes for submitting renewals to the DMV.
 - b. Follow-up measures to be taken if the DMV is non-responsive.
 - c. Instructions on how to document instances and provide information to client departments when the DMV is unable to provide renewal tags prior to expiration.
2. Develop and document the DMV registration process in a formalized procedures manual.

Finding VI: Opportunities to Improve True-Up Process

County Administrative Manual Policy 0050-01-13 states that departments are responsible for funding additional costs, also known as true-up, when the replacement fees collected are not sufficient to purchase the replacement vehicle. DGS is responsible for collecting these additional costs.

OAAS found that DGS does not have formal documented procedures specifying the steps involved in the true-up process, including follow-up steps for departments that are non-responsive.

Specifically, from fiscal year 2019-20, the Sheriff's Department had 118 total vehicle orders delivered with 40 of those vehicle orders still awaiting identification of a replacement vehicle as of March 2022 (34% pending identification).

In addition, OAAS found that the fiscal year 2018-19 true-up tracking spreadsheet provided by DGS to the Sheriff's Department had three vehicles that were listed multiple times as the replacement vehicle for a new vehicle order.

Departments must identify replacement vehicles to Fleet to ensure the accuracy of true-up amounts; however, the lack of documented DGS procedures for key true-up processes increases the risk that errors will occur. Additionally, if true-ups are not performed timely, budgeted revenue and available funds may be adversely affected.

All aspects of a department's operations should be clearly documented in an up-to-date procedures manual. The procedures should include sufficient information to permit an individual who is unfamiliar with the operations to perform the necessary duties.

Recommendation: To ensure the vehicle true-up process is properly performed, DGS should:

1. Document the procedures involved in the true-up process to ensure billings are completed in accordance with Fleet expectations. The following should be documented:
 - a. Detailed steps involved in the true-up process from initial order to final payment.
 - b. Tracking process for vehicle additions and replacements.
 - c. Process for following up on the delinquent identification of vehicle replacements.

Office of Audits & Advisory Services

C Compliance R Reliability E Effectiveness A Accountability T Transparency E Efficiency

VALUE

DEPARTMENT'S RESPONSE
(DEPARTMENT OF GENERAL SERVICES)



County of San Diego

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NICOLE J. ALEJANDRE
ASSISTANT DIRECTOR

September 12, 2022

TO: JUAN R. PEREZ, Chief of Audits
Department of Auditor & Controller

FROM: MARKO MEDVED, PE, CEM
Department of General Services

Medved,
Marko

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Medved, Marko
Date: 2022.09.12
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DEPARTMENT RESPONSE TO AUDIT RECOMMENDATIONS: FLEET MANAGEMENT: VEHICLE PROCUREMENT & MAINTENANCE AUDIT

Finding I: Performance Metrics Require Further Development

OAAS Recommendation: To ensure performance measurement and evaluation are optimized, Fleet Should:

1. Perform an internal review to identify key metrics necessary to adequately evaluate the performance of Fleet.
2. Based on the metrics identified, perform an analysis to determine appropriate benchmarks.
3. Set Departmental performance goals based on the identified benchmarks.
4. Develop and document a process to periodically monitor, evaluate, and reassess performance goals.

Action Plan: DGS partially agrees with this finding. This finding refers to three areas where specific baselines and targets are needed to indicate acceptable performance: acquisitions, utilization, and maintenance. In terms of utilization and maintenance, DGS believes established baselines and targets are currently adequate at determining acceptable levels of performance. Fleet recently concluded its annual Five-Year Forecast meetings with client department vehicle coordinators. In those discussions, Fleet relayed departments' number of underutilized vehicles and advocated for them to consider committing to vehicle reductions, as well as informed them on their current overdue maintenance and safety inspections. This aligns with Board Policy H-1, Section 14's stated goal of identifying vehicle utilization to County Departments.

The Acquisitions section started providing clients with monthly email updates on orders in July 2022. They also created a standing meeting schedule, confirmed by each client, that goes beyond the annual requirement in BOS Policy H-1. These meetings will maintain consistent communication with each departmental vehicle coordinator on their order status, vehicle utilization and maintenance requirements. The new meeting schedule begins October 1, 2022. The goal is to see the impact of consistent communication on both utilization and maintenance. The schedule will be evaluated quarterly to determine effectiveness in achieving stated goals.

In terms of acquisitions, there is purposefully no stated goal to process a vehicle order prior to submission to DPC. There are many variables affecting that specific timeframe, such as the opening and closing of vehicle ordering windows by manufacturer, vehicle specification requests by the department, delayed communication from vehicle vendors to acquisitions, and reconfiguring orders as departments reconsider their requests. Due to the unpredictable nature of these variables, delivering a vehicle acquisition time-based goal during this specific portion of the acquisition process is not ideal. However, the Fleet Manual Section VI B. provides an overall "Acquisitions Cycle" based on vehicle type, giving customers a projection of when a vehicle will be in service, barring any setbacks outside of the control of the Acquisitions section. Further, it is another goal of the new meeting schedule to be clear and transparent to the departments about the status of their vehicle orders. The Fleet Chief is working with the Acquisitions staff to determine an average timeframe for processing vehicle orders and will use this average to deliver an estimated timeframe from the receiving a vehicle order request from the client department to delivery of the request to DPC. This analysis is expected to be completed by March 31, 2023, and will be relayed to the client departments via email/in subsequent client meetings.

OAAS identified that during Fiscal Year 2020-21, Fleet was only able to deliver 16% of standard vehicle orders compared to their goal of delivering 85% of orders. Fleet noted this goal was not met due to the operational impacts of the COVID-19 pandemic as manufacturer plants were temporarily closed. Fleet believes this goal is not a reliable benchmark to measure performance and amended the Operational Plan goal in FY 2021-22 to benchmark vehicle delivery against the acquisition cycles established in the Fleet Manual.

Planned Completion Date: March 31, 2023

Contact Information for Implementation: David Fernandez at (619) 417-0672

Finding II: Vehicle Acquisition Process Needs Improvement

OAAS Recommendation:

1. DGS should update current procedures to include the following:
 - a. Process performed to prioritize vehicles ordered.
 - b. Detailed steps to track the status and follow-up on open vehicle orders.
 - c. Method for providing periodic updates on order status to client departments.
 - d. The process for documenting unexpected delays or unavailable vehicles, and how this information will be communicated to the client department.
2. DGS should continue efforts with existing software vendor to further utilize the Assetworks M5 Case Management System (M5). Specifically, explore the following:
 - a. Transferring the tracking of vehicle orders from the Buy Plan spreadsheet to the M5 Case Management System.
 - b. Ability for customers to track the status of their orders in real time.
 - c. Availability of automated reports that can be utilized to provide additional data to customers.

Action Plan: DGS agrees with this finding. The Fleet Chief is working with the Acquisitions Coordinator and staff to develop a comprehensive, standardized training plan which will incorporate Recommendation 1. Recommendation 2 is being explored but has not yet been determined to be a viable option without compromising the integrity of the information within Assetworks M5. If it is discovered granting clients certain levels of access to Assetworks M5 to

track real-time acquisitions processing will not affect information integrity, then it will be granted. If it discovered access could corrupt data, access will not be granted. In the case of the latter, we believe sharing the buy plan with client departments combined with the consistent meeting schedule described in Finding I will sufficiently meet informational needs regarding acquisitions for our client departments.

Planned Completion Date: June 30, 2023

Contact Information for Implementation: David Fernandez at (619) 417-0672

Finding III: Inconsistency of Asset Management Fees

OAAS Recommendation: To ensure fees are assessed and applied correctly, Fleet should:

1. Perform periodic reviews of billing rates to correct any identified inconsistencies and/or errors prior to submitting them to the Cost Commission for approval.
2. Update relevant policies and guidance to accurately reflect the correct rate methodology.

Action Plan: DGS agrees with this finding. The Fleet Chief and his staff are working on updating all Fleet policies, including the Fleet Manual, and will include language defining how Fleet determines asset management fees, specifically registration fees.

Planned Completion Date: June 30, 2023

Contact Information for Implementation: David Fernandez at (619) 417-0672

Finding IV: Deficiencies in Vehicle Maintenance

OAAS Recommendation: To ensure vehicle maintenance processes are properly performed, Fleet should:

1. Review the current draft of the maintenance procedures and update as necessary to ensure that procedures allow for sufficient service delivery to clients. Distribute the procedures to Fleet garage team leaders and technicians for review. Request that each Fleet garage employee signs off on a copy of the procedures indicating they have read and understand the expectations and requirements.
2. Continue efforts with Assetworks to further utilize the M5 Case Management System to provide additional information to clients regarding work order status.

Action Plan: DGS agrees with this finding. The current draft of maintenance procedures, and other Fleet policies, is being reviewed and edited by the Fleet Chief and his staff. As discussed previously, Assetworks M5 access been granted to client departments, but with certain limitations to keep information integrity intact. In addition to this medium, Fleet believes the client department meeting schedule will greatly reduce any maintenance inconsistencies, delivering work order statuses regularly, as well as instances of overdue preventative maintenance and safety inspections. Staffing levels are actively being addressed. DHR and the ASDCE approved changes to the minimum qualifications for the Master Fleet Technician classification to improve recruitment efforts adding years of experience for heavy candidates, removing certification requirements that Fleet does not perform and adding the acceptance of manufacturer certifications. Fleet recently hired two Master Fleet Technicians, a mobile

maintenance Master Fleet Technician, a Maintenance Fleet Support Specialist, and are reviewing resumes for Office Support Specialist interviews. In addition to these new hires, the Fleet Chief is conducting a garage assessment in collaboration with the Fleet Coordinators and Team Leaders.

Planned Completion Date: June 30, 2023

Contact Information for Implementation: David Fernandez at (619) 417-0672

Finding V: Timeliness of DMV Registration Renewals

OAAS Recommendation: To ensure there are adequate controls over vehicle registrations, Fleet should:

1. Develop a process to enable Fleet to submit DMV renewal documentation to the DMV prior to the month of expiration, and in line with DMV instructions. The process should include the following guidance:
 - a. Steps and expected timeframes for submitting renewals to the DMV.
 - b. Follow -up measures to be taken if DMV is non-responsive.
 - c. Instructions on how to document instances and provide information to client departments when the DMV is unable to provide renewal tags prior to expiration.
2. Develop and document the DMV registration process in a formalized procedures manual.

Action Plan: DGS agrees with this finding. As mentioned previously, the Fleet Chief and Acquisitions Team are developing a standardized training plan to cover all the Acquisitions processes, including DMV registration and renewals. In addition to this training plan, the Fleet Chief is exploring process options with the DMV to deal with the tremendous amount of registrations and renewals the Acquisitions team handles for the County.

Planned Completion Date: June 30, 2023

Contact Information for Implementation: David Fernandez at (619) 417-0672

Finding VI: Opportunities to Improve True-Up Process

OAAS Recommendation: To ensure the vehicle true-up process is properly performed, DGS should:

1. Document the procedures involved in the true-up process to ensure billings are completed in accordance with Fleet expectations. The following should be documented:
 - a. Detailed steps involved in the true-up process from initial order to final payment.
 - b. Tracking process for vehicle additions and replacements.
 - c. Process for following up on the delinquent identification of vehicle replacements.

Action Plan: DGS agrees with this finding. The Fleet Chief is reviewing and editing policies and processes, including the True-Up Process.

Planned Completion Date: June 30, 2023

Contact Information for Implementation: David Fernandez at (619) 417-0672

If you have any questions, please contact David Fernandez at 417-0672 or david.fernandez@sdcounty.ca.gov.

cc: Ebony Shelton, Deputy Chief Administrative Officer/Chief Financial Officer
Nicole J. Alejandre, Assistant Director

Office of Audits & Advisory Services
Fleet Management: Vehicle Procurement & Maintenance Audit (A22-011)
Rebuttal to the Department's Response

Finding I – Recommendations 1-4: OAAS agrees with DGS' assessment that their forecast meetings with departments regarding discussions of vehicles that are underutilized and overdue for maintenance aligns with Board Policy H-1. However, conversations with departments stressing the importance of on-time maintenance and reduction of underutilized vehicles does not sufficiently allow DGS to assess whether or not these efforts are successful.

Specifically, during December 2021, DGS indicated that 53% of the light duty fleet was underutilized while there were over 700 past due maintenance services. The identification of this information prompted additional questions by OAAS. These questions include:

- What are acceptable levels of vehicle underutilization and past due maintenance?
- What are the industry standards regarding these metrics?

The inability to adequately answer these questions contributed to the findings and recommendations in Finding I. OAAS acknowledges that DGS will be unable to completely eliminate vehicle underutilization and instances of past due maintenance. However, by evaluating Fleet performance against identified industry benchmarks and established goals, DGS will be able to determine if their efforts with departments are successful.

Regarding vehicle acquisition, OAAS has no objection with the use of the acquisition cycle established in the Fleet Manual to evaluate the overall acquisition process. However, as the process involves more than one department, we still believe it is necessary to develop reliable benchmarks to adequately evaluate the length of time between order receipt and the delivery of the request to the Department of Purchasing and Contracting (DPC). Otherwise, it will be more difficult to identify and remediate any potential issues that cause an order to exceed the timeframes specified in the Fleet Manual. Specifically, delays attributable solely to either Fleet or DPC could result in a failure to meet the goal due at no fault of the other department.

Therefore, based on the reasons outlined above, OAAS stands by its finding and recommendations.