



Date: January 12, 2024

To: Sheryl M.M. Long, City Manager

From: Lauren Sundararajan, CFE, Internal Audit Manager *LS*

Copies to: Internal Audit Committee
William Weber, Assistant City Manager
Jerry L. Wilkerson, Jr., Director of Public Services

Subject: **Vehicle Purchase and Replacement Audit**

Attached is the Vehicle Purchase and Replacement audit report. The primary objective of this performance audit was to assess the efficiency and effectiveness of the internal controls applicable to vehicle purchase and replacement practices.

We would like to thank the management and staff of the Department of Public Services for their assistance and cooperation during this audit.

If you need any further information, please contact me.

Attachment

Vehicle Purchase and Replacement Audit

January 2024



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Internal Audit Manager

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Executive Summary

Internal Audit (IA) conducted a performance audit within the City of Cincinnati's (City) Fleet Services Division (FSD). The primary objective was to assess the efficiency and effectiveness of the internal controls applicable to vehicle purchase and replacement practices.

Currently, there is an annual vehicle purchase and replacement process that begins in mid-June. The fleet management team pulls data to understand how many vehicles within each department meet at least one of the replacement criteria, which includes age, mileage, or life to date costs. After completing the data collection process, it is determined how many vehicles are out-of-lifecycle. The City's fleet, excluding horticulture and small specialized vehicles such as trimmers, and trailers, contains a total of 1,495 vehicles.¹ Of these vehicles, 685 (45.8%) are out-of-lifecycle. There has been approximately \$8.7 million allocated for total fleet replacement for fiscal year (FY) 2024; however, the total current replacement cost for these out-of-lifecycle vehicles is more than \$82 million. An out-of-lifecycle fleet can impact vehicle purchase and replacement by leading to higher maintenance costs, reduced fuel efficiency and increased downtime.

The audit revealed several opportunities for improving the internal controls governing the operational practices over vehicle purchase and replacement. For example, FSD uses Fleet Anywhere (FA), which is an asset management tool. IA found the software is not being utilized to its fullest potential and is three years behind on updates. Fleet data is not kept up to date and the Fleet Services Manager cited an example of an incident whereby preventive maintenance (PM) was performed and a new part was installed on a vehicle that was scheduled to be replaced.

Furthermore, PM schedules are not enforced, and there are limitations with exporting FA data. Falling behind on PM in a fleet can have significant implications for fleet purchase and replacement decisions. It may lead to a shorter lifespan for vehicles, reduced resale value, and increased overall operating costs. Additionally, key performance indicators (KPIs) need to be expanded. IA was informed that the only KPIs FSD is tracking are PM and life to date costs. Setting fleet management benchmarks and measuring KPIs is the best way to enhance fleet productivity and control costs.

To improve the internal controls over vehicle purchase and replacement, IA recommends FSD continue to work with the City Administration and the Budget Office to develop a plan to ensure proper funding is secured to meet operational needs, update and utilize FA to its full potential, work collaboratively with the Fleet Liaisons to ensure departments are adhering to their PM schedules, and create a set of KPIs that will help to enhance operations, minimize costs, improve safety, and optimize efficiency. Implementing these recommendations will ensure vehicle purchase and replacement is effectively managed and the needs of the division are met.

¹ Copy of Equipment Out-of-Lifecycle Report FY 2024.

I. Introduction

Background

FSD operates under the Department of Public Services (DPS). According to the FSD website, the goal of FSD is to procure safe, dependable, cost-effective equipment, and furnish quality vehicle maintenance services to their customers. FSD supports all City departments and utilities that rely on vehicles and equipment to deliver their services. They are responsible for procuring, maintaining, administering, repairing, and replacing the City's diverse fleet of roughly 3,450 units, and these units range from small units to large construction equipment. Asset Works (Fleet Anywhere) is the asset management software FSD uses to manage the fleet assets.

FSD is an internal service fund, charging departments for fuel, maintenance and outfitting of vehicles to cover operational costs. Currently, there is an annual vehicle purchase and replacement process that begins in mid-June. The fleet management team pulls data to understand how many vehicles within each department meet at least one of the replacement criteria, which includes age, mileage, or life to date costs. After completing the data collection process, it is determined how many vehicles are out-of-lifecycle. The City's fleet, excluding horticulture and small specialized vehicles such as trimmers, and trailers, contains a total of 1,495 vehicles.² Of these vehicles, 685 (45.8%) are out-of-lifecycle. There has been approximately \$8.7 million allocated for total fleet replacement for FY 2024; however, the total current replacement cost for these out-of-lifecycle vehicles is more than \$82 million.

Each department has a Fleet Liaison who is responsible for overseeing vehicle purchase and replacement, PM schedules and other duties associated with their assigned department vehicles. Part of the vehicle purchase and replacement process consists of each Fleet Liaison receiving a file with their inventory and meeting with the Fleet Services Manager to discuss their specific purchase and replacement needs. Each department can determine the vehicles they plan to replace, and these may or may not align with the vehicles that are out-of-lifecycle.

FSD is located at the Bates Avenue Garage with satellite garages around the City. FSD is comprised of a Fleet Services Manager, Assistant Manager, Supervisor, administrative team, and satellite garages that staff multiple employees. IA was informed that FSD has recently lost four employees, with five additional employees scheduled to retire by the end of the first quarter 2024. FSD continues to struggle with retention of employees, and the department has been short-handed. This is a challenge faced in public sector fleet management.³

² Copy of Equipment Out-of-Lifecycle Report FY 2024.

³ <https://loconav.com/blog/public-sector-fleet-management/>

Audit Selection

IA conducted this audit in accordance with the current work plan.

Audit Objective

The primary objective of this performance audit was to assess the efficiency and effectiveness of the internal controls applicable to vehicle purchase and replacement practices.

Audit Scope, Methodology and Limitations

To accomplish the audit objective, Internal Audit compared current practices to industry standards, verified actions through documented reports, interviewed appropriate staff, analyzed, and computed statistics of relevant data. Records reviewed included data generated during FY 2023-2024.

This audit focused on vehicles and not horticulture and small specialized vehicles such as trimmers and trailers. Additionally, Greater Cincinnati Water Works (GCWW) and Metropolitan Sewer District (MSD) were excluded from the audit scope due to their different funding sources.

Statement of Auditing Standards

As required by the Cincinnati Administrative Code Article II §15, this audit was conducted in accordance with the Generally Accepted Government Auditing Standards (GAGAS), except for standard 5.60 pertaining to external peer review requirements. This exception did not have a material effect on the audit.

IA continues to conduct internal quality reviews to assure conformance with applicable GAGAS. IA performed the fieldwork between August 2023 and October 2023.

Commendations

IA commends the management and staff of the Department of Public Services for their assistance and cooperation throughout the audit.

II. Audit Findings and Recommendations

45.8% of the fleet is out-of-lifecycle.

An out-of-lifecycle fleet can impact vehicle purchase and replacement by leading to higher maintenance costs, reduced fuel efficiency and increased downtime.⁴ Operating older vehicles may also result in lower resale values when it comes time to replace them. The City’s fleet, excluding horticulture and small specialized vehicles such as trimmers, and trailers, contains a total of 1,495 vehicles.⁵ Of these vehicles, 685 (45.8%) are out-of-lifecycle. There has been approximately \$8.7 million allocated for total fleet replacement for FY 2024; however, the total current replacement cost for these out-of-lifecycle vehicles is more than \$82 million. See Table 1 below.

The criteria for replacement eligibility are life to date (LTD) cost (how much money has been put into maintaining the equipment), age and mileage. Every department has out-of-lifecycle vehicles and none of the departments fleet replacement allocation is enough to bring them whole. Further, a significant proportion of the out-of-lifecycle vehicles are older with higher mileage, thus potentially requiring more frequent maintenance. Of these vehicles, most of them have been flagged for replacement more than once in terms of age, cost, and mileage. These factors increase the risk a municipality faces when it comes to managing their aging vehicles.

Row Labels	Total # of Assets Out-of-Lifecycle	Total of Current Replacement Cost
Aerial Truck	11	\$10,725,000.00
Dump Truck	37	\$6,660,000.00
Emergency Response Vehicle	140	\$7,700,000.00
Medic Unit	12	\$2,889,124.36
Motorcycle	7	\$224,000.00
Packer	23	\$5,407,756.52
Pickup Truck	116	\$6,580,491.86
Pumper	19	\$16,416,000.00
Sedan	64	\$1,894,776.98
Specialized Large	148	\$16,805,505.54
SUV	38	\$1,490,635.38
Van	70	\$5,895,000.00
Grand Total	685	\$82,688,290.64

Table 1: Out of lifecycle vehicles.

Recommendation 1: Work with the City Administration and the Budget Office to develop a plan to ensure proper funding is secured to meet FSD’s needs.

Department Response: Agree. DPS agrees that the funding allocated for Vehicle Replacements is not sufficient to allow for the ideal replacements within each department annually. The fleet is significantly out of lifecycle and there is not a clear plan in place to increase our lifecycle compliance percentage. The increasing cost of equipment, excessive

⁴ [Fleet Replacement and Lifecycle Management in 2020 \(smarterfleet.com\)](https://www.smarterfleet.com)

⁵ Copy of Equipment Out-of-Lifecycle Report FY 2024.

lead times, and complex procurement processes lead to our current equipment being utilized for longer than it's intended useful life. The Budget Office allocates the Vehicle Replacement funding amount, and this is not within DPS/Fleet's control. Additional funding would significantly impact this concern. Fleet Services will work with the Budget Office to explain the current standings of the Fleet in the hope of a higher allocation.

Fleet Anywhere is a useful asset management tool but is not being utilized to its fullest potential.

An effective asset management system allows a department to manage all assets within their portfolio to create a more efficient operation. Asset Works is a leading supplier of fleet management software, which includes FA. FSD utilizes FA to manage the City's fleet, and has multiple features; however, IA found the software is not used to its fullest capacity and is three years behind on updates.

Recommendation 2: Schedule a management review with Asset Works representatives, to review all the features of FA and ensure the software is fully utilized.

Department Response: Agree. DPS agrees that a Management Review from AssetWorks will be beneficial. This process has been investigated by the Fleet Services Manager and a quote has been received (\$31,300.) There was a Management Review completed in 2008 and many of the concerns expressed in this prior review still exist today. Fleet Services may explore having AssetWorks complete some of the tasks outlined in the prior document, rather than exhausting more funds to receive similar information. The Management Review identifies issues but does not execute any fixes. Due to bandwidth, and many years of data, this avenue for correcting past issues may be the route that is taken.

Recommendation 3: Ensure all software updates are completed in a timely manner.

Department Response: Agree. DPS Agrees with this recommendation. In August of 2023, FA was updated to Version 21. Fleet Services is currently in the process of testing the current version (23) to put it in production in the next month or so. The last upgrade led to significant challenges with our citywide fuel sites which are still being worked through with ETS.

Fleet data is not kept up to date.

Accurate fleet data is essential for informed vehicle purchase and replacement decisions. It provides insights into the performance, maintenance history, and fuel efficiency of existing vehicles. With this information, fleet managers can identify underperforming assets, determine optimal replacement schedules, and choose vehicles that align with the fleet's specific needs.

IA was informed that fleet data is not kept up to date and the Fleet Services Manager cited an example of an incident whereby preventive maintenance was performed and a new part was installed on a vehicle that was scheduled to be replaced.

Recommendation 4: Ensure all data in FA is current.

Department Response: Agree. DPS agrees with the concern that the data in FA is not current and needs further attention. With our current setup and staffing, the Division needs a

Fleet Data Analyst to better our accuracy and reporting structures. We currently lack the knowledge and administrative staff to create and maintain the proper reporting. To operate efficiently in this aspect, Fleet Services would like to add a Fleet Business/Data Analyst role.

Fleet utilization is not being tracked.

Fleet utilization refers to the efficiency and effectiveness with which a fleet of vehicles or equipment is used to meet operational needs. It involves optimizing the usage of assets to maximize productivity and minimize downtime.⁶ Additionally, managing vehicle purchase and replacement is influenced not only by the availability of replacement funds, but also by tracking utilization. Fleet utilization is a key metric that every fleet services division should be tracking.

IA found through interviews that FSD is not tracking fleet utilization. An example provided to IA was regarding an incident where a vehicle was towed to the garage that had been sitting under a tree for a year and the battery was dead. PM was performed on the vehicle, it was taken to the car wash and then returned to the department.

Recommendation 5: Track fleet utilization so that FSD may arrive at actionable insights on optimizing fleet's capacity.

Department Response: Agree. DPS agrees that fleet utilization is a metric that needs to be tracked. This will allow Fleet Services the ability to move vehicles among Departments based on data rather than opinion on need. This is one of the metrics the Fleet Services Manager is working with OPDA to add to a Dashboard which is in the creation process. The Fleet Data Analyst role would significantly assist with this effort.

Preventive Maintenance schedules are not enforced, and there are limitations with exporting FA data.

PM is a proactive approach to maintaining fleet equipment and machinery, involving scheduled inspections, servicing, and repairs to prevent failures and extend asset life. This maintenance strategy aims to minimize downtime, reduce repair costs, and improve overall reliability and efficiency.⁷ Falling behind on PM in a fleet can have significant implications for fleet purchase and replacement decisions.

Fleet Services produces a monthly list of what maintenance needs to be completed and it is sent to each department Fleet Liaison. Although departments receive the monthly PM schedules, IA found they are not adhering to them. Additionally, IA sought to independently review the PM data for any operational trends and determine if there were any underlying issues. However, due to dataset limitations with exporting information from FA, IA was unable to complete the test.

Also, IA attempted to determine how many maintenance repairs have been completed for vehicles that are currently out-of-lifecycle. The Fleet Services Manager informed IA that to

⁶ Definition comes from a general understanding within the relevant field or industry based on research.

⁷ eMaint. <https://www.emaint.com/what-is-preventive-maintenance>

obtain this information, FSD would have to manually check the maintenance history for each vehicle because there is no dataset tracking all repairs.

Recommendation 6: FSD should work collaboratively with the Fleet Liaisons to ensure departments are abiding by their PM schedules.

Department Response: Agree. DPS agrees that Preventative Maintenance is the top metric that needs to be tracked more efficiently. This will greatly reduce maintenance costs throughout the life of our vehicles and will ensure our employees are operating safe equipment. The Fleet Services Manager is currently developing this reporting with OPDA. The initial meeting was held on 1-5-24 to establish the criteria that should be included. Once we have the proper reporting in place, we can drive accountability among department liaisons.

Recommendation 7: Work with Asset Works to identify and resolve issues with exporting FA data and ensure management controls exist within FA.

Department Response: Agree. DPS agrees with this recommendation. The Fleet Services team will be attending the AssetWorks Academy in March of 2024 and has completed many virtual trainings to improve our knowledge of our FA system. The creation of a Fleet Data Analyst role would greatly impact the progress of this.

Key performance indicators need to be expanded.

KPIs play a vital role in vehicle purchase and replacement decisions by providing objective criteria for evaluating performance and cost effectiveness, while making data driven decisions that align with the organization's long-term objectives. They can help assess factors like fuel efficiency, maintenance costs and overall reliability, and aid in the selection of vehicles that align with operational goals.

IA was informed that currently, the only KPIs FSD is tracking are PM and life to date costs. Best practices recommend tracking cost control and budget adherence, maintenance management and downtime prevention, optimal vehicle replacement targets, fuel costs, compliance and inspections, and driver safety and behavior.⁸

Recommendation 8: In collaboration with OPDA, create a set of KPIs that will help to enhance operations, minimize costs, improve safety, and optimize efficiency.

Department Response: Agree. DPS agrees with and welcomes assistance with this resolution. The Fleet Services Manager is currently working with OPDA and has initially developed an inventory report. Other metrics such as PM Compliance, Vehicle Utilization, Repair vs. Retire criteria, and Vehicle Ordering reports/KPI's are being created as these are industry standards. The creation of a Fleet Data Analyst role would greatly impact the progress of this.

⁸ Ibid.

Policies and procedures need to be updated, expanded, and documented to reflect current operating procedures.

Policies and procedures are an important management tool and must be current and complete to be effective. IA found that FSD maintains a one and a half page “Annual Vehicle Replacement Process” worksheet, Administrative Regulations, and a Sustainable Vehicle Policy that dictate the workflow for vehicle replacement and purchase. However, there are no formalized internal written policies and procedures that capture all these guidelines.

Recommendation 9: Develop comprehensive internal standard operating procedures for FSD vehicle purchase and replacement. This will ensure compliance with laws and regulations and give guidance for decision making.

Department Response: Agree. DPS agrees with this recommendation. There is currently a lack of documentation outlining the different roles within the department and the tasks that are completed by each employee. The vehicle replacement process has been documented since the Fleet Services Manager has been with the City. The overall SOP creation process will be ongoing based on bandwidth and processes that need to be outlined quicker than others.

Interdepartmental communication needs to be strengthened.

Fleet Liaisons are the bridge or the point of contact between DPS and the respective departments when it comes to vehicle purchase and replacement. They keep track of their department’s inventory and PM schedules. DPS has approximately twenty-five individuals assigned as Fleet Liaisons representing the various departments in the City.

Managing a municipal fleet can be a complicated task. Employees leave, department priorities change, policies and procedures change, and issues arise. The Fleet Liaisons are an integral part of the process, and regular communication is vital for the efficiency and effectiveness of the vehicle purchase and replacement process.

IA met with several Fleet Liaisons, and they expressed concerns about the lack of information they receive regarding the fleet procurement and replacement process.

Recommendation 10: FSD should continue to conduct meetings with the Fleet Liaisons to ensure that they understand the expectations, the limitations, the process, and the shared goals. Additionally, include the Purchasing Department (Purchasing) to discuss their processes, challenges, and other important updates.

Department Response: Agree. DPS agrees with this recommendation. The Fleet Guidance Committee is a topic that the Fleet Services Manager has been working with OPDA to redesign. This is being presented at SIET meetings and has been worked on over the last few months. This will be an evolving process as more reporting and KPI’s are set up. We need measurable data to drive accountability among Departments. The Purchasing Department is currently involved and represented within the Fleet Guidance Committee meetings.

Lack of established and documented succession planning for key personnel roles.

Succession planning is the process of identifying internal personnel with the ability to fulfill key roles within an organization and fostering the development of these individuals. As personnel turn over, a succession plan facilitates business continuity. Succession planning is critical because it ensures that the vehicle purchase, and replacement process and overall business continue to run smoothly and efficiently without interruption. IA found that through attrition key FSD employees are leaving the department and succession plans are not established and documented for these roles.

IA was informed that FSD has recently lost four employees, with five additional employees scheduled to retire by the end of the first quarter 2024. FSD continues to struggle with employee retention, and the department has been short-handed. This is a challenge faced in public sector fleet management.

Recommendation 11: Management should develop a detailed succession plan that identifies key positions which have the greatest impact on the business as well as other critical roles that extend beyond leadership and management to include other support roles.

Department Response: Agree. DPS agrees with this recommendation. There are some roles within the Fleet Services organization that can be planned from a succession perspective. The Crew Chief and Mechanic roles are union driven and do not have a lot of planning that can be done. The “Bid Shift” process adds a lot of unknown to the operation and is under evaluation. We are not always able to select the most qualified candidate for the role due to union constraints. We currently have two administrative roles that employees will be retiring from, and we are double filling these roles prior to the current employees retiring. We will reach out to Administration and HR for guidance on how departments can achieve succession planning within the governmental unionized hiring environment.

A more proactive fleet acquisition process needs to be developed.

A proactive fleet acquisition process involves systematically planning and managing the acquisition of vehicles in advance to optimize efficiency, minimize downtime, and control costs. Currently, there is an annual vehicle purchase and replacement process that begins in mid-June. IA found, there can be a few months lag between when the budget is passed in June (with an effective date of July 1) and when the City issues debt (such as Automotive and Equipment Bonds) to finance capital projects like “Fleet Replacements”. FSD does not receive their allocation until October or November and then they must allocate percentages to the departments.

When a fleet acquisition plan is delayed until passage of the budget and happens only annually, it can result in an inefficient use of capital budget dollars as well as an inefficient fleet purchase and replacement process. Additionally, IA was informed that there is a lag on ordered motor vehicles. For some items, such as fire trucks, they are two years out, and there are trucks on order dating back to 2022.

Recommendation 12: Work with the Budget Office to develop a multi-year/multi-bid fleet acquisition and replacement plan, in advance of the budget passage.

Department Response: Agree. DPS agrees with this recommendation. There are many different avenues we can pursue to streamline the fleet replacement process and they are being evaluated. Working closer with the Departments requesting vehicles, the Procurement team within DPS, the Purchasing Department, and the Budget Office will allow us to source the correct equipment at the correct time at the best price. The communication this year has been strong, and we expect a cleaner process year over year.

The Automotive Equipment Advisory Committee needs to be restructured and actively involved.

Administrative Regulation No. 11, established the Automotive Equipment Advisory Committee a.k.a. the Fleet Guidance Team. The Guidance Team is composed of one representative/committee member from eighteen various departments. This Guidance Team was assigned the following primary functions; look for ways to manage and run the fleet more efficiently and sustainably from both an environmental and fiscal perspective, apply industry best practices standards to managing the City's fleet, address issues common to many users, in addition to numerous other functions.

IA was informed that over the years the Guidance Team has lost sight of its primary functions and has not addressed any real-time operational issues or challenges. Further they have not made any significant decisions or recommendations in quite some time and because of this, some Fleet Liaisons have stopped attending meetings altogether. When an advisory committee is not serving its primary function, a municipality can miss the opportunity of getting a second opinion, new perspectives, and fresh ideas, before making a major decision.

Recommendation 13: Ensure that the Fleet Guidance Team is fully staffed, meeting quarterly per Administrative Regulation No. 11, and that it is empowered to conduct its intended primary functions.

Department Response: Agree. DPS agrees with this recommendation. The Fleet Guidance Committee is a topic that the Fleet Services Manager has been working with OPDA to redesign. This is being presented at SIET meetings and has been worked on for the last few months. This will be an evolving process as more reporting and KPI's are set up. We need measurable data to drive accountability among Departments.

Separate requisitions are made by each department for similar vehicles.

When a department receives their vehicle purchase and replacement percentage allocation, this activates the annual vehicle and replacement process.⁹ Once all requests are finalized, reviewed, approved by the City Manager's office, and additional discussion regarding specifics on vehicle upfit take place, the information is sent to Purchasing to begin the procurement process.

IA found that Purchasing receives multiple requisitions from departments ordering similar vehicles, lowering the chances of negotiating a better bulk price for City vehicles. Bundling purchase orders for vehicle purchases can streamline the procurement process by consolidating multiple orders into one. This efficiency is derived from negotiating better prices, reducing administrative burden, and streamlining coordination for bulk purchases.

⁹ Annual Vehicle and Replacement Process.

Recommendation 14: Collaborate with the Purchasing Department and determine if bundled procurement creates a more efficient process.

Department Response: Agree. DPS agrees with this recommendation. For FY24, all similar equipment types and vehicles will be bundled together to ensure we get the best visibility in the market and the best pricing for these replacements. This will be done within the Fleet Services organization and will be closely connected to DPS Procurement.

III. Conclusion

The audit revealed several opportunities for improving the internal controls governing the operational practices over vehicle purchase and replacement. For example, IA found that 45.8% of the fleet is out-of-lifecycle, FA is not being utilized to its full potential, and is three years behind on updates. Additionally, PM schedules are not enforced, and there are limitations with exporting FA data. Also, KPIs need to be expanded.

To improve the internal controls over vehicle purchase and replacement, IA recommends FSD continue to work with the City Administration and the Budget Office to develop a plan to ensure proper funding is secured to meet operational needs, update and utilize FA to its full potential, work collaboratively with the Fleet Liaisons to ensure departments are adhering to their PM schedules, and create a set of KPIs that will help to enhance operations, minimize costs, improve safety, and optimize efficiency. Implementing these recommendations will ensure vehicle purchase and replacement is effectively managed and the needs of the division are met.

IV. Department of Public Services Response

Recommendation 1: Work with the City Administration and the Budget Office to develop a plan to ensure proper funding is secured to meet FSD's needs.

Department Response: DPS agrees that the funding allocated for Vehicle Replacements is not sufficient to allow for the ideal replacements within each department annually. The fleet is significantly out of lifecycle and there is not a clear plan in place to increase our lifecycle compliance percentage. The increasing cost of equipment, excessive lead times, and complex procurement processes lead to our current equipment being utilized for longer than it's intended useful life. The Budget Office allocates the Vehicle Replacement funding amount, and this is not within DPS/Fleet's control. Additional funding would significantly impact this concern. Fleet Services will work with the Budget Office to explain the current standings of the Fleet in the hope of a higher allocation.

Recommendation 2: Schedule a management review with Asset Works representatives, to review all the features of FA and ensure the software is fully utilized.

Department Response: DPS agrees that a Management Review from AssetWorks will be beneficial. This process has been investigated by the Fleet Services Manager and a quote has been received (\$31,300.) There was a Management Review completed in 2008 and many of the concerns expressed in this prior review still exist today. Fleet Services may explore having AssetWorks complete some of the tasks outlined in the prior document, rather than exhausting more funds to receive similar information. The Management Review identifies issues but does not execute any fixes. Due to bandwidth, and many years of data, this avenue for correcting past issues may be the route that is taken.

Recommendation 3: Ensure all software updates are completed in a timely manner.

Department Response: DPS Agrees with this recommendation. In August of 2023, FA was updated to Version 21. Fleet Services is currently in the process of testing the current version (23) to put it in production in the next month or so. The last upgrade led to significant challenges with our citywide fuel sites which are still being worked through with ETS.

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Department Response: DPS agrees that fleet utilization is a metric that needs to be tracked. This will allow Fleet Services the ability to move vehicles among Departments based on data rather than opinion on need. This is one of the metrics the Fleet Services Manager is working with OPDA to add to a Dashboard which is in the creation process. The Fleet Data Analyst role would significantly assist with this effort.

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Recommendation 7: Work with Asset Works to identify and resolve issues with exporting FA data and ensure management controls exist within FA.

Department Response: DPS agrees with this recommendation. The Fleet Services team will be attending the AssetWorks Academy in March of 2024 and has completed many virtual trainings to improve our knowledge of our FA system. The creation of a Fleet Data Analyst role would greatly impact the progress of this.

Recommendation 8: In collaboration with OPDA, create a set of KPIs that will help to enhance operations, minimize costs, improve safety, and optimize efficiency.

Department Response: DPS agrees with and welcomes assistance with this resolution. The Fleet Services Manager is currently working with OPDA and has initially developed an inventory report. Other metrics such as PM Compliance, Vehicle Utilization, Repair vs. Retire criteria, and Vehicle Ordering reports/KPI's are being created as these are industry standards. The creation of a Fleet Data Analyst role would greatly impact the progress of this.

Recommendation 9: Develop comprehensive internal standard operating procedures for FSD vehicle purchase and replacement. This will ensure compliance with laws and regulations and give guidance for decision making.

Department Response: DPS agrees with this recommendation. There is currently a lack of documentation outlining the different roles within the department and the tasks that are completed by each employee. The vehicle replacement process has been documented since the Fleet Services Manager has been with the City. The overall SOP creation process will be ongoing based on bandwidth and processes that need to be outlined quicker than others.

Recommendation 10: FSD should continue to conduct meetings with the Fleet Liaisons to ensure that they understand the expectations, the limitations, the process, and the shared goals. Additionally, include the Purchasing Department (Purchasing) to discuss their processes, challenges, and other important updates.

Department Response: DPS agrees with this recommendation. The Fleet Guidance Committee is a topic that the Fleet Services Manager has been working with OPDA to redesign. This is being presented at SIET meetings and has been worked on over the last few months. This will be an evolving process as more reporting and KPI's are set up. We need measurable data to drive accountability among Departments. The Purchasing Department is currently involved and represented within the Fleet Guidance Committee meetings.

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Department Response: DPS agrees with this recommendation. There are some roles within the Fleet Services organization that can be planned from a succession perspective. The Crew Chief and Mechanic roles are union driven and do not have a lot of planning that can be done. The "Bid Shift" process adds a lot of unknown to the operation and is under evaluation. We are not always able to select the most qualified candidate for the role due to union constraints. We currently have two administrative roles that employees will be retiring from, and we are double filling these roles prior to the current employees retiring. We will reach out to Administration and HR for guidance on how departments can achieve succession planning within the governmental unionized hiring environment.

Recommendation 12: Work with the Budget Office to develop a multi-year/multi-bid fleet acquisition and replacement plan, in advance of the budget passage.

Department Response: DPS agrees with this recommendation. There are many different avenues we can pursue to streamline the fleet replacement process and they are being evaluated. Working closer with the Departments requesting vehicles, the Procurement team within DPS, the Purchasing Department, and the Budget Office will allow us to source the correct equipment at the correct time at the best price. The communication this year has been strong, and we expect a cleaner process year over year.

Recommendation 13: Ensure that the Fleet Guidance Team is fully staffed, meeting quarterly per Administrative Regulation No. 11, and that it is empowered to conduct its intended primary functions.

Department Response: DPS agrees with this recommendation. The Fleet Guidance Committee is a topic that the Fleet Services Manager has been working with OPDA to redesign. This is being presented at SIET meetings and has been worked on for the last few months. This will be an evolving process as more reporting and KPI's are set up. We need measurable data to drive accountability among Departments.

Recommendation 14: Collaborate with the Purchasing Department and determine if bundled procurement creates a more efficient process.

Department Response: DPS agrees with this recommendation. For FY24, all similar equipment types and vehicles will be bundled together to ensure we get the best visibility in the market and the best pricing for these replacements. This will be done within the Fleet Services organization and will be closely connected to DPS Procurement.