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**Office of the City Auditor**

**Audit Report**

**AUDIT OF FLEET MANAGEMENT SERVICES**

(Report No. A11-004)

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**City Auditor**

Craig D. Kinton

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## Executive Summary

The City of Dallas (City) can improve fleet management and efficiency and minimize fraud risks by:

- Establishing and evaluating vehicle utilization criteria
- Developing benchmarks for the timely processing of vehicles through the make ready process (process of preparing a vehicle for service) and disposition stages of the vehicles' life cycle
- Using the FleetFocus M5 software application to track the number and status of all vehicles in the City's fleet
- Implementing appropriate controls to ensure the reliability and integrity of fleet data used for decision-making

### Background Summary

The EBS provides fleet management services for vehicles purchased by EBS and then "leased" to other City departments. The EBS also provides fleet management services for some vehicles owned by other City departments. The EBS considers these "non-leased" vehicles.

The EBS Fiscal Year (FY) 2010 budget to provide these fleet management services was \$51,974,501 with 244.5 full-time equivalent employees.

**Source:** EBS and FY 2010 Adopted Annual Budget

Specifically:

### **Vehicle Utilization Criteria Is Not Established and Evaluated**

Without established utilization criteria that are periodically evaluated, the City cannot ensure that the City's vehicle fleet size and usage is appropriate. Therefore, the City may have an opportunity to realize cost savings if underutilized vehicles were eliminated or if vehicle usage was optimized.

Federal, State, and Local governments use a variety of fleet utilization criteria. The utilization criteria selected by these entities is generally based upon factors unique to their fleets. For example, some entities may determine that average annual mileage is the best utilization criteria, while other entities may decide factors, such as vehicle age, usage as a percentage of working days, and special assignment, are better utilization criteria for their fleets. Because the City does not have established utilization criteria, average annual mileage criteria were used for analysis of the City's light duty fleet.

The analysis of FleetFocus M5 data showed that as of June 1, 2010, the Department of Equipment and Building Services (EBS) had a range of 708 to 1,519, of the 3,190, leased vehicles in Categories 1 and 2 (passenger cars and light trucks) which might be underutilized:

- Criterion 1 – 1,519 vehicles were driven less than 11,000 miles annually with estimated annual capital costs of \$5.3 million and routine maintenance costs of \$1.8 million during the last twelve months (as of June 1, 2010).
- Criterion 2 – 708 vehicles were driven less than 6,500 miles annually with estimated annual capital costs of \$2.5 million and routine maintenance costs of approximately \$648,000. The analysis using Criterion 2 also showed 46 percent of the vehicles are Compressed Natural Gas (CNG) vehicles. Underutilization of CNG vehicles could negatively affect the City's environmental impact plans.

If the City decided different utilization criteria were more appropriate than average annual mileage, the calculation of capital costs and routine maintenance costs for underutilized vehicles would change. The analysis results, however, would help City management determine where opportunities might exist to adjust the fleet size and utilization.

### **Vehicle Make Ready and Disposal Processes Are Not Managed Efficiently**

Fleet vehicles are not efficiently managed through the make-ready and disposition stages of the vehicle's life cycle. As a result, the City is incurring costs (depreciation) on vehicles that are not placed in service timely through the make ready process and is forgoing revenue from vehicle sales when auctions are not held within appropriate timeframes.

The average number of days elapsed for the Dallas Police Department (DPD) vehicles' to be prepared for service ranged from a high of 349 days for model year 2007 vehicles to a low of 212 days for model year 2009 vehicles. The average number of days elapsed for other City department vehicles' ranged from a high of 187 days for model year 2009 vehicles to a low of 93 days for model year 2007 vehicles. As of June 1, 2010, it had been almost nine months since the last vehicle auction, which was conducted September 3, 2009, and there were 489 vehicles in the "Prep for Sale" fleet status category. Prior to publication of this report, EBS held a vehicle auction (see Subsequent Events, page four).

### **A Comprehensive City-Wide System to Track the Number and Status of the Vehicles in the City's Fleet Does Not Exist**

After an investment of approximately \$900,000, the City does not use the FleetFocus M5 software application to accurately and completely track the number and status of all vehicles in the City's fleet nor can the City rely on the accuracy or completeness of the Fixed Asset Registry (fixed asset account

details that support the general ledger) or other departmental vehicle tracking systems.

In 2009, the FleetFocus M5 vendor, AssetWorks, performed a Management Review and Gap Analysis to evaluate the City's use of FleetFocus M5 and noted that the City was using only 31 percent of the software application's existing functions. AssetWorks provided recommendations to improve FleetFocus M5 utilization by type and priority (See Appendix III). Subsequently, the Department of Communication and Information Services (CIS) further analyzed and categorized the AssetWorks recommendations and noted that the majority of recommendations fall into the categories of training, application set-up / configuration, and reporting.

The CIS estimated that the City would need an additional \$400,000 of Professional Services from AssetWorks to implement all high priority recommendations and approximately half of the medium priority recommendations. By doing so, FleetFocus M5 utilization would increase to almost the 60 percent level.

Budget constraints may limit the City's opportunities to enhance FleetFocus M5 operational efficiency; however, as stated in this report, additional revenue should be available from auction proceeds. If these auction proceeds are not already budgeted elsewhere, they could be used for FleetFocus M5 modifications and training.

### **FleetFocus M5 and the Fixed Asset Registry Are Not Reconciled**

FleetFocus M5 and the Fixed Asset Registry are not reconciled. As a result, the City cannot ensure that vehicle information is accurate, complete, and reliable for decision-making. In addition, vehicle values and the associated depreciation may be misstated in the accounting records and in the City's Comprehensive Annual Financial Report.

We recommend the Director of EBS work with other City departments to:

- Establish vehicle utilization criteria
- Periodically evaluate the City's fleet to ensure vehicle utilization is optimized
- Improve the efficiency of fleet vehicle life cycle management by evaluating other benchmarks, such as financial measures, that would help the City reduce make ready costs and maximize vehicle disposal revenue
- Monitor and take corrective actions to maintain the fleet vehicles within established benchmarks

- Use FleetFocus M5 as a comprehensive City-wide system to track the number and status of the vehicles in the City's fleet. We also recommend the EBS Director ensure that: (1) All City vehicles are included and tracked in FleetFocus M5; (2) Departments are given access to FleetFocus M5 to actively manage their vehicles; (3) Business rules are developed and communicated to ensure departments use the software application consistently; (4) Appropriate controls, such as periodic reconciliations and monitoring, are implemented to ensure data integrity and reliability; and, (5) FleetFocus M5 users receive sufficient training.
- Conduct a physical inventory and ensure that the FleetFocus M5 is accurate, complete, and periodically (at least annually) reconciled to the Fixed Asset Registry

We also recommend the City Controller obtain and review the EBS reconciliation and ensure that it is timely and that discrepancies, if any, are reasonably resolved.

### **Subsequent Events**

- Prior to publication of this report, EBS held a vehicle auction on September 15, 2010 and sold 209 vehicles, realizing net revenue of \$447,888 (\$466,550 less an auctioneer's commission of \$18,662)
- The EBS also added new performance measures in the Fiscal Year (FY) 2010-2011 Proposed Annual Budget that are applicable to this audit. These performance measures include: (1) An inventory database accuracy rate of 90 percent; (2) The percentage of units processed within 60 days after acceptance from vendor at 90 percent; and, (3) Increase the number of auctions per year to three.
- One of the new service targets is to "continue to explore opportunities to right-size the fleet"

The objective of the audit was to determine if there are adequate controls over certain fleet management operations. The scope of the audit primarily focused on fleet utilization and the fleet software application systems. We did not test the accuracy or completeness of the FleetFocus M5 data base. The audit period covered January 2008 to June 2010; however, transactions and records before and after the audit period were reviewed to determine the accuracy and completeness of certain vehicle information in FleetFocus M5 and in the Fixed Asset Registry.

Management's response to this report is included as Appendix V.

# Audit Results

## Overall Conclusions

The City of Dallas (City) can improve fleet management and efficiency and minimize fraud risks by:

- Establishing and evaluating vehicle utilization criteria
- Developing benchmarks for the timely processing of vehicles through the make ready (process of preparing a vehicle for service) and disposition stages of the vehicles' life cycle
- Using the FleetFocus M5 software application to track the number and status of all vehicles in the City's fleet
- Implementing appropriate controls to ensure the reliability and integrity of fleet data used for decision-making

## SECTION I: FLEET MANAGEMENT

### Vehicle Utilization Criteria Is Not Established and Evaluated

Without established utilization criteria that are periodically evaluated, the City cannot ensure that the City's vehicle fleet size and usage is appropriate. Therefore, the City may have an opportunity to realize cost savings if underutilized vehicles were eliminated or if vehicle usage was optimized.

Federal, State, and Local governments use a variety of fleet utilization criteria. The utilization criteria selected by these entities are generally based upon factors unique to their fleets. For example, some entities may determine that average annual mileage is the best utilization criteria, while other entities may decide factors, such as vehicle age, usage as a percentage of working days, and special assignment, are better utilization criteria for their fleets. (See pages 10 and 11 for utilization criteria proposed by or in use by other governments). The entities' analysis using the selected utilization criteria provides a starting point to evaluate whether adjustments to fleet size and utilization are needed.

#### **EBS Leased and Non-Leased Vehicles**

**Leased** – Vehicles purchased by EBS and fleet management services provided by EBS on behalf of other departments

**Non-Leased** – Vehicles owned by other City departments with fleet management services provided by EBS

Source: EBS



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Because the City does not have established utilization criteria, the following criteria were used for analysis of the City's light duty fleet:

- Criterion 1 – Categories 1 and 2 vehicles in service for over 365 days, with less than 11,000 average annual mileage
- Criterion 2 – 50 percent of the average of Categories 1 and 2 vehicles in service for over 365 days, or City vehicles with less than 6,500 miles per year

The analysis of FleetFocus M5 data showed that as of June 1, 2010, the Department of Equipment and Building Services (EBS) had a range of 708 to 1,519, of the 3,190, leased vehicles in Categories 1 and 2 (passenger cars and light trucks) which might be underutilized:

- Criterion 1 – 1,519 vehicles were driven less than 11,000 miles annually with estimated annual capital costs of \$5.3 million and routine maintenance costs of \$1.8 million during the last twelve months (as of June 1, 2010).
- Criterion 2 – 708 vehicles were driven less than 6,500 miles annually with estimated annual capital costs of \$2.5 million and routine maintenance costs of approximately \$648,000. The analysis using Criterion 2 also showed 46 percent of the vehicles are Compressed Natural Gas (CNG) vehicles. Underutilization of CNG vehicles could negatively affect the City's environmental impact plans.

If the City decided different utilization criteria were more appropriate than average annual mileage, the calculation of capital costs and routine maintenance costs for underutilized vehicles would change. The analysis results, however, would help City management determine where opportunities might exist to adjust the fleet size and utilization.

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**Table I**

**Categories 1 and 2 Vehicles  
With Less Than 11,000 Average Annual Mileage<sup>1</sup>**

Average Annual Mileage	Vehicle Count	Cumulative Vehicle Count	Downtime 1-30 Days	Downtime 31-90 Days	Downtime 91-180 Days	Downtime Greater Than 180 Days
Less than 1,000	14	14	13	1	0	0
1,000-1,999	34	48	31	2	1	0
2,000-2,999	70	118	62	5	1	2
3,000-3,999	141	259	124	7	4	6
4,000-4,999	169	428	137	14	13	5
5,000-5,999	177	605	147	14	9	7
6,000-6,499*	103	708	87	4	6	6
6,500-7,999	285	993	219	36	17	13
8,000-8,999	194	1,187	148	24	13	9
9,000-9,999	182	1,369	144	22	10	6
10,000-11,000**	150	1,519	116	20	9	5
<b>Totals</b>	<b>1,519</b>		<b>1,228</b>	<b>149</b>	<b>83</b>	<b>59</b>

\* Vehicle Utilization Criteria based on usage at 50 percent of average (6,500 miles per year)

\*\* Vehicle Utilization Criteria based on State of Texas minimum of 11,000 miles per year

Source: EBS FleetFocus M5 (Unaudited)

**Table II**

**Estimated Annual Costs of Categories 1 and 2 Vehicles  
With Less Than 11,000 Average Annual Mileage Vehicles<sup>1</sup>**

Average Annual Mileage	Vehicle Count	Capital Cost (Annual)	Maintenance Cost Last Twelve Months	Total Cumulative Cost
Less than 1,000	14	\$ 48,388	\$ 4,883	\$ 53,271
1,000-1,999	34	119,342	27,954	200,567
2,000-2,999	70	240,312	47,037	487,916
3,000-3,999	141	501,045	96,241	1,085,202
4,000-4,999	169	594,463	170,947	1,850,612
5,000-5,999	177	630,339	193,241	2,674,192
6,000-6,499*	103	365,650	107,522	3,147,364
6,500-7,999	285	995,957	393,031	4,536,352
8,000-8,999	194	678,572	281,111	5,496,035
9,000-9,999	182	614,799	254,538	6,365,372
10,000-11,000**	150	503,708	247,545	7,116,625
<b>Totals</b>	<b>1,519</b>	<b>\$ 5,292,575</b>	<b>\$ 1,824,050</b>	

\* Vehicle Utilization Criteria based on usage at 50 percent of average (6,500 miles per year)

\*\* Vehicle Utilization Criteria based on State of Texas minimum of 11,000 miles per year

Source: EBS FleetFocus M5 System (Unaudited)

<sup>1</sup> Average annual mileage (over the life of the vehicle) was calculated for vehicles that have been in service over one year (greater than 365 days). Vehicle downtime for the units is also listed since this could be a factor in low average annual mileage for some units.

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As of June 1, 2010, the majority of the vehicles that may be underutilized were leased to four City departments (see Table III below).

**Table III**

**Vehicles Less Than 11,000 Average Annual Mileage<sup>1</sup> by Department**

<b>Department</b>	<b>Average Annual Mileage Range 0-6,499</b>	<b>Average Annual Mileage Range 6,500-11,000</b>	<b>Total Vehicle Count</b>
<b>Dallas Police</b>	<b>245</b>	<b>238</b>	<b>483</b>
<b>Dallas Water Utilities</b>	<b>141</b>	<b>106</b>	<b>247</b>
<b>Code Compliance</b>	<b>73</b>	<b>114</b>	<b>187</b>
<b>Park and Recreation</b>	<b>57</b>	<b>85</b>	<b>142</b>
Public Works and Transportation	37	62	99
Equipment and Building Services	51	39	90
Dallas Fire-Rescue	24	60	84
Development Services	23	27	50
Street Services	10	16	26
Housing – Community Services	12	12	24
Aviation	14	8	22
Sanitation Services	5	11	16
Trinity Watershed Management	4	11	15
Court and Detention Services	2	9	11
Other	10	13	23
<b>Totals</b>	<b>708</b>	<b>811</b>	<b>1,519</b>

Source: EBS FleetFocus M5 (Unaudited)

According to the United States Government Accountability Office, industry best practices for cost-efficient fleets include developing utilization criteria. Utilization criteria provide management with a methodology to periodically evaluate and determine whether adjustments to fleet size or utilization are needed. If the evaluation suggests that vehicle utilization is not optimized, management can consider transferring vehicles among departments, creating vehicle pools that allow departments to share vehicles, dispose of certain vehicles, or defer the purchase of new vehicles.

Research indicated that vehicle utilization criteria could include factors other than mileage, such as vehicle age, usage as a percentage of working days, and special assignment. The following are utilization criteria proposed by or in use by others:

- The Matrix Consulting Group, management consultants for City, County and State governments, proposed using the average for a

class of vehicles to initially identify vehicles that are used 50 percent of the average. The City's average annual mileage for Categories 1 and 2 vehicles in service for over 365 days is approximately 13,000 miles per year. Therefore, using the 50 percent criteria, vehicles with less than 6,500 miles per year would be identified as potentially underutilized. Table II on page nine shows the potential cost savings for these vehicles if they were eliminated from the City's fleet.

- The State of Texas' (State) minimum use criteria are 11,000 miles annually with exemptions for: (1) Vehicles with manufacturer's Gross Vehicle Weight Rating (GVWR) of more than 8,600 pounds; (2) Law enforcement vehicles; (3) Vehicles purchased with Federal or Local funds; and, (4) Vehicles granted approved waivers. Table II on page nine shows the potential cost savings if City vehicles with less than 11,000 miles were eliminated from the City's fleet.
- The City of Oklahoma City's vehicle and equipment utilization policy requires the Equipment Services Division to annually develop fleet utilization standards based upon the average usage for each vehicle classification over an 18-month history. Utilization exception reports are developed based upon variance from the average utilization for each class. Division Heads are notified of all vehicles in their organizations that do not meet the utilization standards and orders for replacement vehicles in activities with low use units are put on hold.
- The City of Austin identifies underutilized vehicles as a light duty vehicle with less than 2,400 miles of use within the previous twelve months, estimated by fuel usage and based on historical average miles per gallon. A recent City of Austin internal audit report indicated that Austin had the lowest mileage criteria for underutilized vehicles of the entities included in their research. The report identified potential cost savings if they increased its underutilized vehicle criteria from 2,400 to 6,000 and 11,000 miles per year. One of the recommendations in the report is to "Analyze the vehicle needs of departments and use this information to establish reasonable criteria for defining underutilized vehicles."

Monitoring minimum use benchmarks provides fleet managers with an opportunity to evaluate whether a vehicle is justified by having the department present a business case for keeping the vehicle.

## **Recommendation I**

We recommend the Director of EBS work with other City departments to:

- Establish vehicle utilization criteria
- Periodically evaluate the City's fleet to ensure vehicle utilization is optimized

Please see Appendix V for management's response to the recommendation.

**Vehicle Make Ready and Disposal Processes Are Not Managed Efficiently**

Fleet vehicles are not efficiently managed through the make-ready and disposition stages of the vehicles’ life cycle. As a result, the City is incurring costs (depreciation) on vehicles that are not placed in service timely through the make ready process and is forgoing revenue from vehicle sales when auctions are not held within appropriate timeframes. Generally, the vehicle procurement process takes place from August to April, and vendor delivery is staggered throughout the year.

**Vehicles Are Not Placed in Service Timely**

Between model years 2006 to 2009, the average number of days elapsed from the Dallas Police Department (DPD) vehicles’ arrival date to the in-service dates ranged from a high of 349 days for model year 2007 vehicles to a low of 212 days for model year 2009 vehicles (see Table IV below). Although DPD vehicles require specialized equipment that is currently installed after arrival, such as light bars, sirens, computers, radios, racks, and antennas, the amount of time elapsed between the vehicles’ arrival dates and in-service dates does not appear reasonable.

<p style="text-align: center;"><b>Depreciation</b></p> <p>The systematic and rational allocation of the cost of a capital asset over its estimated useful life.</p> <p><b>Source:</b> Governmental Accounting, Auditing, and Financial Reporting</p> <p style="text-align: center;"><b>Fleet Terminology</b></p> <p><b>Arrival Date</b> – Date the vehicle has been delivered and accepted at the City’s Make Ready facility.</p> <p><b>In Service Date</b> – Actual date the vehicle is placed in service.</p> <p><b>Make Ready</b> – Process of preparing a vehicle for service, such as adding decals, sirens, computers, etc.</p> <p><b>Source:</b> EBS management</p>
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**Table IV**

**Average Number of Days Elapsed from Vehicle Arrival Date to In-Service Date For Dallas Police Department Vehicles (Model Years 2006 to 2009)**

<b>Model Year</b>	<b>Vehicle Count</b>	<b>Average Number of Days Elapsed</b>
2006	314	307
2007	349	349
2008	302	331
2009	27	212

**Source:** FleetFocus M5 data for vehicle model years 2006 – 2009 (Unaudited)

**Note:** Model Year 2010 vehicles were excluded because a majority of these vehicles were not in-service as of June 1, 2010.

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Specialized equipment is generally not required on other fleet vehicles; however, for model years 2006 to 2009, the average number of days elapsed from other City department vehicles' arrival dates to in-service dates ranged from a high of 187 days for model year 2009 vehicles to a low of 93 days for model year 2007 vehicles (see Table V below).

**Table V**

**Average Number of Days Elapsed from Vehicle Arrival Date  
to In-Service Date for Other City Departments**

Model Year	Vehicle Count	Average Number of Days Elapsed
2006	203	121
2007	116	93
2008	183	141
2009	96	187

**Source:** FleetFocus M5 data for vehicle model years 2006 – 2009, Categories 1 and 2, passenger cars and light trucks (Unaudited)

On March 12, 2010, auditors conducted an unannounced inventory of DPD vehicles at the make ready location, Hensley Field, and found 106 “new” vehicles on location. These vehicles were later compared to the FleetFocus M5 Unit Fixed Asset Report (Report) as of June 1, 2010. This comparison showed the following:

- Twenty-three DPD vehicles incurred \$70,915 in depreciation expense during the make ready process, from the vehicles' arrival dates to the in-service dates. The Chevrolet Tahoes arrived in September and October 2008 and were placed in service during April and May 2010. The Dodge Chargers arrived during September 2009 through February 2010 and were placed in service between April and May 2010 (see Table VI below).

**Table VI**

**Range of Days from Vehicle Arrival to Placed In-Service**

Vehicle Model	Vehicle Count	Range of Days Arrival to In-Service	Average Number of Days Arrival to In-Service
Chevrolet Tahoe	8	572-591	584
Dodge Charger	15	103-236	197

**Source:** FleetFocus M5 (Unaudited)

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- Seventy-eight DPD vehicles had incurred \$152,269 of depreciation expense and still had not been placed in service as of June 1, 2010. These vehicles had arrival dates between September 2008 and February 2010 (see Table VII below).

**Table VII**

**Range of Days from Vehicle Arrival to June 1, 2010**

<b>Vehicle Model</b>	<b>Vehicle Count</b>	<b>Range of Days Arrival to 06/01/2010</b>	<b>Average Number of Days Arrival to 06/01/2010</b>
Chevrolet Tahoe	13	245-611	345
Chevrolet Impala	24	293-308	304
Dodge Charger	41	105-243	127

**Source:** FleetFocus M5 (Unaudited)

- Five vehicles did not have either an arrival date in FleetFocus M5 or an arrival date on the windshield. As a result, the depreciation expense could not be calculated; however, the vehicles were still not in service as of June 1, 2010.

**Vehicles Are Not Disposed of Timely**

As of June 1, 2010, there were 489 vehicles in the “Prep for Sale” fleet status category; however, it had been almost nine months since the last vehicle auction, which was conducted September 3, 2009. At that time, the City sold 213 vehicles and realized \$328,764 after paying an auctioneer’s commission of \$13,698. Based on the average September 3, 2009 auction prices, the City could realize approximately \$560,695, less auctioneer’s commission, by selling the 489 vehicles. **Note:** Prior to publication of this report, EBS held a vehicle auction on September 15, 2010 and sold 209 vehicles realizing net revenue of \$447,888 (\$466,550 less auctioneer’s commission of \$18,662).

Best practices for vehicle life cycle management include the development of benchmarking or performance metrics, such as average number of days from purchase request to department notification of ready unit, “days to sale”, and ratio of resale or salvage value to original purchase price to manage and measure the efficiency and effectiveness of an organization’s goals and objectives for its vehicle fleet.

Prior to the publication of this report, the EBS added performance measures in the Fiscal Year (FY) 2010-2011 Proposed Annual Budget for the make-ready and disposal processes which are: (1) Percentage of units processed within 60 days after acceptance from vendor at 90 percent; and, (2) Increase the number of



auctions per year to three. Establishing these performance measures is an important step to improve the make ready and disposition processes.

## **Recommendation II**

We recommend the Director of EBS continue to improve the efficiency of fleet vehicle life cycle management by evaluating other benchmarks, such as financial measures, that would help the City reduce make ready costs and maximize vehicle disposal revenue. We also recommend the Director of EBS monitor and take corrective actions to maintain the fleet vehicles within established benchmarks.

Please see Appendix V for management's response to the recommendation.

## SECTION II: FLEET INFORMATION SYSTEM AND CONTROLS

### A Comprehensive City-Wide System to Track the Number and Status of All Vehicles in the City’s Fleet Does Not Exist

After an investment of approximately \$900,000, the City does not use the FleetFocus M5 software application to accurately and completely track the number and status (Ready Unit for Service, Active, Flagged for Disposal, etc.) of all vehicles in the City’s fleet nor can the City rely on the accuracy or completeness of the Fixed Asset Registry (see page 21) and other departmental tracking systems.

When FleetFocus M5 was implemented, the City did not: (1) Require that all City vehicles be included and tracked in FleetFocus M5; (2) Allow departments to actively manage vehicles by giving them access to FleetFocus M5; (3) Develop and communicate business rules to ensure departments use the software application consistently; (4) Include appropriate controls, such as periodic reconciliations and monitoring to ensure data integrity and reliability; and, (5) Provide sufficient training to FleetFocus M5 users.

#### Data Integrity

**Integrity** relates to the accuracy and completeness of information as well as to its validity in accordance with business values and expectations.

**Source:** Control Objectives for Information and Related Technology (CoBIT)

### FleetFocus M5 Does Not Contain Information for All City Vehicles

Departments are not required to use FleetFocus M5 to track all vehicles. Instead, departments are allowed to track non-leased vehicles in other departmental systems or spreadsheets and maintain duplicate systems for leased vehicles. The Dallas Police Department (DPD), the Department of Street Services (STS), and the Department of Sanitation Services (SAN) use duplicate systems to track leased vehicles. The Department of Aviation (AVI) and the Department of Park and Recreation (PKR) do not use FleetFocus M5 to track non-leased vehicles (see Table VIII on page 19). As a result, the information in FleetFocus M5 may not be accurate, complete, up-to-date, and reconciled to departmental systems. In the March 2010 report, AssetWorks noted, “Multiple systems tracking the same data creates confusing discrepancies when comparing data which results in further wasted productivity in reconciling the differences.”

### **Only Certain Departments Can Access FleetFocus M5 to Manage Vehicles**

One independent contractor and five City departments are established as separate “companies” within FleetFocus M5 which gives them software application rights to manage their vehicles: (1) AVI; (2) Dallas Fire-Rescue (DFR); (3) EBS; (4) PKR; and, (5) SAN. Although DPD’s vehicles comprise 32 percent of the City’s active fleet, DPD does not have software application rights to manage their vehicles.

The DPD would prefer to “actively” manage their vehicles because DPD has identified data integrity issues and other fleet management issues that impact the efficiency and effectiveness of DPD operations. The DPD would like the ability to access and update information in FleetFocus M5 so that they can correct known data integrity issues and better track the status of DPD vehicles. Because DPD has read-only access to FleetFocus M5, DPD has developed internal systems to enable DPD to more accurately track monthly vehicle inventory, mileage by vehicle, number of vehicles by model year, vehicle location, vehicle downtime by number of days, and scheduled replacement for vehicles with over 90,000 miles.

### **Departments Use FleetFocus M5 Inconsistently**

Departments are not required to capture the same information or use the software application’s functions consistently. For example:

- The DFR uses FleetFocus M5 to track vehicles, equipment, uniforms, supplies, employees, and buildings
- The AVI and PKR use FleetFocus M5 to track parts inventory

Table VIII

**Use of FleetFocus M5 and Other Vehicle Tracking Systems**

Departments	M5 “Company”	FleetFocus M5 Data Access	FleetFocus M5 Used to Track Department Vehicles	System Other Than M5 Used to Track Department Vehicles
Aviation	Yes	Read/Write/Modify	No	Yes
Dallas Fire-Rescue	Yes	Read/Write/Modify	Yes	No
Equipment and Building Services	Yes	Read/Write/Modify	Yes	No
Park and Recreation	Yes	Read/Write/Modify	No	Yes
Sanitation Services	Yes	Read/Write/Modify	Yes	Yes
Dallas Police	No	Read Only	Yes	Yes
Dallas Water Utilities	No	None	No	No
Street Services	No	None	No	Yes

Source: City Departments (Unaudited)

**Controls and Monitoring for FleetFocus M5 Are Not Adequate**

- The EBS does not have appropriate controls to ensure FleetFocus M5 data integrity and reliability. For example, FleetFocus M5 is not periodically reconciled to the Fixed Asset Registry or to other departmental systems (see Table VIII above and the finding, *FleetFocus M5 and the Fixed Asset Registry Are Not Reconciled*, on page 21).
- The EBS does not reconcile the status of the entire fleet to the status recorded in the FleetFocus M5 database. For example, 167 vehicles of the 358 vehicles in the “Ready Unit for Service” category, or approximately 47 percent, also show “In-service” dates.

As of June 1, 2010, the following status discrepancies were noted in the judgmental sample selected for testing:

- 26 vehicles sold at auction in September 2009 are still shown in FleetFocus M5 “Prep for Sale (24), “Active” (1) and “Hold for Reassignment” (1)
- 21 vehicles traded-in on January 13, 2010 are still shown in FleetFocus M5 as “Active”

### **FleetFocus M5 Training for Users Was Not Sufficient**

AssetWorks, the FleetFocus M5 vendor, recently conducted a review of the City's use of the software application. The results showed that the City is currently using 31 percent of the software application's functionality. The vendor also noted: "Given that very few City of Dallas M5 users have received formal M5 training, the level of EBS M5 utilization is higher than expected."

Maintaining multiple vehicle tracking systems to track the number and status of vehicles is inefficient and places the City in a position where it cannot be certain that any of the systems contain accurate, complete and reliable data for operational decision-making. If a customer, or department, needs a more "active" role in fleet management using FleetFocus M5, appropriate departmental security functionality can be granted to allow the department to manage their assets while maintaining standardized data definitions and promoting data extraction and reporting in standard data fields and fleet terminology.

Based on the September 9, 2009 City Council Agenda background for the FleetFocus M5 service contract renewal, there was an acknowledgement that the City could use FleetFocus M5 as a City-wide solution for tracking vehicles and for providing consistent and reliable data to improve operational efficiency. The agenda background noted: "a number of other departments could benefit from the functionality and management reporting from the system." Additionally, a study conducted jointly by EBS, DPD, and CIS showed that there were significant opportunities available within the FleetFocus M5 software application to improve fleet management and the associated in-service/out of service information to more effectively coordinate vehicle availability.

### **Recommendation III**

We recommend that the Director of EBS work with other City departments to use FleetFocus M5 as a comprehensive City-wide system to track the number and status of the vehicles in the City's fleet. We also recommend the EBS Director ensure that: (1) All City vehicles are included and tracked in FleetFocus M5; (2) Departments are given access to FleetFocus M5 to actively manage their vehicles; (3) Business rules are developed and communicated to ensure departments use the software application consistently; (4) Appropriate controls, such as periodic reconciliations and monitoring, are implemented to ensure data integrity and reliability; and, (5) FleetFocus M5 users receive sufficient training.

Please see Appendix V for management's response to the recommendation.

## **FleetFocus M5 and the Fixed Asset Registry Are Not Reconciled**

FleetFocus M5 and the Fixed Asset Registry are not reconciled. As a result, the City cannot ensure that vehicle information is accurate, complete, and reliable for decision-making. In addition, vehicle values and the associated depreciation may be misstated in the accounting records and in the City's Comprehensive Annual Financial Report.

### **Vehicles Recorded in FleetFocus M5 Are Not Recorded in the Fixed Asset Registry**

As of June 1, 2010, 133 vehicles with in-service dates ranging from April 10, 1979 through September 30, 2009, with a net book value of approximately \$1.3 million were not recorded in the City's Fixed Asset Registry. As a result, it appears that the number and value of vehicles owned by the City is understated in the Fixed Asset Registry. These vehicles are currently shown in the "Active" and "Flagged for Disposal" categories in FleetFocus M5.

### **Vehicles Recorded in FleetFocus M5 as Sold Are Still Recorded in the Fixed Asset Registry**

One hundred and ninety-eight "Sold" vehicles are still listed in the Fixed Asset Registry. As a result, the number and the net value of vehicles (vehicle cost less accumulated depreciation) owned by the City appears to be overstated by approximately \$1.3 million.

### **Vehicles Recorded in the Fixed Asset Registry Are Not Recorded in FleetFocus M5**

A confirmation request for 1,736 vehicles listed in the Fixed Asset Registry, but not contained in FleetFocus M5, was sent to departments to determine vehicle status.

- Two hundred and thirty-four vehicles were confirmed by EBS as having been sold. The EBS provided a listing of sold dates for these vehicles and the list was sent to the City Controller's Office for additional research.
- The status of 159 vehicles listed in the Fixed Asset Registry could not be found in FleetFocus M5. It is unknown if these vehicles are active, pending sale, or sold. The acquisition dates in the Fixed Asset Registry range from 1973 to 2007.

Until a physical inventory is done and FleetFocus M5 and the Fixed Asset Registry are reconciled, there is no assurance that FleetFocus M5 or the Fixed Asset Registry includes accurate, complete, and reliable vehicle information. Proper accounting requires the City to record and depreciate capital assets, e.g. vehicles. When vehicles are not recorded or not removed timely from the Fixed Asset Registry when sold, the accounting records and the City's Comprehensive Annual Financial Report do not accurately reflect the value and associated depreciation of City vehicles. Periodic reconciliations help to ensure that the data in both the Fixed Asset Registry and the FleetFocus M5 are accurate, complete, and reliable for decision-making.

### **Recommendation IV**

We recommend the Director of EBS conduct a physical inventory and ensure that the FleetFocus M5 is accurate, complete, and periodically (at least annually) reconciled to the Fixed Asset Registry.

We also recommend the City Controller obtain and review the EBS reconciliation and ensure that it is timely and that discrepancies, if any, are reasonably resolved.

Please see Appendix V for management's response to the recommendation.

## Background, Objective, Scope and Methodology

### Background

The Department of Equipment and Building Services (EBS) provides fleet management services for vehicles purchased by EBS and then “leased” to City departments. The EBS also provides fleet management services for some vehicles owned by other City departments. The EBS considers these “non-leased” vehicles.

According to the City’s Fiscal Year (FY) 2009-2010 Adopted Annual Budget summaries:

The EBS Fleet Asset Management group monitors the City’s fleet of approximately 5,200 vehicles. This includes activities, such as placing vehicles in service, tracking their status while in service, and removing them from service. The EBS also develops replacement criteria, bid specifications, and coordinates the replacement or addition of vehicles each year.

The Make Ready Service includes pre-delivery activities for newly purchased City vehicles, such as ensuring they each meet specifications, installing specialty equipment, addressing warranty issues, and processing/receiving state license plates. They are also responsible for vehicle reassignment and removing vehicles from service and preparing them for auction or salvage.

The EBS Fleet Management Services also includes maintenance and repair, paint and body shop coordination, parts management, fuel procurement, and other services. The City has eight fueling sites with storage capacity of over 750,000 gallons with annual fuel use of approximately 7.2 million gallons of unleaded, diesel, and compressed natural gas. Maintenance and repair service includes labor, parts, and commercial charges for the maintenance and repair of the City fleet. About 56,000 work orders are completed each year for both predictable and non-predictable maintenance and repairs, including preventive maintenance, inspections, remedial repairs, road calls, towing, welding, modifications/rebuild, etc.



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The EBS applies charge-back rates to recover fleet operation costs. In FY 2009, EBS billed a total of \$43.54 million to departments, of which \$13.92 million was for fuel charges.

**EBS Fleet Services Budget**

The FY 2010 Adopted Annual Budget to provide these fleet management services was \$51,974,501. Table I below shows the FY 2010 Adopted Annual Budget amounts by fleet management function.

**Table I**

**EBS Fleet Services FY 2010 Adopted Annual Budget**

<b>Fleet Management Functions</b>	<b>Budget</b>	<b>Full Time Equivalent Employees</b>
City Fleet Maintenance and Repair	\$ 22,196,684	167.9
Fuel Procurement and Management	20,911,671	11.2
City Fleet Paint and Body Shop	2,228,437	2.0
Environmental Services of City Fleet Operations	1,862,008	7.1
City Fleet Parts Management	1,800,148	30.2
City Fleet Make Ready Service	1,251,104	11.1
City Fleet Asset Management	1,026,746	3.2
City Fleet Tire Inventory and Repair	407,869	7.9
City Fleet Salvage Yard Operation	168,130	2.9
Equipment Rental Coordination	121,704	1.0
<b>Totals</b>	<b>\$ 51,974,501</b>	<b>244.5</b>

**Source:** FY 2010 Adopted Annual Budget (Unaudited)

**Fleet Management Software Application**

FleetFocus M5 is a web-based fleet management software application by AssetWorks that provides the software and remote computer production operations for the City. FleetFocus M5 tracks functions related to asset management, the maintenance of vehicles and equipment, including processing repair and preventive maintenance work orders, capturing operating expense (e.g. fuel, oil, and licensing), and offers billing and tracking for vehicle equipment usage. FleetFocus M5 is also used by the following cities: Austin, Texas; Houston, Texas; Portland, Oregon; Oklahoma City, Oklahoma; Phoenix, Arizona; Chicago, Illinois; and, other cities. The City of Dallas has used FleetFocus since September 2006.

## **Objective, Scope and Methodology**

This audit was conducted under the authority of the City Charter, Chapter IX, Section 3 and in accordance with the Fiscal Year 2010 Audit Plan approved by the City Council. This performance audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

The objective of the audit was to determine if there are adequate controls over certain fleet management operations. The scope of the audit primarily focused on fleet utilization and the fleet software application systems. We did not test the accuracy or completeness of the FleetFocus M5 data base.

The audit period covered January 2008 to June 2010; however, transactions and records before and after the audit period were reviewed to determine the accuracy and completeness of certain vehicle information in FleetFocus M5 and in the Fixed Asset Registry.

To achieve the audit objective, we performed the following procedures:

- Analyzed the 11,244 records in FleetFocus M5 as of June 1, 2010 and the 8,945 records in the Fixed Asset Registry
- Evaluated vehicle utilization for 3,190 vehicles in Categories 1 and 2 (passenger cars and light trucks)
- Calculated average annual mileage for vehicles that have been in service over one year (greater than 365 days)
- Compared certain FleetFocus M5 data to the Fixed Asset Registry
- Compiled fleet statistics from Fleet Focus M5
- Determined the number of days elapsed from Vehicle Arrival Date to In-Service Date and tracked the on-site inventory observed at the make ready facility to the Arrival and In-Service dates in FleetFocus M5
- Estimated vehicle auction proceeds using the prior auction proceeds by vehicle type and applied the amounts to the current vehicles being prepped for sale

**An Audit Report on –  
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- Reviewed EBS Fleet Services policies and procedures and interviewed selected EBS Fleet Services personnel
- Reviewed the FY 2010 Adopted Annual Budget and the FY 2011 Proposed Annual Budget for EBS
- Reviewed FY 2009 EBS Customer Leased and Non-Leased billing
- Examined the FleetFocus M5 data dictionary, table layouts, view layouts, and reporting guide
- Discussed FleetFocus M5 functionality with EBS and CIS personnel and obtained “read only” access to the FleetFocus M5 application
- Used the FleetFocus M5 application user-interface, as well as Open Data Base Connectivity, to directly access the FleetFocus M5 tables and views
- Reviewed the AssetWorks Management Review and Gap Analysis report
- Obtained input on Fleet Management Information Systems from other City departments

### City of Dallas Fleet Characteristics

The following tables show certain fleet characteristics for the EBS “leased” vehicles. The information is summarized by department, vehicle category, and vehicle status as recorded in FleetFocus M5. City departments “lease” vehicles from EBS which are then maintained by EBS. The vehicles are defined by category number, 0 through 9, according to the Gross Vehicle Weight Rating. Status is denoted in FleetFocus M5 by the current stage of the vehicle as it progresses from acquisition to service to disposal (see Table II below for the EBS leased vehicles and status by department).

Table II

#### EBS Leased Vehicles and Vehicle Status by Department

	Ready Unit for Service	Active	Flagged for Disposal	Hold for Reassignment	Replace at Later Date	Salvage Yard	Prep for Sale	Total
DPD	88	1,575	46	119	0	1	247	2,076
DWU	50	910	57	0	0	0	36	1,053
SAN	7	490	23	19	1	0	52	592
STS	4	431	13	17	3	1	31	500
PKR	4	351	0	44	0	0	23	422
CCS	13	330	12	4	0	0	16	375
EBS	183	194	6	23	3	190	52	651
PBW	4	186	2	13	0	0	8	213
DFD	1	124	2	1	0	0	14	142
TWM	1	87	4	0	0	0	0	92
DEV	2	75	0	23	0	0	1	101
AVI	0	38	0	0	0	0	2	40
HOU	1	32	1	1	0	0	3	38
CTS	0	21	0	0	0	0	2	23
DSV	0	11	0	0	0	0	0	11
MGT	0	11	0	0	0	0	1	12
POM	0	5	0	0	0	0	0	5
LIB	0	4	0	0	0	0	0	4
CCT	0	3	0	0	0	0	0	3
MCC	0	3	0	0	0	0	1	4
ATT	0	2	0	0	0	0	0	2
OTHER	0	3	0	0	0	0	0	3
<b>Totals</b>	<b>358</b>	<b>4,886</b>	<b>166</b>	<b>264</b>	<b>7</b>	<b>192</b>	<b>489</b>	<b>6,362</b>

Source: EBS FleetFocus M5 (Unaudited)

“Ready Unit for Service” are vehicles being prepared for service. “Active” vehicles are in-service vehicles. “Flagged for Disposal” are vehicles targeted for replacement and will then be held for reassignment or enter a disposal status of either “Salvage Yard” or “Prep for Sale.” “Hold for Reassignment” are vehicles which are considered inactive until they are reassigned to “Active” status or entered as “Salvage Yard” or “Prep for Sale”. “Salvage Yard” are disposal

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vehicles used for parts and “Prep for Sale” are disposal units being prepared for sale.

Vehicles are also identified by categories based on Gross Vehicle Weight Ratings (GVWR) (see Table III below).

**Table III**

<b>Vehicle Categories</b>		
<b>Category</b>	<b>GVWR</b>	<b>Examples of Vehicle Types by Category</b>
0	Trailers	Brush trailer, Air compressor trailer, 5 <sup>th</sup> wheel trailer
1	0-6,000	Police Marked Sedan, Administrative Sedan, Motorcycle
2	6,001-10,000	Standard Cab Pickup, Passenger Van, Sport Utility Vehicle
3	10,001-14,000	Flat Bed Truck, Utility Truck
4	14,001-16,000	Utility Truck, Crane Truck, Dump Truck
5	16,001-19,500	Flat Bed Truck, Bucket Truck
6	19,501-26,000	Dump Truck, Brush Truck, Refuse Loader
7	26,001-33,000	Dump Truck, Backhoe
8	Over 33,001	Dump Truck, Refuse Truck
9	Off-Road & Construction	Roller, Loader, Forklift

**Source:** EBS FleetFocus M5 (Unaudited)

**Note:** The vehicle type by category is not inclusive of all vehicles in the category.

Average number of years in service is also identified by GVWR category for the “Active” vehicles in the City’s fleet (see Table IV below).

**Table IV**

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

**Source:** FleetFocus M5 (Unaudited)

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Vehicles are tracked by category as well as status (see Table V below).

**Table V**

**EBS Fleet by Gross Vehicle Weight Rating and Status as of June 1, 2010**

Category	Gross Vehicle Weight Ratings	Ready Unit for Service	Active	Flagged for Disposal	Hold for Reassignment	Replace at Later Date	Unit in Salvage Yard	Prep for Sale	Total
0	Trailers	9	236	12	7	2	0	7	273
1	0-6,000	126	1,932	54	146	0	146	298	2,702
2	6,001-10,000	100	1,258	45	63	1	22	99	1,588
3	10,001-14,000	2	147	2	0	1	0	3	155
4	14,001-16,000	1	128	2	4	0	1	4	140
5	16,001-19,500	2	18	0	2	0	0	0	22
6	19,501-26,000	4	106	1	8	0	1	2	122
7	26,001-33,000	3	359	7	6	0	2	16	393
8	Over 33,001	17	375	22	6	1	16	21	458
9	Off-Road	25	319	21	14	2	1	26	408
	Not Assigned	69	8	0	8	0	3	13	101
<b>Totals</b>		<b>358</b>	<b>4,886</b>	<b>166</b>	<b>264</b>	<b>7</b>	<b>192</b>	<b>489</b>	<b>6,362</b>

**Source:** EBS FleetFocus M5 Report, June 1, 2010 (Unaudited)

## Appendix III

### Key Points – AssetWorks Recommendations

In 2009, the FleetFocus M5 vendor, AssetWorks, performed a Management Review and Gap Analysis to evaluate the City's use of FleetFocus M5. AssetWorks noted that the City is currently using only 31 percent of the software application's existing functions. AssetWorks' analysis indicated that if the City was to implement the high and medium priority recommendations, overall utilization of the application's functionality would increase from 31 percent to 65 percent. The results of this analysis are summarized below:

- Consolidate all City departments into one "Company" set-up in M5
  - All City Departments with vehicles should manage their vehicle assets and part inventories using M5 even if they are not maintained by EBS
- Improve network performance
- Import parts inventory data from legacy systems, e.g. Aviation – CMMS, CIS Radio Shop – Q & A, S2000 into M5. Eliminate multiple systems performing same function
- Implement M5 Preventative Maintenance Notifications feature, and Work Order Status Change Notifications feature for all departments
- Interface other systems with M5 to improve data accuracy, streamline processes, and avoid duplicate data entry (e.g. AMS, Performance Measures, CMMS)
- Provide adequate numbers of Shop Floor Computers in maintenance facilities
- Currently funded activities alone will not make a substantial improvement in overall M5 utilization

**Major Contributors to This Report**

Carol Smith, CPA, CIA, CFE, Assistant City Auditor  
Chris Kime, CIA, Project Manager  
Kevin Hannigan, CIA, Auditor  
Lee Chiang, Auditor  
Theresa Hampden, CPA, Quality Control Manager



## Management's Response

Memorandum

**RECEIVED**

DEC 02 2010

City Auditor's Office



DATE: December 1, 2010

TO: Craig D. Kinton, City Auditor

SUBJECT: Response to Audit Report: Audit of Fleet Management Services

Our responses to the audit report recommendations are as follows:

**Recommendation I:**

We recommend the Director of EBS work with other City departments to:

- Establish vehicle utilization criteria
- Periodically evaluate the City's fleet to ensure vehicle utilization is optimized

**Management Response / Corrective Action Plan**

Agree  Disagree

We do not have vehicle utilization criteria established. We do however, have replacement criteria established for certain types of vehicles such as Police squad cars and Sanitation garbage trucks. The current vehicle replacement policy will be incorporated into the new vehicle utilization criteria. The criteria will include mileage and other important factors to determine the need for a vehicle.

We will hire a procurement manager to develop a comprehensive asset management system to address the following: development of a vehicle utilization criteria policy, perform periodic audits to ensure the utilization criteria are being followed, conducting index city comparisons for benchmarking purposes, maximizing revenue opportunities, and serving as the in-house expert for the FleetFocus M5 data system.

**Implementation Date**

January 31, 2011

**Responsible Manager**

Cheritta Johnson, Assistant Director, EBS Fleet Services

**Recommendation II:**

We recommend the Director of EBS continue to improve the efficiency of fleet vehicle life cycle management by evaluating other benchmarks, such as financial measures, that would help the City reduce make ready costs and maximize vehicle disposal

## An Audit Report on – Fleet Management Services

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revenue. We also recommend the Director of EBS monitor and take corrective actions to maintain the fleet vehicles within established benchmarks.

### **Management Response / Corrective Action Plan**

Agree  Disagree

We will evaluate and implement the appropriate benchmarks needed for the city's fleet. We have increased the number of fleet auctions from one to three annually to maximize revenue. We will consider whether additional auctions are needed as the make-ready process improves.

### **Implementation Date**

January 31, 2011

### **Responsible Manager**

Cheritta Johnson, Assistant Director, EBS Fleet Services

### **Recommendation III:**

We recommend that the Director of EBS work with other City departments to use FleetFocus M5 as a comprehensive City-wide system to track the number and status of the vehicles in the City's fleet. We also recommend the EBS Director ensure that: (1) All City vehicles are included and tracked in FleetFocus M5; (2) Departments are given access to FleetFocus M5 to actively manage their vehicles; (3) Business rules are developed and communicated to ensure departments use the software application consistently; (4) Appropriate controls, such as periodic reconciliations and monitoring, are implemented to ensure data integrity and reliability; and, (5) FleetFocus M5 users receive sufficient training.

### **Management Response / Corrective Action Plan**

Agree  Disagree

EBS will notify departments, provide training and assistance to ensure that M5 is the city-wide system for all aspects of fleet management. EBS will ensure system controls are implemented to address the items listed above.

### **Implementation Date**

January 31, 2011

### **Responsible Manager**

Cheritta Johnson, Assistant Director, EBS Fleet Services

### **Recommendation IV:**

We recommend the **Director of EBS** conduct a physical inventory and ensure that the FleetFocus M5 is accurate, complete, and periodically (at least annually) reconciled to the Fixed Asset Registry.

"Dallas – Together We Do It Better!"

## An Audit Report on – Fleet Management Services

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We also recommend the **City Controller** obtain and review the EBS reconciliation and ensure that it is timely and that discrepancies, if any, are reasonably resolved.

### Management Response / Corrective Action Plan

Agree  Disagree

Each service center will conduct monthly physical inventory of vehicles in its area to ensure accuracy when compared to the M5 System and reconcile the difference if necessary.

### Implementation Date

On going

### Responsible Manager

Cheritta Johnson, Assistant Director, EBS Fleet Services

### Management Response / Corrective Action Plan

Agree  Disagree

The City Controller's Office will obtain a reconciliation of FleetFocus M5 to the Fixed Asset Registry as part of the year-end audit procedures. The department will also verify that all reconciling items are corrected in the Fixed Asset Registry for the fiscal year-end report.

### Implementation Date

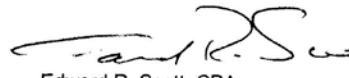
June 1, 2011

### Responsible Manager

Edward R. Scott, City Controller

Sincerely,

  
Carolyn McKnight Bray, Director  
Equipment and Building Services

  
Edward R. Scott, CPA  
City Controller

cc: Forest E. Turner, Assistant City Manager  
Jeanne Chipperfield, Chief Financial Officer  
Cheritta Johnson, Assistant Director, EBS