

**DEPARTMENT OF ADMINISTRATIVE SERVICES
FLEET SERVICES DIVISION**

AUDIT OF FLEET MAINTENANCE AGREEMENT

MAY 2003

Prepared by:
Internal Audit Division
Clerk of the Circuit Court

May 30, 2003

The Honorable Daryl McLain,
Chairman
The Board of County Commissioners
Seminole County, Florida
1101 East First Street
Sanford, FL 32771

Dear Mr. Chairman:

I am very pleased to present you with the attached audit of fleet services agreement under the administration of the Administrative Services Department.

Management's responses have been incorporated into the final report. It is our opinion that Fleet effectively is administering the contract and is committed to providing the county with an efficient fleet maintenance program. The administrative controls over the contract are adequate and operating in effectively in accordance with county policy and other applicable regulations.

I would like to thank the men and women of the Fleet Services Division for their cooperation and assistance throughout the course of this audit. I especially would like to acknowledge the help of Ms. Ruth Alfson. The assistance is deeply appreciated. With warmest personal regards, I am

Most cordially,

Maryanne Morse
Clerk of the Circuit Court
Seminole County

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**Seminole County
Administrative Services Department
Fleet Services Division**

Audit of Fleet Maintenance Agreement

The Internal Audit Division of the Office of the Clerk of the Circuit Court has completed an audit of the fleet maintenance agreement between Serco Management Services, Inc., hereinafter referred to as "Serco", and Seminole County government.

PURPOSE

The purpose of the review was to determine compliance with the terms and conditions of the Fleet Maintenance Agreement (RFP-486-00/BJC); and to determine if the internal administrative controls over the contract are adequate and operating effectively in accordance with county policy and other applicable regulations.

BACKGROUND

The Fleet Services Division is staffed with three professionals who are responsible for administering all fleet management activities, including: establishing procedures for vehicle specifications; assignments; acquisitions; registration and licensing for all vehicles; and fleet maintenance.

On November 29, 2000, the county entered into an agreement with Serco for twenty-one months, at a cost of \$5,903,925.00. The contract allowed for an additional two-year renewal period, which was extended on July 25, 2002, with an increased cost of \$7,036,583.04.

Serco is responsible for ensuring that all maintenance activities are performed in a manner consistent with the terms and conditions of the contract. During the period January 1, 2001 through September 30, 2002 Serco completed work orders for preventive maintenance totaling \$5,903,925.00. The contractor also processed work orders for work outside the contract (non-preventive maintenance) for \$1,303,085.28. The total cost to the county was \$7,207,010.28.

The results of the audit are included in the report that follows:

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SCOPE

The scope of this audit included a review of business practices relating to the Fleet Services Division. We examined transactions and documentation for the period January 2001 to September 30, 2002. Specifically, the purpose included an examination of contractor monthly bills for accuracy, classification of services rendered and costs incurred.

The audit included:

- Review of procedures being used to ensure compliance with the contract and with county policy, Florida Statutes, and other applicable regulations;
- Review of internal controls to ensure that billings, are correct, in the right amount, and submitted in a timely manner;
- Review of the terms and conditions of the contract;
- Review of the electronic record keeping and reporting system for all services performed under the agreement;
- Interviews with county personnel; and,
- Any other procedures considered necessary under the circumstances.

The audit was performed by Bill Carroll and Gail Joubran.

OVERALL EVALUATION

It is our opinion that Fleet effectively is administering the contract and is committed to providing the county with an efficient fleet maintenance program.

The administrative controls over the contract are adequate and operating effectively in accordance with county policy and other applicable regulations. However, the following issues warrant management's attention:

FINDING NO. 1

Some terminated employees are still on the authorized vehicle user list.

Fleet maintains a list of employees authorized to use a county vehicle. This list is used to monitor vehicle usage, to keep a current record of those employees covered by the group insurance plan and to ensure that there is control over who is authorized to fuel vehicles.

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Internal Audit compared authorized vehicle listings with the listing of current county employees. One hundred thirteen terminated employees were still listed as authorized vehicle users. A list of these employees along with their termination dates was furnished to Fleet for investigation into the possibility of improper fuel usage. Fleet immediately took corrective action to remove the names from the authorized vehicle user list and was able to assure Internal Audit that no former employee had used gas inappropriately.

By not keeping and comparing updated employee and authorized user lists, there exists the possibility for misappropriation of fuel usage, lack of proper insurance coverage, or over coverage resulting in the county paying excess insurance premiums.

Recommendation

Human resource should establish a written procedure to notify Fleet, weekly, bi-weekly, or monthly of terminated employees. Fleet should deactivate names from the authorized vehicle list and update insurance lists.

Management Response

Fleet Services concurs. We have worked with Human Resources to correct this problem.

FINDING NO. 2

Some vehicles are not being serviced in accordance with the preventative maintenance schedule established by Fleet.

To maintain the county fleet, a preventative maintenance schedule is disseminated to the various divisions, so that the vehicles can be brought in for regular service.

The three goals of having a maintenance schedule are:

- First, provide an internal schedule for the mechanics;
- Second, ensure that vehicles are maintained in a manner that minimizes the expense to the county; and,
- Third, provides advance notice to divisions on when to service vehicles. By not maintaining a schedule, a backlog of vehicles may arise, leading to costly inefficiencies.

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Internal Audit reviewed the preventative maintenance history report and noted 138 vehicles were not being serviced in accordance with the preventative maintenance schedule.

Planned Corrective Action

The Fleet Manager recognizes that it is an ongoing battle to get users to bring their vehicles in with accordance to the schedule. To ensure that division managers are adequately notified of upcoming preventative maintenance, Serco is now sending e-mails as a reminder. This new procedure went into effect on October 17, 2002. We believe this new procedure will be an effective tool if division managers schedule the vehicle in accordance with the guidelines being furnished.

Recommendation

1. Proceed with plans to send reminder e-mails to division managers to ensure that all vehicles are maintained in accordance with the contract.
2. Serco should submit a formal monthly report to the Fleet Manager all issues of non-compliance with division management.

Management Response

Fleet Services concurs. We also agree that our new e-mail notification system has helped in getting Fleet users to bring their vehicles in for service. However, Fleet continues to look for ways to effectively manage this process and has instituted a monthly report to division managers allowing them to keep up to date on which vehicles have received service and which are past their service date.

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