

**SEMINOLE COUNTY  
FLEET SERVICES DIVISION**

REVIEW OF ACQUISITION, AND  
UTILIZATION OF COUNTY VEHICLES

June 18, 1998

Prepared by:  
Internal Audit Division  
Clerk of the Circuit Court

June 18, 1998

The Honorable Randall C. Morris,  
Chairman  
The Board of County Commissioners  
Seminole County, Florida  
1101 East First Street  
Sanford, Florida 32771

Dear Mr. Chairman:

I am very pleased to present you with the attached audit of the Acquisition, and Utilization of County Vehicles.

The audit was performed October 8, 1997 through March 13, 1998, in accordance with generally accepted government auditing standards. Management responses are incorporated into this report.

I would like to thank County staff for their cooperation and assistance throughout the course of the audit. Their assistance is deeply appreciated.

With warmest 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**

**REVIEW OF ACQUISITION, AND UTILIZATION OF COUNTY VEHICLES**

The Internal Audit Division of the Office of the Clerk of the Circuit Court has completed a limited review of the activities and operations of the Fleet Services Division of the Seminole County Administrative Services Department.

**PURPOSE**

The purpose of the review was to determine if the administrative controls over vehicle acquisition and utilization are adequate and operating as intended in compliance with applicable laws, regulations, and other Seminole County policies and procedures. Specifically, the purpose of the review was to determine if vehicle purchases are subject to fair and open competition, and if vehicle utilization is sufficient to justify new and replacement purchases.

**BACKGROUND**

The Seminole County Fleet Services Division employs a full time staff of three, and operates on a budget \$2,287,855. This division is responsible for ensuring efficient operation of all county-owned vehicles, stationary generators, and portable equipment. This review was confined to those specific duties associated with county vehicles.

Fleet Services develops all necessary vehicle specifications for use by the Purchasing Division. In addition, Fleet Services is responsible for recommending vehicle assignments, administering maintenance contracts and disposing of used vehicles at public auction.

The vehicle acquisition process generally begins in February. User departments submit to the Office of Management and Budget (OMB) a preliminary budget preparation form. OMB forwards a copy of the form to Fleet Services for review and recommendation. Fleet Services performs a review of past maintenance history of the department's assigned vehicles and recommends to OMB to either "replace" or "retain those vehicles. If Fleet Services does not concur with a recommended replacement, then the department must defend its request to OMB. Once made, the preliminary budget is submitted to the county manager for review and approval, and finally, to the county commission for adoption. Fleet Services is responsible for approximately 331 vehicles (sedans/light duty trucks). Vehicle replacement criteria outlined in the Fiscal Year 1997/1998 County Budget is based on seven year and 70,000 mile schedule.

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The Seminole County Vehicle Use Policy and Procedure Manual, dated December 11, 1992, establishes the operational guidelines and policies related to the operation of county vehicles. Specifically, county vehicles are to be used to conduct official county business; and in such a way as to ensure the highest return available for capital, operating and maintenance dollars.

### **SCOPE**

The scope of this audit included an examination of the county's vehicle acquisition and usage records between Oct. 1, 1995 and September 30, 1997. During that period county records indicate that there were 331 vehicles (sedans and light duty trucks) in service, with an estimated value of \$6.3 million. All source documents related to the vehicle acquisition and utilization process were subject to review.

The review included:

- Review of the County's acquisition and usage records for compliance with established purchasing policies and procedures, Florida State Statutes, and other applicable government regulations;
- Review of vehicle purchases to ensure fair and open competition and properly justified;
- Review of utilization records to ensure vehicles are properly justified;
- Interviews of key personnel; and,
- Other such review procedures considered necessary in the circumstances.

Fieldwork began October 8, 1997, and was completed on March 13, 1998. The review was performed by Bill Carroll and Ray Mobley.

### **OVERALL EVALUATION**

It is our opinion that the Fleet Services Division is committed to providing an effective and efficient fleet management program, while striving to improve daily operations. We noted that the division effectively coordinates with division heads on vehicle requirements, and often provides advice to county management on ways to reduce costs.

Certain conditions exist, however, that illustrate that the county might have a surplus of vehicles. Our opinion is based on the following conditions, which warrant management's attention.

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- Some vehicles have logged low annual mileage;
- Division managers are not required to formally justify why they are asking the county to buy new vehicles;
- No policy has been established regarding what type of vehicles and accessories a division is entitled to order;
- No standards have been established to gauge proper vehicle usage;
- No management reports are currently available to monitor vehicle usage; and,
- Some vehicles are not properly identified.

Based on these conditions, it is our assessment that the county should reevaluate the number of vehicles in service; publish a new policy and procedures manual listing a specific criteria or standards for vehicle usage and assignment; grant Fleet Services the authority to reassign vehicles when necessary in order to maximize utilization, and implement a program to monitor vehicle usage. Our detailed findings and recommendations follow:

### FINDING NO. 1

#### **Finding**

#### **Some vehicles have logged low annual mileage.**

Vehicle expenses fall into two primary categories; operating costs and ownership costs. Gas, oil, maintenance, and tire expenditures are classified as operating costs; these expenses are incurred relative to the number of miles a car is driven. Depreciation and insurance costs, on the other hand, are classified as ownership costs; these are incurred regardless of how often the vehicle is used. The cost per mile to own and operate a county vehicle is the total costs (operating and ownership) incurred for the year divided by the number of miles the car is driven for the year. Therefore, the higher the miles per year a car is driven, the more efficient the car is utilized and the lower the cost per mile.

We reviewed county mileage records to determine if county-owned vehicles are being used in an efficient and economical manner. From this review, we determined that 49 of 331 (15 percent) passenger and light duty trucks had logged an average of less than 4,000 miles per year. Another 117 of 331 (35 percent) logged an average of more than 4,000 miles per year but less than 8,000; and 109 of 331 (33 percent) had logged an average of more than 8,000 miles per year but less than 12,000. Four thousand miles per year represents just 16 miles per (work) day.

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We also interviewed a sample of employees to determine if the vehicles they were driving were being used to simply attend meetings, or to carry tools, or if it was possible for some of these employees to share vehicles with other employees. Fourteen of 22 (64 percent) employees responded that they used their vehicle primarily for transportation to meetings. The other eight employees were using their vehicles to carry special equipment, parts and tools or emergency rescue equipment.

Although, it is not always practical for employees to use their own personal automobiles for county business, we determined that the county would save money by reimbursing employees to use their own vehicle if they only need a vehicle on a casual basis, or less than 12,000 miles per year, 16,000 miles per year for light duty pickup truck.

Based on Fleet records, it costs approximately \$3,500 (depreciation \$2,300, maintenance \$600, and fuel \$600) a year to operate a passenger sedan. The cost of reimbursing an employee at 29 cents per mile for 12,000 miles is also around \$3,500. For a light duty pickup truck it costs approximately \$4,600 (depreciation \$3,400, maintenance \$600, and fuel \$600) per year. The cost of reimbursing an employee for 16,000 miles is also around \$4,600. Therefore, for a casual user who only drives 4,000 miles per year, the county could reimburse this employee for \$1,160. On the other hand, if the county had to furnish this employee with an automobile, it would cost approximately 78 cents per mile (\$2,300 depreciation, \$200 gas, \$600 maintenance) or \$3,100 per year.

### **Recommendation**

1. The county should reassign some of the vehicles with low mileage to other departments that have a need for a vehicle.
2. The county should allow employees who use vehicles only on a limited basis to use a "pool" vehicle; or reimburse these employees for use of their own personal vehicle.

### **Management Response**

We concur that some vehicles have logged low annual mileage. We have taken steps to correct this issue. In November of this fiscal year, with the support of the County Manager's office, we undertook a comprehensive analysis of the usage of light duty cars and trucks. Based on this analysis, ten vehicles were removed from low mileage areas and used to satisfy 97/98 budgeted vehicle requests, 98/99 vehicle requests, or moved to high-end users. This analysis allowed the County to save an estimated \$161,000 by not purchasing some of the vehicle replacements budgeted. We plan on continuing to provide this analysis to County management on an annual basis.

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We are also trying to encourage the use of “pool vehicles”. Based on our analysis Public Works has assigned multiple drivers to some vehicles to insure a higher level of use. We, however, would caution against mileage being the only criteria for providing a vehicle. In many cases the County has what could be termed specialty vehicles that may log lower mileage but are required for the employee to complete their assignments.

### **Auditor Comment**

We are pleased that the county is taking some steps to reassign vehicles. To prevent or minimize departments from having too many vehicles in the future, the county needs to adopt and enforce sound policies. The county also should define, specifically, the need and function of so-called “specialty vehicles”. Those definitions should be reviewed periodically by the BCC. In Finding No. 2 we address this issue in much more detail.

## **FINDING NO. 2**

### **Finding**

**Division managers are not required to formally justify their requests for vehicle purchases or replacements.**

Once a year, division managers send a “wish list” to OMB of vehicles they want the county to buy. A copy of the list is forwarded to Fleet Services for its review. If the requests “appear” reasonable to both OMB and Fleet Services, the County Manager and the Board of County Commissioners add the vehicles to the budget, for approval.

During 1997, division managers submitted requests to purchase seven passenger vehicles and twenty-one light duty trucks valued at over \$600,000 combined. Twenty-four of twenty-eight (86 percent) requests were not adequately supported with a written justification. We found no documentation, no letter, no memorandum, analysis, or schedule supporting the requests. Fleet Services determined that eight of the 28 vehicles recommended for replacement were still in good physical condition and not ready to be replaced.

Seminole County Vehicle Policy and Procedure manual dated December 11, 1992 states in very general terms that departments or divisions are responsible for submitting requests for vehicle purchases and replacements. Although the procedure assigns this responsibility to them, the division managers are not required to submit a thorough analysis of the actual and planned usage of the vehicles. Some divisions simply stated in their budget submittals to OMB that the additional vehicle purchases are based upon authorization of a new employee; with no explanation or analysis as to how the new vehicle would be used, or even if the new employee would be assigned to drive it.

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We noted five instances in which a division asked to replace an existing vehicle, based solely on the age of the vehicle, or its recorded mileage:

- In its 1996/1997 budget submittal, the Engineering Division asked to replace a 1989 Chevrolet Celebrity assigned to it; yet the Celebrity had logged a total of just 26,313 miles in seven years, and records indicate that it had been driven only 194 miles in the previous six months. No reason was given, any documentation supplied, to justify the request, and Fleet Services ultimately transferring the Celebrity to the Central Vehicle Pool. This same division asked to purchase a Ford Explorer to replace a 1987 Ford Bronco with just 62,810 miles;
- Traffic Engineering asked to purchase a Ford Explorer valued at \$28,000 to replace a 1991 Chevrolet sedan. The sedan had logged a total of 52,910 miles in six years. No reason was given to justify replacing a (relatively) low-mileage sedan with a four-wheel drive Explorer. This same division requested replacing a 1987 F-150 with only 50,997 miles, a 1990 F-150 with only 65,000 miles, and a (relatively new) 1991 Ford Aerostar with only 73,683 miles.

Without a written policy or criteria requiring the divisions to submit a thorough written evaluation or justification, the county runs the risk of needless procurement.

### **Recommendation**

The county should adopt a policy and establish criteria requiring a thorough written evaluation or justification prior to approval of additional county vehicles and/or replacement vehicles; and,

### **Management Response**

We disagree with this finding. Current policy requires departments and divisions to submit requests for replacement or new vehicles. These requests are submitted as part of the budget process. Requests are submitted to the Fleet Specifications Coordinator. On replacements, Fleet reviews the vehicle age, general condition, mileage, and recent repair costs. Once this analysis is completed Fleet will recommend that the vehicle be either retained or replaced. These recommendations are then forwarded to the Department of Fiscal Services (previously known as the Office of Management and Budget).

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For new vehicles, the Department or Division requesting a new vehicle is responsible for inputting into their budget the vehicle cost and justification, as per 1997/1998 Budget Preparation Manual. The request then becomes part of the overall budget process and can then be either supported or denied through the process. If further clarification were needed, it would be asked for during this process. Fleet supports this process by recommending appropriate vehicles for the expected use.

However, understanding the concern raised by the auditors, Fleet will work with the Department of Fiscal Services to develop a form for departments to use during the budget process to justify new vehicles. The form will assist the County in obtaining more written information on vehicle requests. We will work to implement the form in the 99/00-budget cycle.

### **Auditor Comment**

In November, the County Manager was alerted to indications of a surplus of vehicles (refer to management response to Finding No. 1). Ten vehicles valued at \$161,000 were immediately reassigned because the departments could not explain (i.e. justify) why they needed the vehicles. (Complete) documentation does not exist explaining how these vehicles were initially justified.

The audit finding is quite simple. Division managers are not required to formally justify their requests for vehicle purchases or replacements. For example, one request received for an Explorer (4x4) included just a simple statement on the budget submittal form "Environmental Specialist I". No explanation provided on why the Explorer was required. Another request was for two Explorers and had the simple explanation "Stormwater Team – CIP #944-01. Another request for an Explorer stated "Vehicle is used for off road and major road widening projects". Other requests for new vehicles had no explanation at all. By having a very informal process whereby division managers are allowed to simply ask for new vehicles, or to replace vehicles, without formally documenting why the vehicles are needed contributes to needless procurement.

We continue to recommend establishing a policy requiring division managers to thoroughly justify, in writing, why they are asking county taxpayers to fund specific vehicle purchases.

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### FINDING NO. 3

#### **Finding**

**No guidelines have been have been established to specify what make or model, or which accessories, a division may be entitled to order.**

When the division managers prepare their annual “wish list” to be included in the annual budget, they do not follow any sort of guide or outline in determining the type of vehicle to order, or with which accessories. Divisions can ask for any type of vehicle with any type of accessories as long as it “appears” reasonable to OMB and Fleet Services. They can request a basic sedan, a pickup truck, a pickup truck with an extended cab, a “fully loaded” 4-wheel drive sport utility vehicle, a cargo van, a passenger van, a full size administrative passenger vehicle and a mid sized administrative passenger vehicle. The costs of these vehicles range from \$16,000 to \$28,000.

The Storm Water Division requested and received two Ford Explorers (XLT packages). These upgraded versions cost an additional \$2,200 (\$1,100 per vehicle) over the base \$23,568.00 base sticker price included power windows, power locks, stereo cassette package, tilt steering wheel, and roof racks. There was no documentation submitted to justify why the division needed upgraded vehicles. Traffic Engineering requested a Ford Explorer to replace a 1989 Chevy station wagon. While the station wagon had logged 82,610 miles, no reason was given to justify replacing a station wagon with an Explorer. On six other occasions, divisions asked the County to purchase Explorers (base sticker price \$23,568.00); Fleet Services, familiar with how those particular vehicles were going to be used, suggested downgrades to Ford F-150 XLTs (base sticker price \$18,230.00) to save money. We commend Fleet Services for saving the county over \$32,000.

Without a written policy establishing a “guideline” for managers to adhere to when asking for new vehicles, the county runs the risk of over-procurement.

#### **Recommendation**

The county should establish criteria that must be met in order for a department to be eligible to order certain classifications of vehicles, or certain accessories.

#### **Management Response**

Fleet Services agrees with the finding but does not agree with the associated recommendation. Currently, Fleet analyzes all vehicle requests on an individual basis. Any requests for special features, such as the off-road package, 4-wheel drive, extended cab, etc. are reviewed by Fleet and can be supported or denied by Fleet during the budget process. This allows Fleet to appropriately match a

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vehicle to its intended use. The auditors finding supports the way the process works by showcasing the fact that Fleet Services saved the County \$32,000 by down-grading requests for Ford Explorers. We support the idea behind the recommendation but do not think a written policy could adequately address the variety of needs the County has and that these needs are much better handled on an individual basis. Therefore, we will continue to address this issue on an individual basis but will adopt the new form referenced in Finding 2 to separate base vehicle requests from requested special features. This will assist fleet in analyzing each feature on an individual basis. It should also be noted that in the 1998/1999 Budget Preparation Manual certain vehicles are not allowed for specific departments or special use, such as the Ford Explorer or Crown Victoria.

### **Auditor Comment**

Allowing accessories and upgrades to be ordered and approved in an informal, unspecific (and undocumented) case-by-case manner gives rise to a specter of waste and favoritism. Therefore, our recommendation stands.

## **FINDING NO. 4**

### **Finding**

**No standards have been established to gauge proper vehicle usage.**

According to the Seminole County Vehicle Use Policy and Procedure Manual, divisions are responsible for monitoring vehicle usage. Procedure 4 (A) states that department and divisions have primary responsibility to ensure proper utilization of their assigned county vehicles. Further, Section 5 Review/Reporting states. "...it is the responsibility of the affected Department Director and the County Manager to monitor and control the utilization of all County owned vehicles. All permanent vehicle assignments shall be reviewed annually and those not meeting the established criteria shall be revoked." Although this procedure assigns responsibility, it does not provide specific direction or guidelines as to a standard that should be used to evaluate whether vehicles are being properly utilized.

With a little more than 50 percent (166 of 331) of the vehicles logging less than 8,000 miles per year or (30 miles per day), the need for a "mileage standard" to gauge proper vehicle usage is obvious. Mileage standards are designed specifically to ensure that vehicle resources are assigned fairly and equitably to all divisions. We recognize that there are certain situations whereby a mileage standard may not always be applicable.

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**Recommendation**

1. Update the Seminole County Vehicle Use Policy and Procedure manual dated December 11, 1992. It is suggested that the county establish a mileage standard for the assignment of a county vehicle. Further, vehicles not exceeding annual mileage standard should be specifically justified by a division manager or should be reassigned to another division. Employees who travel on a limited basis should be required to use a pool vehicle or use their own personal vehicle and be reimbursed for their mileage;
2. Submit those vehicles not being used for auction so that the county realizes the cash flow from the sale; and,
3. Grant Fleet Services authority to reassign vehicles on a regular basis as needed to maximize the useful life of the vehicles.

**Management Response**

We concur with portions of the finding and associated recommendations. We also agree that one County mileage standard may not be applicable. The Current County mileage average for light cars and trucks is approximately 8,700 miles annually. Many County vehicles are used in what could be called "specialty applications." These applications included inspection services, grounds and facilities maintenance, and community programs. In each of these applications the vehicle is critical to the job function but may not log the set standard of miles. We feel a better approach is the one taken this year. Which was to analyze vehicle usage, to look closely at any vehicle logging less than 5,000 miles, and work with departments to determine where better efficiencies could be obtained. As stated in Finding 1, we expect to continue this approach annually. Based on this annual study Fleet Services will recommend to the County Manager the reassignment of vehicles.

**FINDING NO. 5****Finding**

**Management reports are not always prepared to monitor the manner in which employees are using vehicles.**

Management reports are not being prepared in accordance with Procedure B (1) of the Seminole County Vehicle Use Policy and Procedure manual. Procedure B (1) states, in part, a monthly vehicle report inclusive of accumulated vehicle mileage; monthly mileage and fuel costs per mile will be prepared to monitor usage. Procedure B (2) states that "... Department Directors/Division Managers

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will review monthly vehicle usage report and advise Fleet Services Specification Coordinator of any discrepancies, omissions etc. and monitoring and control utilization of all county vehicles assigned to their area.”

We also noted vehicle usage logs are not used. Vehicle usage logs serve as a management tool in order to verify that vehicles are being used for bona fide business reasons. The logs also provide a historical pattern that management can see how vehicles are being used and how often and can be used to schedule when vehicles are needed. A review of logs over time may reveal that either some vehicles are not needed or certain employees can share vehicles. In our opinion, an effective log includes the name of the person using the vehicle, the destination, and the time.

### **Recommendation**

1. The county implements a mileage log to provide historical pattern that management can use to schedule vehicles. The mileage log should include: the name of the person using the vehicle, the destination, and the time; and,
2. Develop a management report to be used as a tool for monitoring vehicle usage.

### **Management Response**

We concur with this finding. Management reports have not been prepared on a regular basis. Fleet Services’ antiquated fleet software made publishing the reports on a monthly basis cost and time prohibitive. We did however provide the reports on a limited, as requested, basis.

We are in the process of updating our software and hope to be able to provide the reports in a more timely manner. We would like to provide the reports to Department Directors on a quarterly basis. We plan on updating the Policy and Procedure Manual to reflect this change. Per the policy, Department/Divisions have primary responsibility to ensure proper utilization of their assigned vehicles. We therefore feel that the recommendation to use mileage logs should be left to the discretion of the Department Director. However, Fleet will recommend the use of the log in the new policy and procedure manual. Please note that currently the logs are used in all pool vehicles.

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## FINDING NO. 6

### **Finding**

**Some vehicles were observed without a County Vehicle Identification Number.**

<b><u>Vehicle Registration Number</u></b>	<b><u>Make/Model</u></b>	<b><u>Comment</u></b>
140047	Plymouth Voyager	No ID
110143	Crown Victoria	No ID
92016	Crown Victoria	No ID
123928	Ford Van	No ID
51680	Ford Bronco	No ID

### **Recommendation**

Arrangements should be made to have Identification Numbers and county logos added to the outside of these vehicles.

### **Management Response**

Current process is to tag all units with a BCC# before delivery to the appropriate department. Our records reflect that these five vehicles were assigned BSS numbers and an identification tag was placed on the steering column. Marv Van Wormer personally checked all five cars to insure that tags were currently in place. We think the confusion with these vehicles may have arisen because they do not carry external County logos. We will review the logo status on these vehicles and apply logos where appropriate. However, due to the concern raised in the audit, we will incorporate a reminder to all employees in the new fleet policy manual not to remove the tag or county decals.

## OTHER MATTERS

### **Recommendation**

**Consider both ownership and operating costs when procuring new vehicles.**

We performed a limited review of cost associated with buying vehicles from different manufacturers. We made a comparison of the cost of a Ford Explorer versus a Chevy Blazer. We found that the specifications on these two vehicles were very similar and both included the same warranty.

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The Chevy Blazer was more fuel-efficient with the manufacturer reporting an additional five miles per gallon. Five more miles per gallon results in a fuel cost savings of approximately \$1,000 over the life of the vehicle. We then compared prices set forth in the Sheriff's contract with prices quoted from local dealers and found that the Chevy Blazer could be purchased for approximately \$2,000 less. These savings are not material if the county only purchased one vehicle. However, the savings are substantial with the county continuously replacing vehicles over a 7 year, 70,000 cycle. We are not suggesting that the county favor one specific manufacturer over another; however, we are suggesting that by saving \$2,000 to \$3,000 by shopping comparable makes and models over a 20-year period, the county could receive the benefit of a positive cash flow between \$600,000 to \$1,000,000.

### **Management Response**

We do consider both ownership costs and operating costs when procuring vehicles. We cannot comment on the example used because we are unsure of the make and model used for the comparison; but gas mileage is just one consideration of these costs. Engine size, wheelbase, tire size, the transmission, the suspension system, etc. are also items that need to be considered because they can impact the life to the vehicle.

### **Auditor Comment**

We agree that engine size, wheelbase, tire size, transmission, suspension and "etc." are all factors that can impact the life of a vehicle. However, no documentation exists that shows the county ever considered any of these items in the selection process.

### **Recommendation**

#### **The County should reevaluate their policy regarding 24-hour vehicle assignments.**

Policy E.4 C states that if the employee is an administrative or executive position, which requires regular or weekend and/or evening attendance at public meetings or functions, they qualify for a vehicle. There are currently 49 vehicles that are authorized to be taken home. Eighteen of forty-nine (38 percent) are passenger vehicles. Although, we understood there may be a need for some employees who are "on call" to bring a vehicle home, we do not believe the original intent of the policy was for so many employees to be granted 24-hour use. Cost savings could be realized if the policy was rewritten and the number of 24-hour vehicle assignments was reduced.

**Management Response**

We concur with this finding. Currently Fleet is in the process of reviewing all 24-hour vehicle assignments and will be forwarding the finding to County Management at the end of the summer. We will also review this section closely when developing the new fleet policy manual.

**FINAL COMMENT**

Fleet Services management is in the process of proposing some new changes on the way they will be conducting business in the upcoming year. These changes will impact all divisions. The new policies will effect the way divisions ask for new vehicles as well as provide guidance to the managers on how to monitor proper vehicle usage. The new policy manual, in our opinion, should be a countywide initiative and not solely an internal project for Fleet Services. It is our suggestion, therefore, that a “team” comprised of employees from various divisions be used to help prepare the new manual.

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