

**SEMINOLE COUNTY
CENTRAL SERVICES DEPARTMENT**

**ACQUISITION AND UTILIZATION OF
COUNTY VEHICLES**

LIMITED REVIEW

REPORT NO. 062910

JUNE 2010

Prepared by:
The Office of the
Clerk of the Circuit Court



MARYANNE MORSE
Clerk of the Circuit Court
Seminole County

July 6, 2010

The Honorable Bob Dalari
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 limited review of the Acquisition and Utilization of County vehicles.

Management's responses have been incorporated into the final report. It is our opinion that the Fleet Services Division is providing an effective fleet management program.

The review found that the county has a surplus of passenger vehicles and light duty trucks and is recommending that the county re-evaluate the number of vehicles in service. This is not a new issue to Seminole County and Fleet management is aware of the cost savings available to the county.

I would like to acknowledge the assistance of the Fleet Manager, Mr. Harvey Clark for his cooperation and assistance throughout the course of this audit. 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
CENTRAL SERVICES DEPARTMENT
FLEET SERVICES DIVISION**

REVIEW OF ACQUISITION, AND UTILIZATION OF COUNTY VEHICLES

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 Central 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 utilization is sufficient to justify new and replacement purchases.

BACKGROUND

The Seminole County Fleet Services Division employs a full time staff of two, and operates on a budget of \$7.8 million. 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 owned passenger vehicles and light duty trucks.

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 Fiscal Services Department a preliminary budget preparation form. Fiscal Services 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 Fiscal Services 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 Fiscal Services. 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 437 vehicles (passenger vehicles/light duty trucks). Vehicle replacement criteria outlined in the Fiscal Year 2010/2111 County Budget is based on a ten year and 100,000 mile schedule,

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The Seminole County Vehicle Use Policy and Procedure Manual, dated December 11, 1992, establish 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. This manual has not been updated to incorporate new operating practices that have been implemented by the current management team.

SCOPE

The scope of this audit included an examination of the county's vehicle acquisition and usage records between April 1, 2009 and March 31, 2010. During that period county records indicate that there were 437 vehicles (passenger vehicles and light duty trucks) in service, with an estimated value of \$9.9 million. All source documents related to the vehicle acquisition and utilization process were subject to review.

The review included:

- Review of the County's Fleet records for compliance with established policies and procedures, Florida State Statues, and other applicable government regulations;
- Review of utilization records to ensure vehicles are properly justified;
- Interviews of key personnel; and,
- Other such review procedures considered necessary in the circumstances.

The audit was performed by the Office of the Clerk of the Circuit Court.

OVERALL EVALUATION

It is our opinion that the Fleet Services Division is providing an effective fleet management program. The division coordinates preventative maintenance and effectively provides direction to management on minimizing maintenance repair costs. On April 13, 2010, the department of Central Services provided a copy of the latest policy on "Fleet Replacement". The policy considers replacement of light vehicles only with 100,000 miles and 10 years of age. For heavy vehicles the department is using 300,000 miles and 15 years of age. This is a conservative policy and we believe it provides cost savings to the taxpayers.

The County, in our opinion, has a surplus of passenger vehicles and light duty trucks. Having a surplus promotes excess cost to the taxpayers. Our opinion is based on the following conditions.

- Many vehicles have logged low annual mileage;
- No mileage standard has been established to assess proper vehicle usage; and,
- County fixed asset records are not up to date.

Based on these conditions, it is our assessment that the county should re-evaluate the number of vehicles in service; publish a new policy and procedures manual listing 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. This is not a new issue to Seminole County. Fleet management is aware that there are cost savings available to the county and have also concluded that there may be vehicles that are no longer needed. The fleet inventory is at 437 at an estimated value of \$9.9 million.

Detailed findings and recommendations are included in the report that follows:

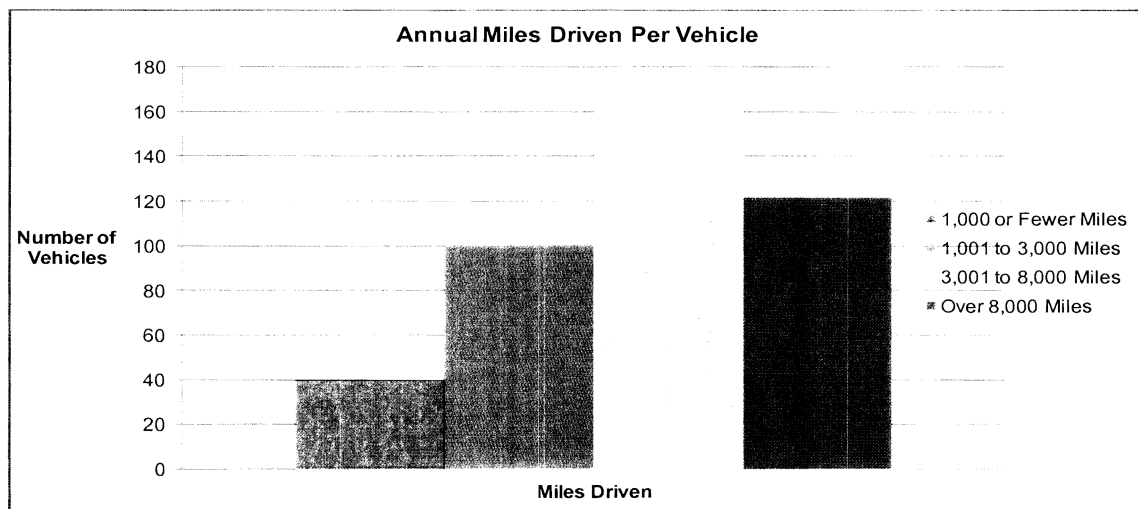
FINDINGS AND RECOMMENDATIONS

FINDING NO. 1

Many 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 40 of 437 (9 percent) passenger and light duty trucks had logged an average of less than 1,000 miles per year. Another 101 of 437 (23 percent) logged an average of more than 1,000 miles per year but less than 3,000; and 162 of 437 (37 percent) had logged an average of more than 3,000 miles per year but less than 8,000. Eight thousand miles per year represents just 32 miles per (work) day.



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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 9,000 miles per year, 9,400 miles per year for light duty pickup truck.

Based on Fleet records and federal agency reports, it costs approximately \$4,500 (depreciation and insurance costs \$3,050, maintenance and fuel \$1,450) a year to operate a passenger sedan 9,000 miles. The cost of reimbursing an employee at 50 cents per mile for 9,000 miles is \$4,500.

For a light duty pickup truck it costs approximately \$4,700 (depreciation \$2,800, maintenance and fuel \$1,900) per year for 9,400 miles. The cost of reimbursing an employee for 9,400 miles is also \$4,700. Therefore, for a casual user who only drives 3,000 miles per year, the county could reimburse this employee for \$1,500. On the other hand, if the county furnishes this employee with an automobile, it would cost approximately \$1.20 per mile (\$3,050 depreciation, \$540 gas and maintenance) or \$3,590 per year.

Recommendation

1. It is our recommendation that the County reassign some of the vehicles with low mileage to other departments that have a need for a vehicle.
2. It is suggested that for those employees that use vehicles only on a limited basis be allowed to use a "pool" vehicle or reimburse the employee for use of their own personal vehicle.
3. Do not purchase any new vehicles until current inventory is fully utilized.

Management Response

1. Fleet Service will assist the various departments with a review of the current assignment of passenger vehicles and light duty trucks in an effort to identify underutilized vehicles. Vehicles determined to be underutilized will be identified and a redeployment plan will be formulated, submitted to the CM and instituted upon acceptance.
2. When underutilized vehicles are identified one of the suggestions for re-deployment may be to place the underutilized vehicles in a Department or Division "vehicle pool". The underutilized vehicle could then potentially be available to several employees which may result in greater utilization. This re-deployment of underutilized vehicles will reviewed on a case by case basis.
3. Fleet has purchased very few vehicles of this type (primarily used for conveyance of personnel) over the last few years. Fleet Services will only recommend purchase of any vehicles or equipment when the need is verified and the vehicle (s)/equipment are in compliance with the Fleet replacement policy guidelines.

Audit Comment

The list of underutilized vehicles is already available to begin the reassignment process. Specifically, Attachment A to this report lists the vehicles being used by staff with less than 1,000 miles annual usage. The list provides the make/model, annual usage, and department.

We also want to emphasize that on more than one occasion Internal Audit has recommended that Fleet be granted the authorization to reassign vehicles as needed to maximize the useful life of vehicles. This recommendation was made by Internal Audit in June 1998 and now is again recommended in June 2010. Twelve years have gone by and the county still has underutilized vehicles and it still insists that it should be the county manager's responsibility to reassign to the appropriate department. This practice does not address the concerns noted in the report.

FINDING NO. 2

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 Manger 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 69 percent (303 of 437) of the vehicles logging less than 8,000 miles per year or (32 miles per day), there is a need for a "mileage standard" to gauge proper vehicle usage. Mileage standards 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.

We also noted vehicle usage logs are not used for all county owned vehicles. The only logs being used are the ones in the "pool" cars assigned to the Fleet Division. The logs provide a historical pattern that management can use to see how often vehicles are being driven 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. A log includes the name

of the person using the vehicle, the destination, purpose and time started and ended.

Recommendation

1. Update the Seminole County Vehicle Use policy and procedure manual. Establish a mileage standard for the assignment of a county vehicle. Requirement for a vehicle not exceeding the annual mileage standard should be specifically justified by a division manager with the concurrence of fleet services or should be reassigned to another division. Employees who travel on a limited basis should use a pool vehicle or be reimbursed for use of their own personal vehicle.
2. Those vehicles not being used should be submitted for auction so that the county realizes the cash flow from the sale;
3. Fleet Services should have the authority to reassign vehicles as needed to maximize the useful life of the vehicles; and,
4. The county should implement 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, time left and returned and purpose.

Management Response

1. Fleet Services will develop mileage standards for the assignment of passenger and light duty vehicles based on both vehicle type and use. Due to the varying nature of both types and usage, these standards will be neither simple nor fixed and absolute. Fleet Services will submit these standards and, upon acceptance, assist in the implementation. Currently, the County is trying to avoid reimbursement of personal vehicle usage by utilizing the current fleet, larger in size than necessary due to the recent downsizing of personnel, and whose salvage values are such that loss by depreciation is not significant, causing the usage to be more cost effective than the reimbursement for personal vehicle use. When it becomes necessary to incur new equity costs this practice will be discontinued in favor of such reimbursements.
2. Fleet Service will assist the various departments with the identification of underutilized and surplus vehicles. Vehicles so identified will be utilized as "spares" to avoid the need for extensive repairs and reimbursement of personal use until such time as the current fleet is exhausted and/or requires extensive and/or costly repairs. Fleet Services will then facilitate the disposal of any vehicles approved by County Management for sale at auction.

3. Currently the County Manger has the authority to reassign vehicles for whatever purpose. Since reassignments may, depending on the original and receiving Departments, require certain financial adjustments, the County Manger would be best left with this authority. Fleet Services will develop a process to inform the County Manger of vehicles not fully utilized, and suggesting reassignments. If financial arrangements are required, the County Manager can so direct the Fiscal Services Department.
4. The responsibility to monitor utilization is, according to the Vehicle Use Policy in the Administrative Code, primarily the responsibility of the individual Department Directors. Such logs, individually often referred to as “trip tickets”, can be made available by Fleet Services to the various Departments. The entry of this data into a data base/spreadsheet that would allow for the analysis of fleet utilization, both County-wide and by individual Departments, would be helpful, but time consuming. At this time, doing this on a County-wide basis would reach diminishing returns, and, therefore should be left up to the individual Departments.

Audit Comment

We partly disagree with management’s response.

1. Managements’ response #3 states that “Fleet Services will develop a process to inform the County Manager of vehicles not fully utilized, and suggesting reassignments. If financial arrangements are required, the county manager can so direct the Fiscal Services Department”. We have two issues with this comment. First, we again recommend that Fleet be granted authority to reassign vehicles to maximize the useful life of the vehicles. Second, based on the organizational structure, the transfer of assets rests with Purchasing, County Finance, and Fleet not the Fiscal Services Department.
2. Managements response #4 states in part “Such logs, individually often referred to as “trip tickets”, can be made available by Fleet Services to the various Departments. The entry of this data into a data base/spreadsheet that would allow for the analysis of fleet utilization, both County-wide and by individual departments, would be helpful, but time consuming. At this time, doing this on a County-wide basis would reach diminishing returns, and, therefore should be left up to the individual Departments.”

We disagree with this comment. The following procedure should be implemented immediately. First, a standard County-Wide log should be provided to all departments assigned county vehicles. Second, the logs should be completed and submitted to Fleet on a regular basis for an analysis of how the vehicles are being used so that vehicles can be reassigned as needed.

The only division that uses logs is Fleet. They currently maintain a log in all of their pool cars.

FINDING NO. 3

County Fixed Asset records are not up to date.

Seminole County's fixed asset records do not always agree with Fleet's records. Although some of vehicles sold at auction have been removed from the Fleet records they are still on County fixed asset records.

For example, the following vehicles have been sold at auction yet are still on the fixed asset listing.

<u>Vehicle Description</u>	<u>Date Sold</u>
1995 Ford F150	03/08/08
1999 Ford Truck, SUV, 4X4	05/17/08
1994 Buick Sedan	07/15/05
2000 Ford F150	05/19/09

By not properly accounting for property, the assets are overstated on the official county record.

Recommendation

Update fixed asset records.

Management Response

1. Note that the following records were transmitted to P&C (fixed asset manager) in a timely fashion. P&C will need to comment on why the records were not noted in JDE. Fixed asset records in JD Edwards are now as follows:

- 1995 Ford F150 (Asset #20216) was sold in Auction and it was disposed on 3/15/2008 – indicates a “Code 10”.
- 1999 Ford Truck, SIV, 4x4 (Asset #0253) was sold and it was disposed on 5/17/2008 – Indicates a “Code 10”.
- 1994 Buick Sedan (Asset #2456) was sold and it was disposed on 7/16/2005 – Indicates a “Code 10”.

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- 2000 Ford F150 (Asset #1475) was sold and it was disposed on 5/16/2009 – Indicates a “Code 10”
“Code 10” is used to identify the equipment and vehicles that are sold in auction.

Audit Comment

The JDE system does not allow assets that have any type of financial activity to be removed from the system after the County has sold the asset and no longer owned by the County. Although it would be optimal to have the assets physically removed from the JDE system we can see the auditable trail by the coding within the system.

Attachment A

LIST OF EQUIPMENT USED LESS THAN 1,000 MILES PER YEAR

YEAR	MAKE	MODEL	EQUIP #	DEPARTMENT	USE
1996	FORD	Aerostar	20953	Cntrl Svcs-Fleet Contract-00100	83
2003	CHEVROLET	Astrovan	05283	Envir Svcs-Conservation Compliance	707
1995	FORD	Bronco	20292	Envir Svcs-Water Mgnt	331
1995	FORD	Bronco	20662	Stormwater Quality/Roads	920
1996	FORD	Bronco	21420	Pool	270
2005	CHEVROLET	C4500	06448	Public Safety-Fire Rescue Ops	0
2004	FORD	Crown Vic	05234	Public Safety-Fire Rescue Ops	663
2001	FORD	E250 Van	02078	Public Safety-Radio Support	417
1994	FORD	E250 Van	19525	Cntrl Svcs-Facilities Admin	832
1996	FORD	E250 Van	20971	Envir Svcs-Water Mgnt	494
1992	FORD	E350 Van	01786	Pool	424
2006	FORD	E350 Van	07478	Public Safety-Fire Rescue Ops	17
1994	FORD	E350 Van	19467	Cntrl Svcs-Facilities Admin	392
2008	FORD	E350 Van	780013	Public Safety-Fire Rescue Ops	7
2002	FORD	Explorer	04008	Public Safety-Petro Tank Cleanup	608
2008	FORD	F-150 4X4	780140	Public Works-Mosquito Cntrl	964
2005	FORD	F-150 Crew Cab	780552	Public Safety-Fire Rescue Ops	0
2000	FORD	F150 Ext Cab	01418	Public Safety-Animal Svcs	432
1997	FORD	F150 Ext Cab	20972	Cntrl Svcs-Fleet Contract-00100	673
2000	FORD	F150 Regular	01473	Cntrl Svcs-Property Mgnt	951
2002	FORD	F150 Regular	02724	958 - Pool	100
2006	FORD	F150 Regular	07409	Envir Svcs-Water Mgnt	863
1996	FORD	F150 Regular	21190	Cntrl Svcs-Facilities Admin	732
1992	FORD	F250 Regular	18031	Cntrl Svcs-Fleet Contract-00100	337
1995	FORD	F250 Regular	20211	Envir Svcs-Water Mgnt	928
2009	FORD	F250 Regular	781125	Comm Svcs-Public Health	1
1997	FORD	F250 Super Cab	23115	Cntrl Svcs-Fleet Contract-00100	0
2003	FORD	F350 RegularCab	04571	Public Safety-Animal Svcs	202
1990	FORD	F350 RegularCab	16668	Public Safety-Animal Svcs	8
1998	FORD	F350 RegularCab	24243	Parks 5PTS Grounds	472
1999	FORD	F-450 WOODS 16	24595	Public Safety-Fire Rescue Ops	775
1997	CHEVROLET	Lumina	23141	County Services Building Pool	436
2001	CHEVROLET	Mini Van	04461	Public Safety-Fire Rescue Ops	695
1986	CHEVROLET	P-30 STEPVAN	12159	Public Safety-Fire Rescue Ops	425
2004	FORD	Ranger	05241	Leisure Svcs-Sanlando Park	378
2005	CHEVROLET	SILVERADO C1500	06737	Comm Svcs-Public Health	469
1999	FORD	Taurus	00349	Cntrl Svcs-Fleet Contract-00100	98
2000	FORD	Taurus	01377	Cntrl Svcs-Fleet Contract-00100	597
2002	FORD	Taurus	02749	Public Safety-County Probat	898
2003	FORD	Taurus	04464	Public Safety-County Probat	759