A Report
to the
Board of
Supervisors

Maricopa County
Internal Audit
Department

Ross L. Tate
County Auditor

Vehicle Usage

Controls over County Vehicles and Related Areas Need Strengthening

July ■ 2010

The mission of Maricopa County is to provide regional leadership and fiscally responsible, necessary public services so that residents can enjoy living in a healthy and safe community.

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The County Auditor reports directly to the Maricopa County Board of Supervisors, with an advisory reporting relationship to the Citizen's Audit Advisory Committee.

Audit Team Members

Richard Chard, CPA, Deputy County Auditor

Christina Black, CGAP, Audit Supervisor

Nic Harrison, CISA, Senior IT Auditor

Ronda Jamieson, CPA, Associate Auditor

Ryan Bodnar, CIA, CGAP, Associate Auditor

MGT of America, Inc.

Maricopa County Internal Audit

301 West Jefferson, Suite 660

Phoenix, AZ 85003

(602) 506-1585

www.maricopa.gov/internal_audit

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Maricopa County
Internal Audit Department

301 West Jefferson St
Suite 660
Phx, AZ 85003-2148
Phone: 602-506-1585
Fax: 602-506-8957
www.maricopa.gov

July 30, 2010

Don Stapley, Chairman, Board of Supervisors
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Andrew Kunasek, Supervisor, District III
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We completed our review of Vehicle Usage in accordance with the annual audit plan approved by the Board of Supervisors. The specific areas reviewed were selected through a formal risk-assessment process. Overall, we found numerous weaknesses and inadequate controls for driver accountability and vehicle management.

Highlights of this report include the following:

- Policies and procedures for consistent management of risk and cost should be reviewed, revised, and communicated
- Enforcement of driver accountability for compliance with policies and procedures could be improved
- Management of vehicle utilization and operating cost could be improved

Within this report, you will find an executive summary, specific information on the areas reviewed, and agency responses to our recommendations. We reviewed this information with Equipment Services, Risk Management, the County Manager, and with management of several other agencies that were selected for review. We appreciate the excellent cooperation provided by management and staff. If you have any questions, or wish to discuss the information presented in this report, please contact Richard Chard at 506-7539.

Sincerely,

Ross L. Tate

Ross L. Tate
County Auditor

Executive Summary

Policy Report Card (Page 7)

We identified 21 separate County policies related to vehicle usage. Eight of 21 (38%) are outdated and many are not effectively communicated. In addition, some agencies tasked with enforcing the policies do not have sufficient authority to do so. As a result, there is confusion and a lack of proper oversight and accountability, which can result in increased costs, mismanagement, and abuse. County management should ensure that (1) accountability for fleet management has been properly assigned, and (2) policies and procedures are properly consolidated, maintained, communicated, and enforced.

Driver Accountability Issues

Suspended Licenses (Page 10)

We identified 19 County drivers with suspended licenses. In 7 cases, appropriate action had not been taken because agency directors had not been notified by Risk Management, as required by policy. Failure to follow notification procedures increases the risk of County vehicles being driven by employees without a valid driver's license, and may increase County liability in the event of an accident. Risk Management should cancel vehicle usage permits (Blue Cards) on employees with suspended, revoked, or canceled licenses, and should notify agency directors of such action in a timely manner.

Mileage Reimbursements (Page 12)

We found 30% of employees reimbursed for mileage did not have a valid vehicle usage permit (Blue Card) and 34% of employees did not have a completed *Request for Authorization to Use Private Automobile for County Business* form at the time of the reimbursements. When agencies do not comply with vehicle usage policies, the County's liability could increase in the event of an accident. County management should ensure that vehicle usage policies are properly communicated and enforced.

Overnight Usage Permits (Page 14)

Many agencies do not have written justification for overnight use of County vehicles on file with Risk Management, as required. Failure to follow vehicle usage policies increases the risk of unauthorized use of County vehicles and may result in increased transportation costs. County management should ensure that agencies annually renew overnight usage permits and include written justification.

Taxable Fringe Benefit (Page 16)

Two employees were not taxed on their vehicle usage, and the vehicle usage of two elected officials was incorrectly valued. This resulted in underreporting taxable vehicle usage benefits on the employees' annual compensation forms and increased the risk to the County of being penalized for underreporting. Workforce Management & Development should communicate to all agencies the importance of complying with the Internal Revenue Service (IRS) code and use the correct IRS valuation method.

Photo Enforcement Tickets (Page 18)

Equipment Services lacked information on the resolution of 1,722 photo enforcement tickets; two agencies were unaware of photo enforcement tickets their employees had received while driving County vehicles. The County has not effectively addressed employee driving behavior and may receive bad publicity when there are numerous tickets that appear to be unresolved. Equipment Services should update policies to include procedures and responsibilities for photo enforcement tickets and ensure all tickets are forwarded to responsible agencies.

Accident/Damage Claims (Page 20)

We found 56 employees had at least two vehicle-related claims each during FY 2009 and the first half of FY 2010. All employees had reportedly been subjected to appropriate action, including counseling, review before a Safety Committee, and/or traffic or safety classes.

Fleet Management Issues

Fleet Utilization and Costs (Page 21)

Additional oversight is needed to ensure the County fleet is properly sized and effectively utilized. Many vehicles (motor pool and agency-assigned vehicles) are not fully utilized, while mileage reimbursement to some employees has approached the cost of a new vehicle. County management should increase accountability over fleet management at the agency level to ensure the fleet is properly sized and effectively utilized.

Fuel Usage (Page 24)

We reviewed Procurement Card (P-Card) fuel purchases at commercial fuel stations and found that approximately 15% were near a County fuel station. When vehicles are fueled at commercial fuel stations, (1) fueling costs average 8¢ more per gallon than at a County fuel station, and (2) Equipment Services does not receive mileage information used to track preventive maintenance schedules. County management should enforce policies that specify County fuel station usage.

Fleet IT Systems (Page 27)

Although general policies, procedures, and planning documents contain high-level controls for IT (information technology) systems, we found several application control weaknesses in both the fleet management system (FASTER) and the fuel management system (FuelMaster). Strong application general controls help ensure applications and data are protected against unauthorized use, disclosure, disruption, modification, and destruction. Equipment Services should strengthen application controls over FASTER and FuelMaster.

Authorized Vehicle Use (Page 30)

Controls to prevent unauthorized overnight use of vehicles could be improved. During our inventory observations of non-take home vehicles, we could not account for two vehicles. County management should strengthen vehicle usage policies to include controls for preventing unauthorized use.

Leased Vehicles (Page 32)

We were unable to obtain detailed listings of Sheriff's Office leased vehicles from the County's vendor. Accountability over County vehicles is compromised when specific vehicle identification is not available. Materials Management should amend the vehicle rental contract to include a right-to-audit clause.

Vehicle Replacement (Page 33)

Vehicle replacement procedures appear adequate. Agencies generally follow Equipment Services' recommendation to replace vehicles when they reach 10 years or 125,000 miles of service.

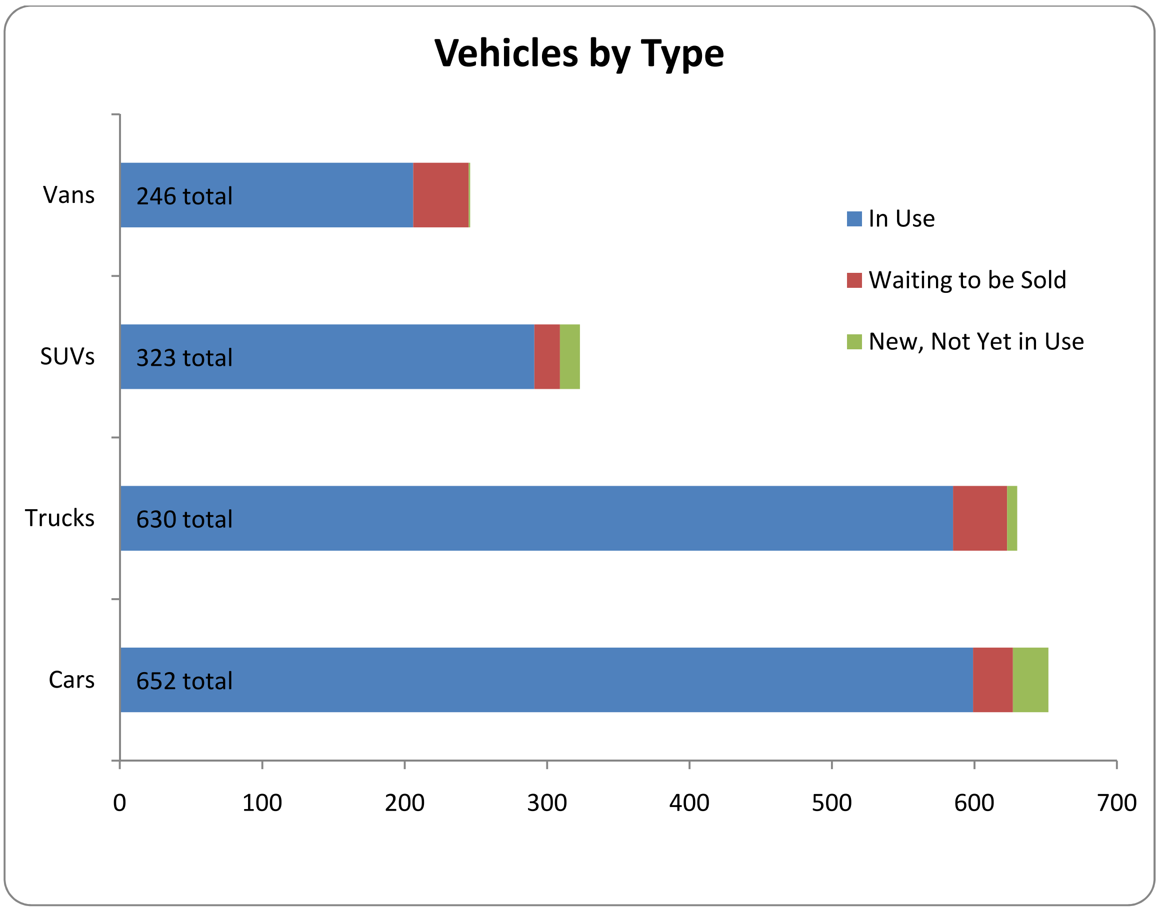
Green Government (Page 34)

The County implemented three of four vehicle usage Green Government initiatives in accordance with program timelines.

Introduction

Background

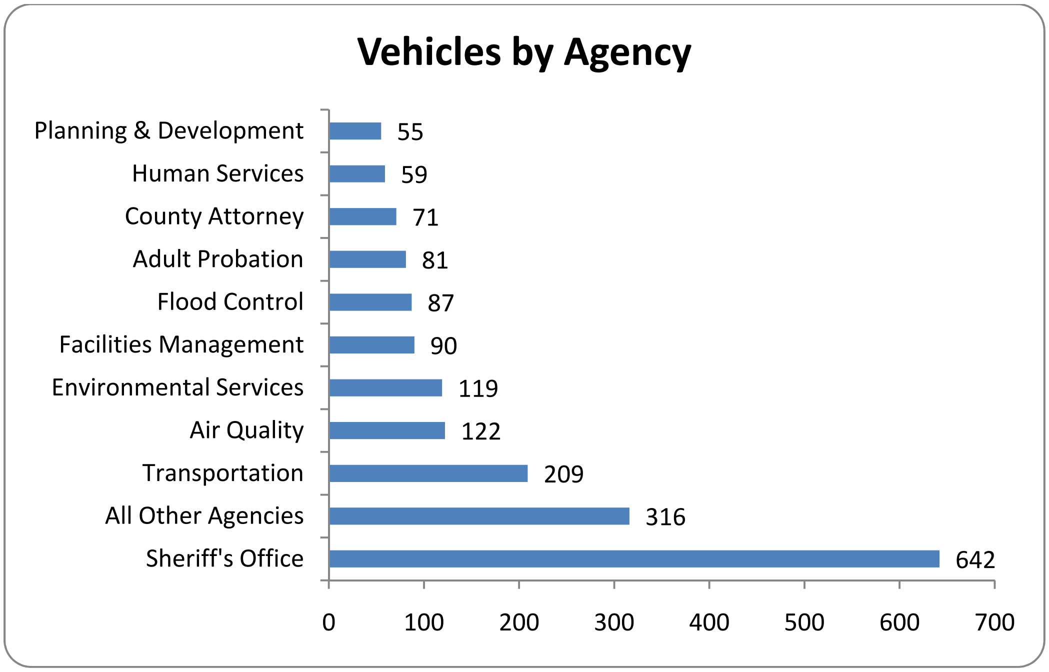
Maricopa County maintains approximately 1,851 County-owned vehicles for 41 agencies. County-owned cars, sport utility vehicles (SUVs), vans, and trucks that are 1-ton or less, are referred to as "light vehicles," and are the focus of this audit. These vehicles represent 70% (1,851) of the County's overall fleet[1]. Vehicles types are summarized below.



Source: Equipment Services FASTER system (2/18/10)

[1] *Examples of other fleet items include: golf carts, ATVs, graders, backhoes, helicopters, boats, etc.*

The Maricopa County Sheriff's Office (MCSO) has the greatest number of light vehicles, followed by Transportation, Air Quality, and Environmental Services. Other agencies with vehicles (represented by *All Other Agencies* in the chart below) include Parks and Recreation (51 vehicles), Animal Care and Control (41), and 29 other agencies with less than 40 vehicles each.



Source: Equipment Services FASTER system (2/18/10)

Leased Vehicles

Agencies can also lease light vehicles as needed using the County's contract for cars, light trucks, and SUVs. The following table shows FY 2009 expenditures for leased vehicles. The vast majority (99%) of the expenditures were incurred by MCSO.

Agency	FY 2009 Expenditures
MCSO	$3,026,009
County Attorney	$5,212
Environmental Services	$3,100
Grand Total	**$3,034,321**

Source: Advantage financial system analysis

Green Government

In FY 2008, the Board of Supervisors (Board) approved the Green Government Program, which includes measures to promote a cleaner and healthier Maricopa County. Several of these measures are related to vehicle usage (e.g., replacing existing vehicles with fuel-efficient vehicles, such as hybrids).

Scope and Methodology

Audit Objectives

The objectives of this audit were to determine if:

- Vehicle-related policies are relevant and current
- County drivers are in compliance with vehicle-related policies
- Overnight vehicle usage is properly authorized and justified
- The County's vehicle fleet is appropriately sized and effectively utilized
- Vehicle replacement procedures are adequate
- Agencies comply with Green Government Program

MCSO is the most significant user of County vehicles; however, they did not provide supporting documentation for some audit objectives.

Audit Timeframe

We used data from fiscal years 2008, 2009, and 2010 to conduct this audit.

Auditing Standards

We conducted this performance audit 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Issue 1 Policy Report Card

Summary

We identified 21 separate County policies related to vehicle usage. Eight of 21 (38%) are outdated, and many are not effectively communicated. In addition, some agencies tasked with enforcing the policies do not have sufficient authority to do so. As a result, there is confusion and a lack of proper oversight and accountability, which can result in increased costs, mismanagement, and abuse. County management should ensure that (1) accountability for fleet management has been properly assigned, and (2) policies and procedures are properly consolidated, maintained, communicated, and enforced.

Criteria

County Policy A1501 (*County Manager Form of Government)* instructs the County Manager to recommend to the Board the adoption of such policies for the improvement of administrative services and practices.

Condition

We identified 21 vehicle usage-related County policies covering a broad range of topics. Many have not been revised in nearly 20 years. In addition, responsibility for the various policies falls upon multiple agencies. These policies are listed below, including the number of years since the last revision and whether the policy is current.

Policy	Description	Years Since Last Revision	Current
A2204	Traffic and Parking Violations	19	**No**
A2210	Employee Driving Records	19	**No**
A2305	Vehicle and Equipment Replacement	19	**No**
A2306	County Fleet Expansion	19	**No**
A2309	Vehicle Operator Training and Testing	19	**No**
A2203	County Vehicle Proof of Insurance	19	Yes
A2212	Department Safety Committees	19	Yes
A2301	Equipment Services Authority and Responsibility	19	Yes
A2303	County Motor Pool	19	Yes
A2308	Seat Belt Usage	19	Yes
A2312	Vehicle Mechanical Failure	19	Yes
A2302	Use of County Owned Vehicles	18	**No**
A2304	Vehicle Accidents	18	Yes

Policy	Description	Years Since Last Revision	Current
A2307	Out of County Use of County Vehicles	18	Yes
A2325	Personal Vehicle Loss/Damage Reimbursement	15	Yes
A2202	Private Vehicle Insurance Requirements	14	**No**
A2311	County Vehicle Decals	11	Yes
A2313	General Travel	7	Yes
A2324	Use of Private Vehicle for County Business	6	**No**
A2326	County Vehicles and Environmental Responsibility	3	Yes
A2310	Overnight Use of County Vehicle	1	Yes

Source: Review of policies from online County library

Examples of outdated policies appear below.

- A2202 does not outline disciplinary actions for failure to maintain insurance on a private vehicle used for County business and does not mention the Blue Card requirement
- A2204 does not address procedures for photo-enforcement tickets
- A2210 does not specify procedures for notifying agency directors of suspended licenses, give sufficient authority to ensure driving privileges are removed, or sufficiently address agency management responsibilities and timeframes for ensuring that corrective action is proper and timely
- A2302 does not identify Risk Management as being responsible for fleet safety
- A2305 does not outline specific replacement criteria for vehicles
- A2306 reflects outdated budget terms which agencies may not be familiar with
- A2309 does not identify Risk Management as being responsible for fleet safety and does not require that all vehicle operators pass a driver training program
- A2324 does not specify a Blue Card requirement

In addition to these outdated policies, the large number of vehicle-related policies has created confusion among some agencies. For example, several agencies were unaware of the requirement for all operators to obtain a Blue Card (vehicle usage permit), whether driving a private or County-owned vehicle. Many of those agencies reported they were following a different policy and were unaware of the specific policy, A2325 (*Personal Vehicle Loss/Damage Reimbursement*), requiring the Blue Card.

Effect

Outdated vehicle policies can lead to ineffective fleet operations.

Cause

The large number of vehicle-related policies, along with multiple responsible agencies, has led to a failure to update and communicate policies when necessary.

Recommendation

County Management should ensure that vehicle usage policies are properly consolidated, updated, communicated, and enforced.

Issue 2 Suspended Licenses

Summary

We identified 19 County drivers with suspended licenses. In 7 cases, appropriate action had not been taken because agency directors had not been notified by Risk Management, as required by policy. Failure to follow notification procedures increases the risk of County vehicles being driven by employees without a valid driver's license, and may increase County liability in the event of an accident. Risk Management should cancel vehicle usage permits (Blue Cards) on employees with suspended, revoked, or canceled licenses, and should notify agency directors of such action in a timely manner.

Criteria

County Policy A2202 (*Private Vehicle Insurance Requirements*) requires employees to have a valid Arizona driver's license when operating a personal vehicle on County business.

County Policy A2302 (*Use of County Owned Vehicles*) requires employees, whose duties require the use of a County-owned vehicle, to have a valid Arizona driver's license.

County Policy A2210 (*Employee Driving Records*) requires Risk Management to check motor vehicle record (MVR) reports for all County drivers who apply for a vehicle use permit (Blue Card), and on a six month interval thereafter. These MVR reports are obtained from the Arizona Motor Vehicle Division[2]. If a report shows a suspended, revoked, or canceled license, Risk Management is required to notify the agency director and immediately cancel the Blue Card.

Condition

To determine compliance with County policies, we obtained MVR reports for all Blue Card holders as of April 2, 2010. We identified 19 employees at 13 agencies with suspended licenses. For 7 employees (6 agencies), agency officials were unaware of the suspensions because agency "Blue Card" liaisons, and not the directors, were notified by Risk Management. In one instance, the liaison contacted was the employee with the suspended license. This employee, who drove a County vehicle daily, had not informed agency management of the suspension.

For 12 employees (7 agencies), management had been advised of the suspensions and was in the process of taking appropriate corrective action, such as removing employees from driving positions, canceling Blue Cards and withdrawing garage privileges.

Effect

Failure to enforce existing policies and procedures increases the risk of improper employee access to County-owned vehicles and could increase County liability in the event of an accident.

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[2] *Based on our review of Arizona Auditor General information, we determined that information obtained from the Arizona Motor Vehicle Division could be relied upon for our work.*

Cause

Agency directors are not notified by Risk Management when a report shows a suspended, revoked, or canceled license, as required by policy.

Recommendation

Risk Management should notify agency directors when a MVR report shows a suspended, revoked, or canceled license for employees who have been issued a Blue Card.

Issue 3 Mileage Reimbursements

Summary

We found 30% of employees reimbursed for mileage did not have a valid vehicle usage permit (Blue Card) and 34% of employees did not have a completed *Request for Authorization to Use Private Automobile for County Business* form at the time of the reimbursements. When agencies do not comply with vehicle usage policies, the County's liability could increase in the event of an accident. County management should ensure that vehicle usage policies are properly communicated and enforced.

Criteria

County Policy A2202 (*Private Vehicle Insurance Requirements*) requires that employees must have a completed *Request for Authorization to Use Private Automobile for County Business* form when operating a personal vehicle on County business.

County Policy A2325 (*Personal Vehicle Loss/Damage Reimbursement*) requires employees using their personal vehicle on County business to have a current County permit (Blue Card).

Background

Risk Management maintains a database for all County employees with vehicle usage permits, occasional overnight usage permits, and continuous overnight usage permits. When an employee is issued a usage permit of any kind, it expires four years after issuance on the employee's birthday.

Condition

In order to determine if employees using a personal vehicle on County business have a valid Blue Card, we obtained all County employee mileage reimbursements for FY 2009 and the first half of FY 2010. We compared all employees with reimbursements to Risk Management's list of employees with Blue Cards. We then determined whether the employee had a valid Blue Card at the time of the reimbursement.

During the test period, 51 agencies reimbursed 4,267 employees for miles driven by employees in their personal vehicles. We found that 2,588 employees (61%) had valid Blue Cards at the time of reimbursement, while 1,679 (39%) did not. Most agencies reported being confused by the various vehicle usage policies that address Blue Card requirements, which contributed to the large number of employees being reimbursed without a Blue Card.

In addition, we reviewed 42 agencies and found 11 agencies did not use the *Request for Authorization to use Private Automobile for County Business* form required by policy. We found 34% of the 1,383 employees sampled did not have a completed form on file. The current policies do not specify what supporting documents the agencies should maintain to comply with this policy.

Effect

The County's legal and financial liability increases in the event of an accident when agencies do not comply with County vehicle usage policies and procedures.

Cause

County agencies were unaware of or were not following County Policy A2325, *Personal Vehicle Loss/Damage Reimbursement.* Agency management did not understand that Blue Cards were needed when employees drive personal vehicles as well as County vehicles while on County business.

Recommendation

County Management should ensure that vehicle usage policies are properly communicated and enforced.

Issue 4 Overnight Usage Permits

Summary

Many agencies do not have written justification for overnight use of County vehicles on file with Risk Management, as required. Failure to follow vehicle usage policies increases the risk of unauthorized use of County vehicles and may result in increased transportation costs. County management should ensure that agencies annually renew overnight usage permits and include written justification.

Criteria

County Policy A2310 (*Overnight Use of County Vehicle*) states that annual applications for overnight usage shall include written justification that clearly demonstrates a lower total cost to the County when compared to employee mileage reimbursement. The criterion for cost savings must be met to qualify for any overnight use permit.

Background

According to County policy, Risk Management's Safety Division is responsible for maintaining a listing of drivers with approved vehicle use permits. The County had 730 employees with continuous overnight usage permits as of March 1, 2010 (approved by the Board on February 24, 2010). Continuous overnight usage permits are for County employees who take home County vehicles more than 24 days a year to provide services.

Condition

We reviewed 19 agencies (73 employees) to determine if the required written justification for continuous overnight usage permit was on file. For 13 of 19 agencies, the required documentation was not on file. Of these:

- 7 agencies were unaware that employees had overnight permits
- 5 agencies held approvals, but no written justifications
- 1 agency had not canceled the permit when the employee did not start with the County

Effect

Failure to follow vehicle usage policies increases the risk of unauthorized use of County vehicles and may result in increased transportation costs.

Cause

County agencies have not submitted the required written justification for overnight use of County vehicles annually, as required by policy.

Recommendation

County Management should ensure that County agencies submit the required written justification for overnight use of County vehicles annually to Risk Management, as required by policy.

Issue 5 Taxable Fringe Benefit

Summary

Two employees were not taxed on their vehicle usage, and the vehicle usage of two elected officials was incorrectly valued. This resulted in underreporting taxable vehicle usage benefits on the employees' annual compensation forms and increased the risk to the County of being penalized for underreporting. Workforce Management & Development should communicate to all agencies the importance of complying with the Internal Revenue Service (IRS) code and use the correct IRS valuation method.

Criteria

IRS Code Section 132 outlines the tax consequences of an employee having an overnight vehicle. Section 132 also outlines various exemptions, including law enforcement vehicles and employees who work from home.

County Policy A2310 (*Overnight Use of County Vehicle*) states that employees maintain a log of overnight use of County-owned vehicles, and that appointing authorities will provide a usage report annually to payroll for IRS tax implications.

Condition

Workforce Management & Development's payroll division is the repository of taxable fringe benefit information. To determine if the County is correctly reporting employees' taxable fringe benefit for County-owned vehicle usage, we obtained a listing of employees who were taxed for vehicle usage during calendar year 2009 from the payroll department.

We compared the listing of taxed employees with a listing of overnight usage permits compiled from information obtained from Risk Management and the Office of Management and Budget. Based on the combination of listings, we determined that 779 employees across 21 agencies were potentially taking home a County vehicle. We compared that listing with the list of employees taxed on overnight vehicle usage. We followed up with all agencies that had employees that were potentially taking home a vehicle, but were not taxed for the use. Based on agency responses, we found that the majority of agencies are properly reporting taxable vehicle usage. However, we identified two employees who should have been taxed that were not, and two elected officials' vehicle usage for which the incorrect IRS valuation method was used.

Effect

The County could be fined $100 and penalized up to 28% for each instance of underreporting fringe benefits on employees' annual compensation forms (W-2s).

Cause

Payroll relies on agencies to notify them of employees who should be taxed for County vehicle commuting usages; in at least two cases, this information was not provided.

In the case of two elected officials, payroll incorrectly used the commuting valuation rule for elected officials.

Recommendations

Workforce Management & Development should:

A. Periodically communicate with County agencies about IRS requirements for reporting taxable benefits for overnight vehicle usage.

B. Utilize the correct valuation rule for elected officials, who are taxed for the commuting portion of their vehicle usage.

Issue 6 Photo Enforcement Tickets

Summary

Equipment Services lacked information on the resolution of 1,722 photo enforcement tickets; two agencies were unaware of photo enforcement tickets their employees had received while driving County vehicles. The County has not effectively addressed employee driving behavior and may receive bad publicity when there are numerous tickets that appear to be unresolved. Equipment Services should update policies to include procedures and responsibilities for photo enforcement tickets and ensure all tickets are forwarded to responsible agencies.

Criteria

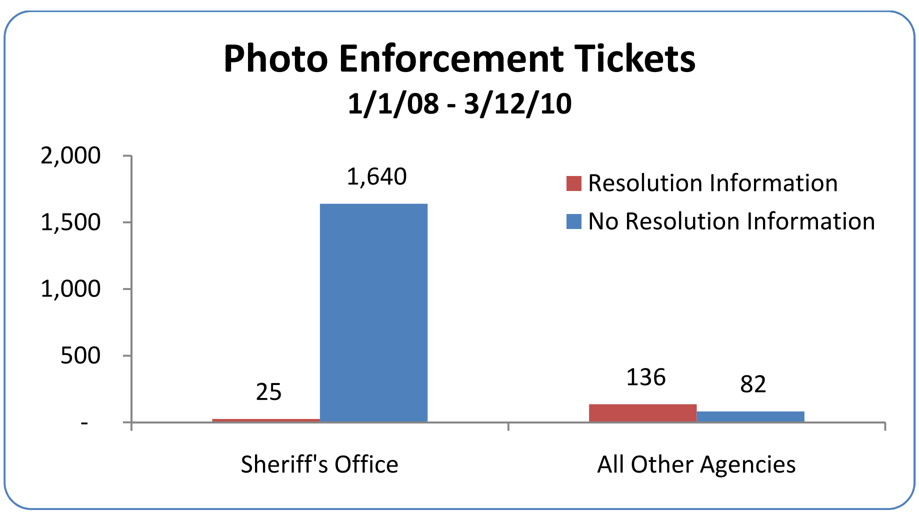
County Policy A2204 (*Traffic and Parking Violations*) states that County employees who receive a citation for a traffic or parking violation while on duty, whether they are operating a County or personal vehicle, are personally responsible for settling any fines or liabilities.

Background

When an employee receives a photo enforcement ticket in a County vehicle, the ticket is sent to the registered owner, which in most cases is Equipment Services (ES). ES tracks the ticket number and forwards the ticket to the appropriate agency. In addition, ES will occasionally request or receive ticket resolution information.

Condition

Between January 1, 2008 and March 12, 2010, ES received 1,883 notices of photo enforcement tickets. Of these, 88% (1,665) involved MCSO vehicles. As shown below, ES did not have resolution information for 98% of MCSO tickets and for 38% of tickets involving 21 agencies.



Source: Analysis of Equipment Services photo enforcement ticket listing

Twenty agencies reported they were aware of the tickets and had taken action, such as forwarding tickets to employees, although ES did not have this information. Two agencies were unaware of the tickets altogether.

Effect

While these potentially unpaid tickets do not represent a direct liability to the County, as noted in an article in the *Arizona Republic* (February 12, 2010), the County is perceived in a negative light when there are numerous photo enforcement tickets that appear to be unresolved.

Cause

County policy does not include procedures for handling photo enforcement tickets.

Recommendation

Equipment Services and County management should update County Policy A2204 to include procedures and responsibilities for photo enforcement tickets.

Issue 7 Accident/Damage Claims

Summary

We found 56 employees had at least two vehicle-related claims each during FY 2009 and the first half of FY 2010. All employees had reportedly been subjected to appropriate action, including counseling, review before a Safety Committee, and/or traffic or safety classes.

Criteria

County Policy A2212 (*Department Safety Committees*) requires elected officials and department directors to establish Safety Committees. These committees must investigate all accidents and recommend potential administrative or disciplinary actions based on the results of the investigation.

County Policy A2304 (*Vehicle Accidents*) requires that all employees involved in an accident answer questions before a department Safety Committee. If the accident is deemed the fault of the County employee because of negligence, the Safety Committee may recommend disciplinary action to the elected official or department director.

Condition

We obtained all vehicle-related claims during FY 2009 and the first half of FY 2010 from Risk Management's RiskMaster application[3]. We analyzed the information and found that 56 employees had at least two vehicle-related claims. We reviewed these employee claims to determine action taken. All agencies reportedly took appropriate action, including counseling, review before a Safety Committee, and/or traffic or safety classes.

Recommendation

None, for information only.

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3 *Based on our review of end-user computing controls for the accident and claims tracking module of the RiskMaster application, we determined that information obtained from Risk Management could be relied upon for our work.*

Issue 8 Fleet Utilization and Costs

Summary

Additional oversight is needed to ensure the County fleet is properly sized and effectively utilized. Many vehicles (motor pool and agency-assigned vehicles) are not fully utilized, while mileage reimbursement to some employees has approached the cost of a new vehicle. County management should increase accountability over fleet management at the agency level to ensure the fleet is properly sized and effectively utilized.

Criteria

County Policy A1501 (*County Manager Form of Government*) grants the County Manager the authority to combine units under his jurisdiction and to supervise the purchase of all equipment.

County Policy A2301 (*Equipment Services Authority and Responsibility*) states that Equipment Services is responsible for managing utilization of County equipment, including allocating equipment based on requirements of programs.

County Policy A2302 (*Use of County Owned Vehicles*) states that County vehicles, without exception, may not be used for personal convenience. They are only to be used for daily job activities and transporting County employees to functions directly related to job duties.

County Policy A2303 (*County Motor Pool*) describes procedures for using the County's motor pool.

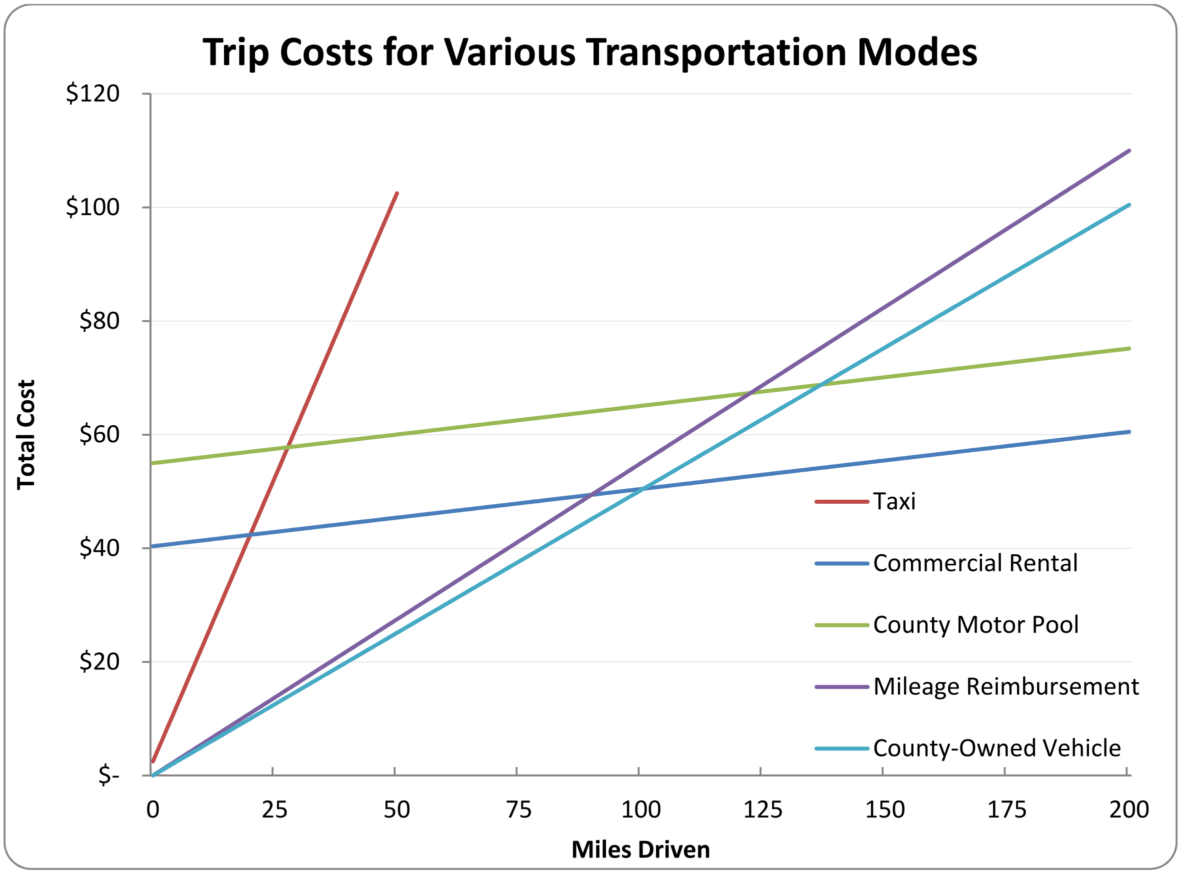
County Policy A2313 (*General Travel*) states that employees must use the most cost effective method for travel.

County Policy A2324 (*Use of Private Vehicle for County Business*) provide guidelines for using personal vehicles for County business, such as mileage reimbursement at the prevailing rate.

Condition

Transportation needs for County business may be met by: (1) County-owned vehicles dedicated to individual agencies; (2) the County motor pool; (3) reimbursements to employees for personal vehicle use; and (4) commercial transportation, such as taxis and rental cars.

As shown in the following graph, County-owned vehicles generally represent the most cost-effective method of travel for trip distances up to 100 miles; commercial transportation represents the most cost effective method for distances over 100 miles.



Source: Various data sources from County agencies

As discussed below, systematic analysis of transportation alternatives may lead to opportunities for cost savings while continuing to meet business needs.

<u>County-Owned Vehicles Dedicated to Individual Agencies</u>

A total of 1,851 vehicles were assigned to 41 County agencies for their exclusive use. The average cost-per-mile varies greatly by agency, ranging from 19 cents to 86 cents per mile. The cost-per-mile is higher for vehicles with low usage. For example, one agency had a vehicle that was driven only 3,900 miles in FY 2009. The cost-per-mile for this vehicle was 67 cents. Although a higher cost-per-mile may be justified based on unique agency needs, periodic cost-benefit analyses are essential for effective fleet management.

<u>County Motor Pool</u>

The County's seven motor pool vehicles appear to be underutilized. The average mileage for all motor pool vehicles was approximately 3,000 miles in FY 2009. Only one vehicle exceeded 5,000 miles during the year.

Motor pool vehicles are relatively expensive for County agencies to rent. The $55 daily internal service charge (or "rental rate") for motor pool vehicles is higher than a commercial rental car at $43.

Mileage Reimbursement for Personal Vehicle Use

County employees use their private vehicles to conduct County business and are reimbursed for mileage. This is frequently the most cost-effective solution. However, in some cases, other alternatives should be considered. For instance, the County paid 37 employees more than $5,000 each for mileage reimbursements during FY 2009. Eight employees received between $10,000 and $20,000, and two employees received more than $20,000.

The cost benefit of reimbursing employees for personal vehicle use depends on the specific needs of each agency. A periodic cost analysis may show opportunities for savings by considering alternative transportation.

Commercial Transportation

Our analysis showed that commercial transportation is generally more cost effective for trips that exceed 100 miles. Airlines, rental cars, and taxis are typical alternatives. Newer innovations such as light-rail and zip cars may offer efficient and effective choices in the future.

Law Enforcement Vehicles

MCSO vehicles were not included in our utilization analysis because of the specialized nature of law enforcement equipment and operations.

Effect

County agencies may be missing opportunities to reduce transportation costs when County-owned vehicle utilization is low, employee personal vehicle reimbursement is high, and/or other modes of transportation are not considered.

Cause

Since individual County agencies are responsible for managing their fleets, they may not be aware of analytical tools and transportation alternatives that could help them reduce costs.

Recommendations

County Management should:

A. Require agencies to demonstrate greater accountability for managing costs, such as implementing systematic analyses that include calculating and monitoring cost-per-mile.

B. Evaluate transportation alternatives for the best mix of meeting business needs while minimizing costs.

C. Examine ways to increase County fleet utilization to reduce per-mile costs.

Equipment Services should periodically evaluate motor pool size, utilization, and rental rates in order to achieve an optimal balance between costs and needs.

Issue 9 Fuel Usage

Summary

We reviewed Procurement Card (P-Card) fuel purchases at commercial fuel stations and found that approximately 15% were near a County fuel station. When vehicles are fueled at commercial fuel stations, (1) fueling costs average 8¢ more per gallon than at a County fuel station, and (2) Equipment Services does not receive mileage information used to track preventive maintenance schedules. County management should enforce policies that specify County fuel station usage.

Criteria

County Policy A1403 (*Gasoline Use and Conservation*) states that County vehicles shall be fueled with the most cost-effective fuel available (MCSO is exempt) and that County fuel stations will be used except in an emergency.

Background

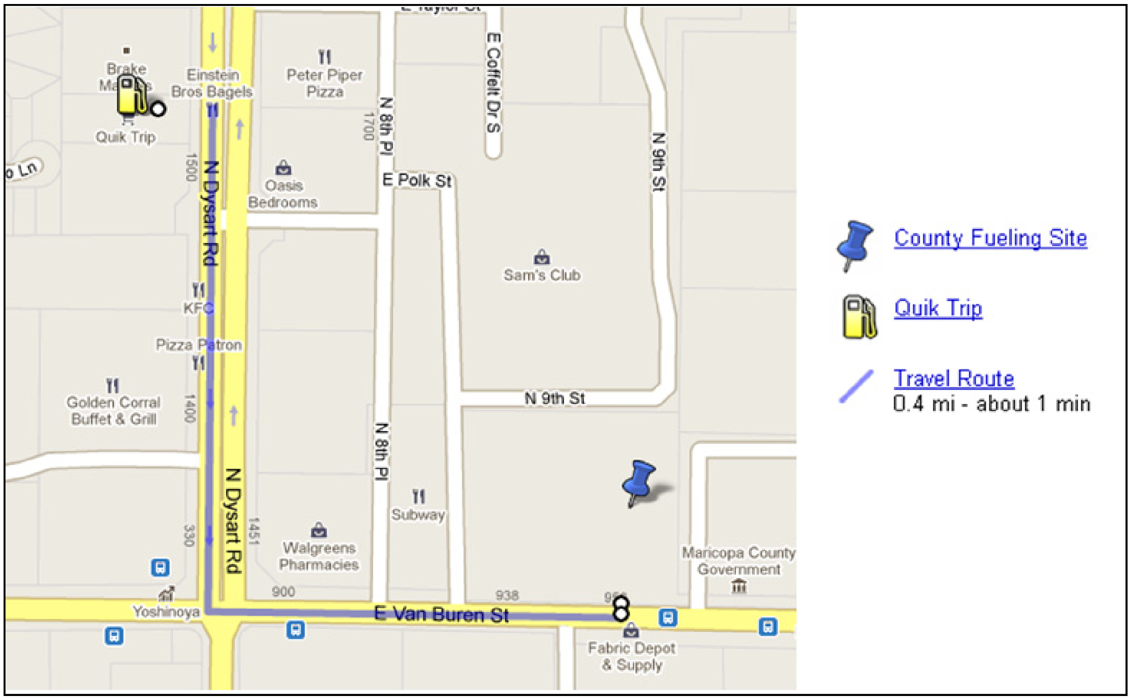
Information entered by drivers at County fuel stations is used by Equipment Services (ES) to calculate fuel consumption and track vehicle-servicing schedules. This information is not available when fuel is purchased from commercial fuel stations.

Condition

We reviewed P-Card fuel purchases from March 2009 to March 2010, encompassing 15,535 transactions by County employees.

- 94% (14,659 transactions) occurred within the County at commercial fuel stations
- 89% (13,835 transactions) were made by MCSO personnel, who are exempt from County Policy A1403
- 82% (12,728 transactions) occurred in ZIP code areas with no County fuel station
- 15% (2,312 transactions) occurred in ZIP code areas with a County fuel station
- 3% (500 transactions) occurred out of state

Our analysis also identified 25 commercial fuel stations that were frequently used to purchase fuel. One of the 25 commercial fuel stations was within 5 miles of a County fuel station; 2 others were within 2.5 miles. In addition, MCSO primarily used 22 of the 25 commercial fuel stations.



One of the top 25 most used stations was within approximately ½ mile of a County station

In addition, we noted limitations within the P-Card data we obtained. These included:

- The transaction date is recorded, but not the time; time and date would be useful, because some County facilities are not open 24 hours per day
- The transaction is tied to an individual, and not to a vehicle; making mileage and use comparisons more difficult
- The transaction does not indicate if it is for fuel, car washing, or other purchases

Effect

When vehicles are fueled at non-County locations, ES does not receive mileage information, which can lead to higher operating costs due to missed maintenance and ineffective fleet management. In addition, fueling costs an average of 8¢ a gallon more than a County fuel station. If the 2,312 transactions (valued at $82,730) occurred at a County fuel station instead of at a gas station nearby, the County could have saved an estimated $2,481.

Cause

Employees fuel up at non-County locations for a variety of reasons, such as access issues (24 hour access is needed for some agencies), undercover vehicles, operating procedures (fuel level requirements), and convenience.

Limitations in the P-Card information appear to be inherent limitations within the system.

Recommendations

County Management should:

A. Investigate alternative means to capture vehicle mileage and fuel consumption data for employees that do not use County fuel stations.

B. Review policies and procedures for the use of County fuel stations and hours of operation; take necessary steps to increase ease of use for employees.

C. Enforce the Gasoline Use and Conservation Policy; provide employees with better guidance on when they may use a non-County fuel station, and require employees to document exceptions to policy.

Materials Management should:

A. Work with the P-Card vendor to increase data captured during transactions.

B. Consider contracting with a specific vendor to expand the County's fueling options and reduce fueling costs.

Issue 10 Fleet IT Systems

Summary

Although general policies, procedures, and planning documents contain high-level controls for IT (information technology) systems, we found several application control weaknesses in both the fleet management system (FASTER) and the fuel management system (FuelMaster). Strong application general controls help ensure applications and data are protected against unauthorized use, disclosure, disruption, modification, and destruction. Equipment Services should strengthen application controls over FASTER and FuelMaster.

Criteria

Guidance for testing information systems controls is from the Government Accountability Office's Federal Information System Controls Audit Manual (FISCAM). We reviewed the following information systems application controls in accordance with FISCAM standards.

- Application security management
- Application access controls
- Application configuration management
- Segregation and monitoring of user activities
- Application contingency planning

Background

Equipment Services (ES) uses the FASTER system, a vendor-built fleet management application, to inventory County fleet, track mileage and fuel usage, schedule vehicle preventative maintenance, report costs, and collect revenue. Regional Development Services Agency (RDSA) IT staff support the server where the FASTER application is hosted. The FASTER vendor provides system updates and upgrades based on a software maintenance contract. Mileage and fuel usage data is manually uploaded into FASTER from FuelMaster.

FuelMaster, a stand-alone program running on a single PC, collects mileage and fuel usage data from County fuel stations. The FuelMaster vendor provides system updates and upgrades but does not coordinate support with RDSA IT staff. While fuel usage information is collected automatically at the fuel pump, employees manually key mileage readings into the system. Currently, FuelMaster does not interface with FASTER, so mileage and fuel data is exported and manually uploaded into FASTER.

Condition

Application Security Management

Effective application security management is designed to reduce the risk that entity management, IT staff, application owners, and users will implement inappropriate and/or inadequate information security over the application. We observed the following control weaknesses.

- FASTER application security controls are not tested; no process exists for identifying or correcting security problems
- FASTER security requirements plan is not maintained
- FuelMaster application security risks are not regularly assessed
- FuelMaster application security controls are not tested; there is no process for identifying or correcting security problems
- FuelMaster application security plans, policies, and procedures do not exist
- All four FuelMaster users share one log-in account that has administrative rights
- FuelMaster application user training is not available
- Contract or policies are non-existent for managing FuelMaster vendor relationship

Application Access Controls

Effective application access controls are designed to reduce the risk that system users may obtain unauthorized or inappropriate access to applications and application data, which could lead to unauthorized data changes or data theft. We observed the following weaknesses.

- FASTER application access is not regularly reviewed
- All four FuelMaster users share one log-in account which gives all users full administrative access to the application; terminated user access is never removed
- FuelMaster application access is not regularly reviewed
- FuelMaster security reviews are not performed; logging is not enabled
- FuelMaster application access policies and procedures do not exist
- Minimal physical security exists over the hardware hosting FuelMaster

Application Configuration Management

Effective application configuration management controls are designed to provide reasonable assurance of data and process integrity. Access to program modifications and changes to configurable objects should be restricted. We observed the following FuelMaster configuration weaknesses.

- The application is infrequently updated and not assessed for security vulnerabilities between updates
- All four FuelMaster users share one log-in account with a weak fixed password, that has administrative access to the application and data

Segregation and Monitoring of User Activities

Effective segregation controls are designed to reduce the risk that erroneous or fraudulent transactions could be processed, improper program changes implemented, and computer resources damaged or destroyed. We observed control weaknesses over FuelMaster user access segregation and monitoring. Duties are not separated, as all four users share a single account with full administrative access; manual data integrity reviews do not effectively reduce risk.

Application Contingency Planning

Effective contingency planning controls are designed to ensure continuity of operations for business critical applications in the event of a disaster or unexpected event. We observed the following FuelMaster contingency planning control weaknesses.

- FuelMaster is hosted on a workstation and is not backed up
- A disaster recovery plan does not exist

Effect

Ineffective controls could result in applications and data that are not protected against unauthorized access, modification, disclosure, disruption, or loss. Inaccurate data could be used and result in erroneous fleet management decisions.

Cause

FASTER

Application security requires both the business owners and IT administrators of an application to coordinate security controls and regularly test controls. ES did not effectively coordinate with IT support to ensure adequate application security.

FuelMaster

According to the RDSA IT support staff, they were not responsible for supporting FuelMaster beyond the operating system-level controls on the PC hosting the application. Lacking specialized IT application support, ES users were not aware of what security controls FuelMaster supported or had enabled.

Recommendations

Equipment Services should:

A. Develop application security plans, regularly test security controls, and monitor compliance with security procedures for FASTER and FuelMaster systems.

B. Perform periodic user access reviews to ensure only appropriate users have access to FASTER and FuelMaster, and that the access is appropriate for users' job responsibilities.

C. Implement procedures for monitoring FASTER's multiple log-on accounts.

D. Perform regular updates of the FuelMaster application to ensure security vulnerabilities are patched timely.

E. Strengthen FuelMaster's application access controls by (1) developing application access policies and procedures, and (2) creating individual user accounts with a unique user ID and password for each FuelMaster user.

F. Establish a contract or develop policies for managing the FuelMaster vendor relationship.

Issue 11 Authorized Vehicle Use

Summary

Controls to prevent unauthorized overnight use of vehicles could be improved. During our inventory observations of non-take home vehicles, we could not account for two vehicles. County management should strengthen vehicle usage policies to include controls for preventing unauthorized use.

Criteria

County Policy A2310 (*Overnight Use of County Vehicle*) states that the overnight usage of vehicles can only be used when it can be demonstrated that the use is necessary to accomplish a valid County objective and that such use is a cost effective means to accomplish that objective.

County Policy A2507 (*Capital Asset Policy*) states that agency directors are responsible for the safety of all capital assets (including vehicles) procured within their departments.

Condition

<u>Nighttime Inventories</u>

We performed nighttime inventories at 50 locations in an effort to account for a sample of 818 of the 1,133 (72%) vehicles reportedly *not* approved for overnight use. Efforts to conduct inventories at 15 additional locations were not completed due to secured lots we could not access.

We accounted for 65% (531 of 818) of the vehicles during the nighttime inventories. An additional 287 vehicles were accounted for based solely on discussions with the agencies. An overview appears below.

	Total
Non-Take Home Vehicles @ Expected Inventoried Sites	818
Less Vehicles Observed @ Expected Sites	(531)
Remaining Vehicles to Account For	287
Less Vehicles @ Other Locations at Time of Inventory[1]	(223)
Less Continuous/Occasional Take Home Vehicles[1]	(62)
Vehicles Not Accounted For	2

[1] As reported by agencies (unaudited)

Source: Interviews with agency employees

For the two exceptions noted above, the agency stated that the vehicles were on site at the time of our nighttime inventories. However, this was not consistent with our observations.

Safeguarding Controls

During our inventories, we noted control weaknesses for safeguarding vehicles at 17 of 22 (77%) agencies. For instance:

- 7 agencies had no controls to manage vehicle usage
- 6 agencies relied solely on sign-out logs
- 4 agencies reported they followed County/other policies, though they had no mechanism in place to ensure that policies were actually being followed

We noted adequate controls at five agencies, as follows:

- 2 agencies relied on sign-out logs and had a single individual monitor the log and maintain custody of vehicle keys
- 1 agency relied on sign-out logs and random checks of vehicles
- 1 agency required supervisors to monitor sign-out logs, call-out logs, and vehicle mileage
- 1 agency used GPS monitoring to track vehicle locations at any given date or time

Effect

Agencies were unable to account for at least two vehicles during our multiple inventories conducted. In addition, most agencies relied on employee statements to vouch for vehicle locations.

Cause

County policies outline how to properly authorize usage of County vehicles, but do not specify how to prevent unauthorized usage. As a result, most County agencies had weaknesses for safeguarding vehicles.

Recommendation

County Management should strengthen vehicle usage policies to include controls for preventing unauthorized use.

Issue 12 Leased Vehicles

Summary

We were unable to obtain detailed listings of Sheriff's Office leased vehicles from the County's vendor. Accountability over County vehicles is compromised when specific vehicle identification is not available. Materials Management should amend the vehicle rental contract to include a right-to-audit clause.

Criteria

Arizona Revised Statutes provide the authority for all state and local government agencies to inspect contractor's books and related documentation.

Vehicle Rental Contract, Serial #06028-S terms and conditions.

Condition

We attempted to obtain a listing of all light and medium duty vehicles leased by the County in order to include them with our inventories. Although we were provided a listing of 70 vehicles leased by MCSO, the leasing vendor would not provide the detail we requested (VIN or license plate). In addition, MCSO, which accounts for 99% of lease expenditures, did not provide vehicle information.

Effect

Leased vehicles may be used inappropriately and inefficiently.

Cause

The Vehicle Rental Contract (#06028) does not have a right-to-audit clause.

Recommendation

Materials Management should amend Vehicle Rental Contract #06028 to specifically include a right-to-audit clause.

Issue 13 Vehicle Replacement

Summary

Vehicle replacement procedures appear adequate. Agencies generally follow Equipment Services' recommendation to replace vehicles when they reach 10 years or 125,000 miles of service.

Criteria

County Policy A2305 (*Vehicle and Equipment Replacement*) requires that Equipment Services (ES) maintain an efficient and effective vehicle replacement program for all County vehicles. Vehicle replacement must be planned; approval for replacement will only be granted through the budget process.

Condition

ES's general criteria for vehicle replacement is 10 years or 125,000 miles. However, the following factors are also considered.

- 15-Point System – when a vehicle reaches 15 points on a scale that evaluates age and condition of the vehicle, replacement is recommended
- Life-to-Date Service – when a vehicles reaches a certain dollar threshold for repairs over the life of the vehicle, replacement is recommended

ES monitors vehicle mileage and age, and notifies agencies when vehicles are scheduled for replacement. However, the decision to request funding and replace a vehicle rests with the individual agencies. If funding is approved, agencies must submit purchase requests for Board approval.

Interviews with various agency representatives indicated that ES replacement recommendations are generally followed. A few agencies stated that they may request different replacement vehicles than the ones selected by ES, but those alternatives must be justified and approved.

Recommendation

None, for information only.

Issue 14 Green Government

Summary

The County implemented three of four vehicle usage Green Government initiatives in accordance with program timelines.

Criteria

County Policy A2326 (*County Vehicles and Environmental Responsibility*) requires that the County reduce the environmental impact of its fleet by selecting appropriately-sized vehicles that utilize hybrid or flex fuel technology whenever possible.

Condition

The Board approved the Green Government Program in June 2008. The program has nine vehicle-related initiatives. Of these nine, four initiatives should have been completed; out of four, one is still in progress.

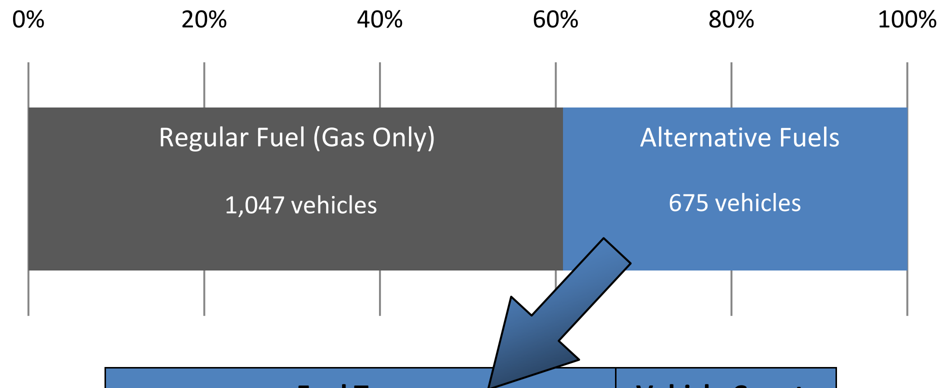
Initiative	Status	Notes
By July 2008, the Environmental Services Department will have at least 70% of daily field inspectors utilize automatic routing to minimize travel.	**In Progress**	Agency reported that system implementation delays have prevented automated routing, though inspectors currently use manual routing to plot the most efficient route.
Beginning in July 2008, Equipment Services will provide written direction on an ongoing basis to County agencies and departments regarding the responsibilities Maricopa County has in relation to the vehicles that the County operates and their impact to the environment.	**Completed**	Agency reported that this information has been provided to the Transportation Committee as required.
By July 2009, the Transportation Agency of Public Works will develop and implement a program to use biodiesel fuel and liquid propane gas in a minimum of 50% of its newly acquired vehicles and equipment.	**Completed**	Agency has shifted at least 50% of light duty truck purchases to ¾ ton vehicles with diesel engines in order to use biodiesel.
By July 2009, the Transportation Agency of Public Works will add three hybrid vehicles to its fleet.	**Completed**	Transportation has two Toyota Prius Hybrids and one Toyota Camry Hybrid.

Source: Interview of agency employees

Fleet Makeup

The County fleet consisted of 1,722 on-road light and medium vehicles as of February 5, 2010. A breakdown of vehicles by fuel type is shown on the following page.

Fuel Type of County On-Road Fleet



Fuel Type	Vehicle Count
Biodiesel (20%)	328
Gas/E85	221
Gas/Propane	79
Gas/Compressed Natural Gas (CNG)	30
Gas/Electric Hybrid	9
Compressed Natural Gas	8

Source: Analysis of FASTER fuel meter information

Alternative Fuel Usage

The County has multiple fueling sites that provide unleaded gasoline and alternative fuels for vehicles. The County considers the following fuels to be alternative: biodiesel, compressed natural gas, and propane. Alternative fuels accounted for 38% of fuel dispensed at County fueling sites during the period reviewed. The County's biodiesel is a blend of 80% traditional oil-based diesel fuel and 20% biofuel.

On average, County agencies paid more for gasoline ($2.55/gallon) and diesel ($2.70/gallon) than propane ($2.27/gallon equivalent) or CNG ($1.96/gallon equivalent).

Recommendation

None, for information only.

Agency Responses

Maricopa County

County Manager's Office

301 West Jefferson Street
10th Floor
Phoenix, AZ 85003-2143
Phone: 602-506-1950
Fax: 602-506-3328
www.maricopa.gov

MEMORANDUM

TO: Ross Tate, County Auditor

FROM: David R. Smith, County Manager DRS

DATE: July 28, 2010

SUBJECT: Countywide Vehicle Usage – Audit Response

I have reviewed the Countywide Vehicle Usage report produced by Internal Audit, and concur with the findings. My office will make every effort to implement the recommendations by the completion date listed below.

Issues Related to Vehicle Use Policies

Six of the fourteen issues presented in the audit relate to vehicle use policies that are outdated, ambiguous, or not effectively enforced. These issues are listed below.

Issue #	Page #	Policy
1	7	Policy Report Card
3	12	Mileage Reimbursements
4	14	Overnight Usage Permits
6	18	Photo Traffic Enforcement Tickets
9	24	Fuel Usage
11	30	Authorized Vehicle Use

Recommendation: The County Manager should assign a task force of interested agency representatives to address the findings and recommendations in each policy related issue.

Response: Concur. Policies related to vehicle usage will be reviewed and updated as appropriate.

Target Completion Date: **August 1, 2011**

Issue #8: Fleet Utilization and Costs

Additional oversight is needed to ensure that the County fleet is properly sized and effectively utilized. Many vehicles (motor pool and agency-assigned vehicles) are not fully utilized, while mileage reimbursement to some employees has approached the cost of a new vehicle.

Recommendation A: County Management should require agencies to demonstrate greater accountability for managing costs, such as implementing systematic analyses that include calculating and monitoring cost per mile.

Recommendation B: County Management should evaluate transportation alternatives for the best mix of meeting business needs while minimizing costs.

Recommendation C: County Management should examine ways to increase County fleet utilization to reduce per-mile costs.

Response: Concur. The County Manager will direct agencies to periodically analyze vehicle use costs and to evaluate transportation alternatives in order to balance effectiveness and utility with efficiency and cost containment.

Target Completion Date: **August 1, 2011**

AUDIT RESPONSE
RISK MANAGEMENT DEPARTMENT
July 23, 2010

Issue #2: Suspended Licenses
We identified 19 County drivers with suspended licenses. In 7 cases, appropriate action had not been taken because agency directors had not been notified by Risk Management, as required by policy.

Recommendation: Risk Management should notify agency directors when a MVR report shows a suspended, revoked, or canceled license for employees who have been issued a Blue Card.

Response: Concur.

Target Completion Date: 08/01/10

Benefits/Costs: More effective communication with County agencies for taking appropriate action with employees with suspended licenses.

Approved By: [signature] 7/21/10
Department Head **Date**

[signature] 7-23-10
Deputy County Manager **Date**

AUDIT RESPONSE
WORKFORCE MANAGEMENT AND DEVELOPMENT DEPARTMENT
July 23, 2010

Issue #5:
Two employees were not taxed on their vehicle usage, and the vehicle usage of two elected officials was incorrectly valued.

Recommendation A: Workforce Management & Development should periodically communicate with County agencies about IRS requirements for reporting taxable benefits for take-home vehicles.

Response: Concur. In process. Communication is being reviewed and revised.

Target Completion Date: 10/01/2010

Benefits/Costs: Compliance with reporting taxable fringe benefits.

Recommendation B: Workforce Management & Development should utilize the correct valuation rule for elected officials, who are taxed for the commuting portion of their vehicle usage.

Response: Concur. In process. Working with the Office of General Litigation to get the approved IRS method of valuation for elected officials.

Target Completion Date: 12/01/2010

Benefits/Costs: Compliance with reporting taxable fringe benefits.

Approved By: Linda Young for Elizabeth Yaquinto 7-21-10
Department Head **Date**

Sandra L Wi 7-21-10
~~Assistant~~ County Manager **Date**
Deputy

AUDIT RESPONSE
EQUIPMENT SERVICES DEPARTMENT
July 23, 2010

Issue #6:
Equipment Services lacked information on the resolution of 1,722 photo enforcement tickets; two agencies were unaware of photo enforcement tickets their employees had received while driving County vehicles.

Recommendation: Equipment Services and County Management should update County Policy A2204 to include procedures and responsibilities for photo enforcement tickets.

Response: Concur. Equipment Services will coordinate with RISK Management and Transportation Committee towards updating policy A2204.

Target Completion Date: 3/25/11

Benefits/Costs: Reduction of risk and improved accountability of employees driving on County business.

Issue #8:
Overall, County vehicles are not consistently managed for effective utilization and minimizing costs. Many vehicles (motor pool and agency-assigned vehicles) are not fully utilized, while mileage reimbursement to some employees has approached the cost of a new vehicle.

Recommendation: Equipment Services management should periodically evaluate motor pool size, utilization, and rental rates in order to achieve an optimal balance between costs and needs.

Response: Concur. Equipment Services will coordinate with OMB towards updating rental rates to improve motor pool usage and will work jointly with departments to maximize under-utilized vehicles or make recommendations to downsize fleet.

Target Completion Date: 3/25/11

Benefits/Costs: Potential cost savings.

Issue #10:
Although general policies, procedures, and planning documents contain high-level controls for IT systems, we found several application control weaknesses in both the fleet management system (FASTER) and the fuel management system (FuelMaster).

Recommendation A: Equipment Services should develop application security plans, regularly test security controls, and monitor compliance with security procedures for FASTER and FuelMaster systems.

Response: Concur. Equipment Services will coordinate with RDSA IT Division towards developing written security operational plans.

Target Completion Date: 3/25/11

Benefits/Costs: Reduction of risks and improved IT control.

Recommendation B: Equipment Services should perform periodic user access reviews to ensure only appropriate users have access to FASTER and FuelMaster, and that the access is appropriate for users' job responsibilities.

Response: Concur. Equipment Services will develop a Standard Operating Procedure towards conducting periodic user reviews.

Target Completion Date: 12/31/10

Benefits/Costs: Reduction of risks and improved IT control.

Recommendation C: Equipment Services should implement procedures for monitoring FASTER's multiple log-on accounts.

Response: Concur. Equipment Services will coordinate with RDSA IT Division towards developing a Standard Operating Procedure for monitoring FASTER's multiple log-on accounts.

Target Completion Date: 3/25/11

Benefits/Costs: Increased accountability.

Recommendation D: Equipment Services should perform regular updates of the FuelMaster application to ensure security vulnerabilities are patched timely.

Response: Concur. Equipment Services will coordinate with RDSA IT Division and Syn-Tech Inc. towards placing software on RDSA IT server.

Target Completion Date: 6/25/11

Benefits/Costs: Increased accountability.

Recommendation E: Equipment Services should strengthen FuelMaster's application access controls by (1) developing application access policies and procedures, and (2) creating individual user accounts with a unique user id and password for each FuelMaster user.

Response: Concur. Equipment Services will coordinate with RDSA IT Division towards developing written security operational plans.

Target Completion Date: 3/25/11

Benefits/Costs: Increased accountability.

Recommendation F: Equipment Services should establish a contract or develop policies for managing the FuelMaster vendor relationship.

Response: Concur. Equipment Services will coordinate with Syn-Tech Inc. on service contract options.

Target Completion Date: 12/31/10

Benefits/Costs: Increased accountability.

Approved By:

Department Head	7-23-2010 **Date**
Assistant County Manager	7.23.10 **Date**
D R Smith **County Manager**	7/25/10 **Date**

AUDIT RESPONSE
MATERIALS MANAGEMENT DEPARTMENT
July 19, 2010

Issue #9:

We reviewed Procurement Card (P-Card) fuel purchases at commercial fuel stations and found that approximately 15% were near a County fuel station.

Recommendation A: Materials Management should work with the P-Card vendor to increase data captured during transactions.

Response: Concur—implementation not currently possible. The industry does not provide this level of detail at this time with their card programs. In order to capture more data the County would need to add a fleet card program specifically for fuel that would be repetitive and costly to administer. As technology expands we would look to the market to initiate more useful program capabilities to increase the data capture.

Target Completion Date: N\A

Benefits/Costs: N\A

Recommendation B: Materials Management should consider contracting with a specific vendor to expand the County's fueling options and reduce fueling costs.

Response: Materials Management will work with Equipment Services to ascertain any potential value to this recommendation. We will see if there are sufficient vendors capable of carrying out this effort to make it competitive and provide any opportunity to reduce expenditures.

Target Completion Date: 5/25/11

Benefits/Costs: Increased accountability. Possible reduced costs.

Issue #12:

We were unable to obtain detailed listings of leased vehicles from the County's vendor.

Recommendation: Materials Management should amend Vehicle Rental Contract #06028 to specifically include a right-to-audit clause.

Response: Concur—in process. Materials Management has proposed amended language to the vendor to add this clause. If the vendor concurs, we will amend the contract. However, we cannot unilaterally approve changes to existing contracts. The original intent of this contract requires safeguarding vehicle specific information obtained for auditing purposes critically important.

Target Completion Date: 11/30/10

Benefits/Costs: Increased accountability.

Approved By:

Chief Procurement Officer 7/19/10
Date

DR Smith
County Manager 7/25/10
Date