

4.15.14 #24

TO: The Honorable Chairman and Members of the Board of County Commissioners
Constitutional Officers

FROM: Robert S. LaSala, County Administrator 

DISTR: ~~Curly~~ Mark S. Woodard, Assistant County Administrator
Paul S. Sacco, Director, Real Estate Management

SUBJECT: Follow-up Audit of Fleet Allocations

DATE: April 3, 2014

Pursuant to the Board's request for additional information for Items 1, 3, 6 and page 16, I offer the following. Please note that the information on page 16 of the Audit Report relates to the recommendations in Item #1. Therefore, staff's response to Item #1 is also intended to address your concerns regarding page 16.

Item #1 – Fleet Operations And Maintenance Costs Are Not Being Recovered By Charges To Customers

- A. Per the Inspector General (IG), this recommendation is Not Implemented. Staff has reviewed and discussed internally and with Office of Management and Budget. Staff does not agree with this recommendation and have no plans to alter practices. No transaction records were identified where outsourced activities were performed for less than Fleet's cost that support this recommendation. Outsource decisions are based upon specialty, complexity and work capacity.
- B. Per the IG, this recommendation is Partially Implemented. Staff has reviewed and discussed internally and with Office of Management and Budget. OMB's recommendation is to maintain cost allocations as-is.
- C. Per the IG, this recommendation is Not Implemented. Staff has reviewed and does not agree with this recommendation en total. Cost allocations are figured into the service rates for the majority of service offered to County Departments. To maintain cost competitiveness to perform work for outside municipalities, total cost allocations are not factored into the labor rate. Maintaining this competitiveness is critical to generate other revenue sources for Fleet Management.

Item #3 – The MOU Between The Sheriff And Fleet Does Not Support Full Cost Recovery Of Fleet Costs Nor Does It Address The Duplication of Function Costs

- A. Per the IG, this recommendation is Not Implemented. Staff has analyzed the impact of the MOU on the ability to fund Fleet Management operations as an internal service fund, but see no need to amend it. The Sheriff's Office (SO) does not burden their labor rates and would not enter into

the MOU using burdened rates. The work activities performed by Fleet Management for the SO are almost negligible with regards to the total work over the course of a fiscal year. The impact to internal service fund recovery is very minor.

- B. Per the IG, this recommendation is Fully Implemented.
- C. Per the IG, this recommendation is Not Implemented. Staff does not agree with this recommendation and has no plans to implement it. At the onset of the Public Safety Facility and Centralized Communication Center Project (PSC), the SO was consulted to review opportunities to consolidate fleet operations. For the following reasons, the decision was to maintain separation of the two fleet operations. First, the fleet inventory of the SO is primarily passenger vehicles, whereas, the fleet inventory of the County is heavy equipment. The supporting equipment and infrastructure for these operations differ greatly in size and capacity. There is very little opportunity for cost savings. Second, the PSC project budget did not include the FF&E for new Fleet Management facility, which would be estimated in the hundreds of thousands of dollars. Lastly, the location of the new SO's Fleet Maintenance building is at the rear of the property, very close to a neighboring residential community. It was immediately obvious that a heavy equipment fleet operation, possibly operating on off-shifts and weekends, would be negatively received by the neighbors.

Item #6 – The Vehicle Replacement Program (VRP) Process Is Ineffective

- A. Per the IG, this recommendation is Not Implemented. Staff disagrees and considers this recommendation to be implemented. At the time of the audit, the Fleet Operations Manager reported that the recommended changes were implemented at the time they were identified. While revisions to the written procedures are pending, these revisions will be accomplished by the newly hired Senior Department Administrative Manager within 120 days.
- B. Per the IG, this recommendation is Fully Implemented.
- C. Per the IG, this recommendation is Partially Implemented. Staff disagrees and considers this recommendation to be implemented. At the time of the audit, the Fleet Operations Manager reported that the recommended changes were implemented at the time they were identified. While revisions to the written procedures are pending, these revisions will be accomplished by the newly hired Senior Department Administrative Manager within 120 days.
- D. Per the IG, this recommendation is Not Implemented. Staff disagrees and considers this recommendation to be implemented. At the time of the audit, the Fleet Operations Manager reported that the recommended changes were implemented at the time they were identified. While revisions to the written procedures are pending, these revisions will be accomplished by the newly hired Senior Department Administrative Manager within 120 days.
- E. Per the IG, this recommendation is Not Implemented. Staff does not agree with this recommendation. The timing of the audit was such that it occurred after the individual

administering the Vehicle Replacement Program (VRP) was terminated. While the audit did identify errors in the spreadsheet, the fact is that management was already aware there were errors in the spreadsheet. The errors were immediately corrected by the Fleet Operations Manager. The current spreadsheet process was originally developed by a third party consulting firm a decade ago. After the IG, the same firm was hired to conduct a fleet management operations study, which included a review of the VRP spreadsheet. The study confirmed that the spreadsheet to be error free and appropriately supporting the VRP. While the IG's perception is such the spreadsheet is error prone, management now has trained and competent staff administering the VRP and this spreadsheet. Staff considers any efforts to research and procure an off-the-shelf technology solution not to be economically advantageous.