White Fleet Utilization

Internal Audit Assessment Report

March 13, 2020

Orange County Public Schools

Internal Audit

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EXECUTIVE SUMMARY

Why We Did This Assessment

For a number of years the district has looked to improve its utilization and management of the white fleet (vehicles other than school buses). The goal is to eliminate unused and underused vehicles, reduce the white fleet's average cost/mile and ensure white fleet vehicles are maintained in accordance with best practices to preserve their useful life and reduce operating costs.

Observations and Results

Results at a Glance			
	Risk / Impact Rating		
Results and Observations	**Significant**	**Moderate**	**Minor**
IA - Internal Audit or Management	M – 1	IA - 1	–
D - Deficiency or O - Opportunity	O – 1	O - 1	–

We determined that twenty percent of the white fleet with an acquisition cost of $3,184,693 is underused.

We analyzed fueling transactions for white fleet vehicles from June 5, 2018 to December 17, 2019 to look for evidence that vehicles were not used or were underused. We searched for fueling inactivity periods that would indicate which vehicles were not being fueled and therefore not used on a consistent basis.

We performed our analyses with data received from Transportation Fleet Services from its FuelMaster system and the most recent white fleet vehicles list.

The FuelMaster system records all fueling transactions for all district vehicles[1] at OCPS fueling depots by using a ring-type device installed on the fuel pumps and in the majority of the district's vehicles. The ring devices read and record information from the vehicle's computer, including the vehicle's mileage. We used the mileage information from FuelMaster to determine the extent of white fleet vehicles' usage during the assessment timeframe. We excluded white fleet vehicles associated with instructional programs from our analysis.

Recommendations

1) We concur with previous determinations that central management of the acquisition, usage, and maintenance of white fleet vehicles is desirable for efficiency and cost-effectiveness. We recommend that a policy be developed and implemented to put this into practice and that it be managed by the Transportation Services Department.

2) We also made a recommendation that, when implemented, should significantly improve the Transportation Department's ability to detect underutilized vehicles based on fueling inactivity. This would involve creating a procedure[2] within the FuelMaster database to identify vehicles that haven't been fueling consistently within a predetermined timeframe.

This report has been discussed with management and they have prepared their response which follows.

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[1] Yellow and white Fleets.

[2] Stored or run-type.

DEFINITIONS:

Risk / Impact Ratings

Minor	Low risk with a financial impact of less than one percent and/or an isolated occurrence limited to local processes (low impact and low likelihood)
Moderate	Slight to moderate risk with a financial impact between one and five percent and/or a noticeable issue that may extend beyond local processes (low impact and high likelihood or high impact and low likelihood)
Significant	High risk with a financial impact greater than five percent and/or a significant issue that occurs in multiple processes (high impact and high likelihood)

Observations Categories

Deficiency	A shortcoming in controls or processes that reduces the likelihood of achieving goals related to operations, reporting and compliance
Opportunity	A process that falls short of best practices or does not result in optimal productivity or use of resources

Criteria for Observations Sourced to Management

- Internal audit was informed of the issue prior to starting detailed testing
- Management identified, evaluated, and communicated the issue to appropriate levels of the district
- Management has begun corrective action with clear, actionable plans and targeted completion dates

The observation related to central management of white fleet vehicles was sourced to management because they were already assessing the matter of underutilization of white fleet vehicles and drafting policies to administer the white fleet.

BACKGROUND:

For a number of years the district has looked to improve utilization and management of its white fleet (vehicles other than school buses). The goal is to eliminate unused and underused vehicles, reduce the average cost/mile of the white fleet, and ensure white fleet vehicles are maintained in accordance with best practices to preserve their useful lives and reduce operating costs. The need for a district white fleet policy has previously been identified and Transportation Services has begun drafting one.

OBJECTIVE, SCOPE AND METHODOLOGY:

Objective

To identify opportunities to improve overall white fleet management and utilization for efficiency and cost effectiveness.

Scope

Data from the FuelMaster system from June 5, 2018 to December 17, 2019.

Methodology

This engagement is a strategic assessment of utilization of the district's white fleet. Strategic assessments are brief, focused analyses of key data in an area of organizational risk or concern. This engagement is not a full scope audit.

We reviewed the district's usage of the white fleet by analyzing fueling transactions from the FuelMaster system. We excluded white fleet vehicles associated with instructional programs from our analysis.

We also:

- Interviewed personnel from Transportation Fleet Services
- Visited a fueling site to observe and document the fueling process
- Performed data analytics testing by obtaining data from FuelMaster and using our IDEA Software Analysis Tool.

The district has been looking to improve management of its white fleet.

We analyzed fuel records from June 5, 2018 to December 17, 2019.

We excluded white fleet vehicles associated with instructional programs from our analysis.

RESULTS AND RECOMMENDATIONS:

1) The white fleet is not governed by district-level policy nor centrally managed. *Significant impact*

Best Practice:
Managing the white fleet through an entity-wide policy addressing acquisition, use, and maintenance of the white fleet improves efficiency and costs-effectiveness. Such a policy would establish criteria for acquisition and retention of such vehicles, service and maintenance requirements, and operating guidelines, among other matters.

Assessment Result:
The district has previously identified a need for central management of the acquisition, use, and maintenance of white fleet vehicles. Since 2014, acquisition of white fleet vehicles has been centralized, and the Transportation Services Department provides fuel and maintenance services to these vehicles. But there is no district policy giving authority to the Department to enforce maintenance and use recommendations. As a result, individual departments may own white fleet vehicles that are underused. Additionally, individual departments may fail to follow recommended maintenance schedules which can cause poor vehicle performance and shorten its useful life. In fact, departments have a financial incentive not to do so, because an amount of money is placed in their departmental budgets to pay for maintenance and if they don't spend it on maintenance, they can use it for other department expenditures.

Recommendation:
A white fleet policy should be completed and adopted. It should address all aspects of acquiring, using, and maintaining white fleet vehicles and assign responsibility to the Transportation Services Department for its implementation and administration.

Governance of the white fleet by a district policy would improve efficiency and cost effectiveness.

Transportation Services provides fuel and maintenance for white fleet vehicles but has no authority to enforce recommended maintenance.

Departments have a financial incentive not to have maintenance performed on their white fleet vehicles.
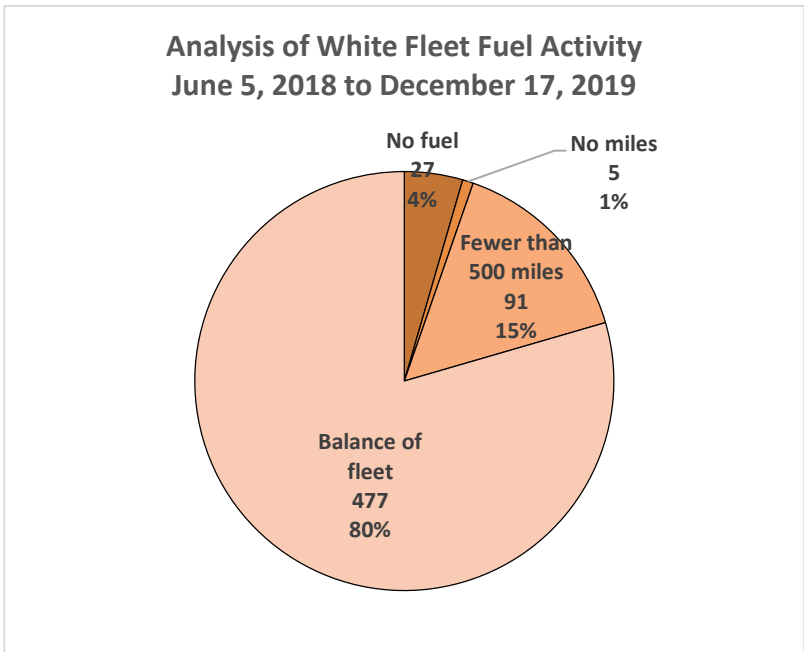
2) Twenty percent of white fleet vehicles are underused. *Moderate impact*

Best Practice:

Use the capabilities and information of the FuelMaster database to identify vehicles that are not fueling within predetermined timeframes and parameters. This, combined with information the Transportation Fleet Services has about the costs of each vehicle, will help to show the cost to the district of underusing or not using a vehicle.

Assessment Result:

The data showed 123 (20%) of the 600 white fleet vehicles, with acquisition costs of $3,184,693, were not being used regularly. According to the FuelMaster data, 27 vehicles did not fuel at all between 6/05/2018 and 12/17/2019 - a 551 day period. Also, of the 554 vehicles that did fuel during that timeframe, 91 had periods of inactivity of more than 90 days between fueling dates and were driven 500 miles or less. Five vehicles recorded no mileage on their odometers for the entire period and fueled just once. The following chart shows that 20% of the white fleet is underutilized based on fueling activity.

**Analysis of White Fleet Fuel Activity
June 5, 2018 to December 17, 2019**

No fuel
27
4%

No miles
5
1%

Fewer than
500 miles
91
15%

Balance of
fleet
477
80%

Monitoring and oversight of white fleet could identify unused and underused vehicles.

During the 551 day period covered by our assessment:
- *Twenty-seven vehicles were not fueled at all*
- *Ninety-one vehicles were driven less than 500 miles*
- *Five vehicles recorded no mileage and a single fuel transaction*

Twenty percent of the white fleet is underutilized based on fueling records.

Recommendation:

Create a procedure within the FuelMaster database to identify vehicles that have not fueled consistently[3] according to parameters and presets determined by Transportation Fleet Services and create a report to share with the department's executives for them to verify and determine their vehicles' usage.

We wish to thank the Transportation Fleet Services staff for their cooperation and assistance with this assessment.

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[3] As determined by Transportation department management.

Department / School Name	Transportation Services
Administrator / Department Head	Bill Wen, Senior Director, and Maurice Frye, Senior, Administrator Fleet Services
Cabinet Official / Area Superintendent	Roberto Pacheco, COO

Audit Result / Recommendation	Management Response Acknowledgement/ Agreement of Condition	Responsible Person (Name & Title) And Target Completion Date (MM/YYYY)	Management's Action Plan
1. A white fleet policy should be completed and adopted. It should address all aspects of acquiring, using, and maintaining white fleet vehicles and assign responsibility to the Transportation Services Department for its implementation and administration	The district does not have a white fleet policy; however, the existing management directive District Vehicles & Applications (B-11) provides general guidelines for white fleet users.	Maurice Frye, Senior, Administrator Fleet Services Bill Wen, Senior Director The procedure by October 2020 Policy or Management Directive by July 2021	Formalize the white fleet procedures in collaboration with key stakeholders. Additionally, the Transportation department will work on either the creation of a Policy or a more detailed management directive to reinforce compliance.
2. Create a procedure within the FuelMaster database to identify vehicles that have not fueled consistently according to parameters and presets determined by Transportation Fleet Services and create a report to share with the department's executives for them to verify and determine their vehicles' usage.	The forthcoming white fleet procedures will better define vehicle use and need. Reports within FuelMaster will provide improved usage data.	Maurice Frye, Senior, Administrator Fleet Services Bill Wen, Senior Director By October 2020	Transportation Services will review vehicle inventory and FuelMaster fuel usage reports regularly. The report information will be reviewed periodically with each department, and vehicles will be repurposed if applicable.

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