

Detailed Follow Up Report - Auditor Determined Status

| Rec# | Recommendation | Auditor FollowUp | City Auditor's Status | Closed |
|------|--|---|-----------------------|-------------------------------------|
| 2008 | Fleet Operations | Issued: | 8/7/2020 | |
| 1A | The Fleet Management Director should use a published inflation index, such as Bureau of Labor Statistics price change data, to estimate the future expected replacement cost for each class of vehicle and determine discrete escalation rates for specialty vehicles. | Jan 2021: The department responded that, as recommended, specialty equipment rates are based on actual recent replacement escalation factors. Units without a recent replacement history are based on the BLS consumer price index for Phoenix. Auditors will review the implementation of rate factors for a future quarterly update. May 2021: Based on further review, the department continues to use its internally developed cost escalation rate for most vehicles and plans to use the BLS inflation rate for those that are not replacements (added vehicles). The department has, however, added discrete escalation rates for police and fire vehicles as recommended. | Part Impl'd | <input checked="" type="checkbox"/> |
| 1B | The Fleet Management Director should use historical vehicle auction proceeds to estimate vehicles' salvage values in the replacement fee calculations. | Jan 2021: The department is discussing with the Assistant City Manager, the Acting City Treasurer, and Budget its vehicle rate calculations. May 2021: The department reported that based on the vehicle rate discussion, salvage revenues will continue to be used in the Fleet Fund as overhead reimbursement rather than applied to reduce vehicle replacement rates. | Not Impl'd | <input checked="" type="checkbox"/> |
| 1C | The Fleet Management Director should regularly compare estimated useful lives with the length of actual usage experience and adjust vehicles useful lives as appropriate. Further, discontinue charging vehicle replacement fees after the projected replacement cost has been funded. | Jan 2021: The department is discussing with the Assistant City Manager, the Acting City Treasurer and Budget its vehicle rate calculations. May 2021: The department reported that based on the vehicle rate discussion, it will be allowed to continue charging vehicle replacement rates as long as a vehicle is being used. Additionally, Fleet will regularly evaluate lifecycles and rates will be based on the expected lifecycles. | Part Impl'd | <input checked="" type="checkbox"/> |

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| 2A | The Fleet Management Director should ensure that the programming is correctly calculating the replacement fees for all fleet equipment. | Jan 2021: The department stated that the error identified by the audit was corrected and it will work on putting a review process in place for future changes. May 2021: The department stated that the rates report will be validated at least annually using spreadsheet calculations. This internal review process has not yet been used. Sept 2021: Auditors reviewed the spreadsheet the department prepared to check the most recent replacement fee calculations. | Implemented | <input checked="" type="checkbox"/> |
| 2B | The Fleet Management Director should ensure that fleet equipment is properly presented on the annual listing used to calculate replacement fees. | Jan 2021: The department indicated this recommendation is in progress. May 2021: The department reported it has changed timing of its rate calculations for the upcoming fiscal year. Equipment to be replaced during the current year will be omitted from the calculations and on-order equipment will be added in. Since rates are set in November, some timing issues may remain though at a reduced level. | Implemented | <input checked="" type="checkbox"/> |
| 2C | The Fleet Management Director should develop policies and procedures with criteria to exempt fleet vehicles from the replacement program and documentation for the exemptions. Also, modify and consistently use a rate calculation methodology to equitably charge replacement fees to all remaining fleet equipment. | Jan 2021: The department is discussing with the Assistant City Manager, the Acting City Treasurer and Budget its vehicle rate calculations. May 2021: The department reported that, based on the vehicle rate discussions, it will be exempting Aviation, grant-funded, donated and RICO vehicles from the rate calculations. Also, redeployed vehicle rates will be based on the estimated market value at the time of redeployment rather than a zero value or the original cost. | Implemented | <input checked="" type="checkbox"/> |
| 3A | The Fleet Management Director should establish a method to charge departments for motor pool use, such as a per-mile rate. Then work with departments with low-use vehicles to promote the use of motor pool vehicles for overall City savings. | Jan 2021: The department stated this is part of its fleet software considerations. May 2021: The department reported that motor pool software cost was not cost effective. So motor pool expenses will be a Fleet overhead expense covered by vehicle rates. Four low-use vehicles were returned to Fleet and redeployed, and one replaced vehicle was auctioned as surplus. The department stated two additional low-use vehicle returns are in process. | Part Impl'd | <input checked="" type="checkbox"/> |

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| 3B | The Fleet Management Director should develop a standardized process for communicating with departments about overdue preventative maintenance, including specific time frames for reminder messages, tracking emails and calls, and escalation to higher management levels when appropriate. | Jan 2021: The department stated this remains to be completed and may be part of its fleet software considerations. May 2021: The department stated this remains in process. Sept 2021: Auditors observed the email archive established to retain the weekly preventative maintenance reminders. As well the Fleet Director noted staff is also following up with the departments on the overdue items. However, the department is no longer planning to buy new fleet software and he is not planning to develop written guidance for handling overdue maintenance items. | Part Impl'd | <input checked="" type="checkbox"/> |