



Office of the City Auditor

**Audit of the
Department of Public Works -
Fleet Management's Procurement Procedures**

Report Date: February 16, 2017

Office of the City Auditor
2401 Courthouse Drive, Room 344
Virginia Beach, Virginia 23456
757.385.5870

"Promoting Accountability and Integrity in City Operations"



Office of the City Auditor

"Promoting Accountability and Integrity in City Operations"

Lyndon Remias, CPA, CIA, CRMA, CGAP

City Auditor

Timothy Bell, CICA

Senior Auditor

www.vbgov.com/cityauditor

Office of the City Auditor

2401 Courthouse Drive, Room 344

Virginia Beach, VA 23456

Telephone: 757.385.5870

Fax: 757.385.5875

Fraud, Waste, and Abuse Hotline 757.468.3330



Office of the City Auditor
Transmittal Letter

Date: February 16, 2017

To: Phil A. Davenport, Director, Department of Public Works

Subject: Audit of the Department of Public Works - Fleet Management's Procurement Procedures



I am pleased to present our audit of the Department of Public Works - Fleet Management's Procurement Procedures. The objectives of our audit were to ensure adequate policies, procedures and processes are in place to ensure compliance with the Virginia Public Procurement Act (VPPA) and Virginia Beach Purchasing Ordinance for the procurement of City vehicles.

Findings considered to be of insignificant risk have been discussed with management. We completed fieldwork on January 13, 2017.

The Office of the City Auditor reports to City Council through the City's Audit Committee and is organizationally independent of all other City Departments. This report is intended solely for the information and use of the Audit Committee, City Council, Department of Public Works, and appropriate management. It is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

We would like to thank the Department of Public Works - Fleet Management Division for their courteous and prompt assistance during our audit. The staff was receptive and excellent to work with.

If you have any questions about this report, or any audit-related issue, I can be reached at 385.5872 or via email at lremias@vbgov.com.

Respectfully submitted,

Lyndon S. Remias, CPA, CIA
City Auditor

c: City Council Members
Audit Committee Members
Dave L. Hansen, City Manager
Thomas M. Leahy, III, Deputy City Manager



Office of the City Auditor Table of Contents

Transmittal Letter	i
Purpose	1
Scope & Objective	1
Methodology	1
Standards.....	2
Background	3
Results	7
Conclusion	16
Acknowledgements	16
Management's Response	Attachment A



Office of the City Auditor
Audit of the Department of Public Works-
Fleet Management's Procurement Procedures

Purpose

The purpose of our audit was to determine if internal controls over vehicle procurement in the Fleet Management division are working effectively to ensure best vehicle prices using established contracts, vendor compliance with the contracts, and departmental involvement in the vehicle procurement process.

Scope & Objectives

The scope of the audit covered the procurement process at Fleet Management during fiscal year (FY) 2017. The objectives of our review were:

- To document the procedures and related controls for establishing and using contracts with vehicle vendors.
- To assess whether those controls are designed effectively to reduce risk to an acceptable level and to determine whether the procedures/controls are being complied with.
- To determine departmental satisfaction with Fleet Management's procurement process.
- To determine the budgeted amount for replacement vehicles for the past five fiscal years.
- To determine the number of City vehicles with low utilization.
- To determine the cost of totaled vehicles and accident repairs.
- To address City Council concerns regarding delayed delivery of two EMS vehicles.

Methodology

To accomplish our objectives, we performed the following procedures:

- Obtained and reviewed the written policies and procedures for procurement of City vehicles.
- Interviewed the Fleet Management Administrator to document the process for obtaining and developing contracts with vehicle vendors.
- Interviewed the procurement specialist, and mechanics supervisor to document the processes of vehicle procurement, receiving and entering the information into the Fleet inventory tracking system.
- Performed sample testing of vehicle purchases over the past three fiscal years for the use of contracts, contract pricing, and vendor compliance with contract terms.
- Performed survey to determine departmental satisfaction with Fleet Management procurement process.
- Obtained budget information regarding replacement vehicles for past five fiscal years.
- Obtained information regarding totaled vehicles and accident repairs; including those due to the neglect and abuse by City employees.



**Office of the City Auditor
Audit of the Department of Public Works-
Fleet Management's Procurement Procedures**

Standards

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require 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 during this audit provides a reasonable basis for our findings and conclusions based on our audit objectives.

The Office of the City Auditor reports to City Council through the Audit Committee and is organizationally independent of all City Departments. This report will be distributed to the City's Audit Committee, City Council, Department of Public Works, and appropriate management. This report will also be made available to the public.



Background

Public Works- Fleet Management Division

The Fleet Management Division of the Department of Public Works is responsible for the management of fleet assets and fuel resources for the City of Virginia Beach. Fleet assets are comprised of any licensed and unlicensed motor vehicle and equipment including rolling stock such as the following:

- Police Vehicles including a Helicopter
- Fire and Rescue Vehicles
- Regular Sedans, SUVs, Pickup Trucks, and Vans
- Refuse Collection Trucks
- Beach Cleaners, Sewer Cleaners, and Street Sweepers
- Construction Equipment (i.e. Dump Trucks and Bulldozers)
- Roadway Equipment
- Traffic Message Boards and Arrow Boards
- Library Bookmobile
- Other types of equipment (i.e. Lawn Mowers, Aviation Equipment, Marine Equipment, Generators, and Pumps)



The Fleet Management Division supplies full life cycle services for those assets to include:

Acquisition	Replacement recommendations and bid specifications
Maintenance	Scheduled preventive maintenance
Repair	Unscheduled repairs; accident assessment and repair
Disposal	Decommission and disposal of surplus fleet assets through the auction process



Fleet Maintenance performs the above maintenance and repair functions at three different locations – the Main City Garage at Leroy Drive, the Holland Road Facility and the Landstown Facility. They also provide motor pool services to all City agencies. There are a total of 77 FTEs of which 55 are mechanics. Currently, the total number of vehicles, which includes construction and landscaping equipment, is approximately 3,600.



Development of Vehicle Contracts

In procuring a vehicle, Fleet Management builds the vehicle through established contracts with vehicle vendors. Rarely is a vehicle purchased from a dealer's lot. In developing a vehicle contract with a dealer, Fleet Management incorporates a "cafeteria" style approach in which they start with a base truck or car and then builds it to include every option they can think of. This fully loaded vehicle is what vendors would place a competitive bid quote on. This contract development approach ensures the vendor does not "low ball" the base truck quote then charges high prices on the accessories and options. This approach enables the City to have best prices for the vehicles and departments to have a list of options to delete and/or add to a vehicle such as a toolbox, a light bar, running boards, or four wheel drive, for example. This also enables Fleet Management and departments to know what price the vehicle would be given certain options. Currently, there are about 28 contracts for cranes, sedans, SUVs, pickup trucks, trailers, vans, minibus, dump trucks, refuse trucks, street sweepers, utility trucks, wreckers, chippers, loaders, tractors, motorcycles, and lawnmowers. The City does not purchase ambulances. In case of a specialty vehicle they do not have a City contract for, Fleet Management will "piggyback" off another city's or state negotiated contract.

When a new vehicle is needed, Fleet Management and the department will work out the specifications of the vehicle depending on what it will be used for. Fleet Management will cut a requisition and send it to the Purchasing Department who will send the purchase order out to the contracted vendor. Fleet Management gets a copy of the signed purchase order that has all the terms and conditions, the delivery and all the options they selected. Every vehicle purchased is referenced to one of the contracts.

The term length of the contract is usually 12 months. After the expiration of the term length a price increase can occur. Price increases will have to be documented to Fleet Management and Purchasing explaining the circumstances for the increase and ask for a contract extension. Vehicle contracts are not automatically extended.

Purchasing City Vehicles

There are two different processes in the procurement of vehicles:

1. Procurement of new vehicle(s) to add to the fleet; and
2. Procurement of new replacement vehicle(s).

Procurement of new vehicle(s) to add to the fleet

When a department determines they have a need to add a vehicle to their fleet, they are required to get approval through Management Services or City Council. Fleet Management is not involved in the budget approval process for new vehicles. However, the department may call Fleet Management to ask for pricing, what kind of vehicles they have under contract, and other information. The department uses this information in their budget request. After the budget request process is completed, Fleet Management receives a list of all budget approvals



Office of the City Auditor
Audit of the Department of Public Works-
Fleet Management's Procurement Procedures

for new vehicles from Management Services or City Council. This list is usually received before the beginning of the new fiscal year.

Fleet Management then works with each department to determine details or specifications of each new vehicle based on what the department's need is as the budget information is usually not detailed enough. After all needed options on the vehicle are determined, the vehicle is ordered. There may be occasions where the specifications needed or wanted on a vehicle adds up and moves total cost over the budgeted amount. In that case, the department would work with Management Services to get approval for an increase in the budgeted amount for the vehicle. Once the increase is approved then the purchase of the vehicle moves forward.

Generally, when a new vehicle is delivered to the Main City Garage on Leroy Drive, it is checked in, inspected, and double-checked to match the purchase order. The vehicle is assigned an inventory number and entered into the Fleet inventory tracking system. A preventive maintenance schedule is started, City seal(s) is applied, and then it is ready to be delivered to the department.

Procurement of new replacement vehicles

The vehicle will end up on the Equipment Replacement Report (ERR) after meeting mileage and maintenance cost parameters. Generally, vehicles are not considered for replacement until it meets the parameters and making the ERR list. The parameters are 100,000 miles or over; and/or 75% operational cost which is the ratio between the original acquisition cost and how much money was spent to maintain it, minus fuel. Currently, the ERR list totals about \$21.6 million representing 548 vehicles and equipment. However, the budget for replacement vehicles each fiscal year allows for replacement of about 25% of the list.

For FY 17, Fleet Management's replacement vehicle budget is \$5.1 million. To determine which vehicles to replace given the budgeted amount, they start with the ERR list and examine each vehicle on the list. They take into consideration how much the vehicle is used, how high or low the operational and maintenance cost has been, and other considerations, such as whether parts are becoming obsolete. They will go through the ERR list several times and keep paring the list down until the budgeted amount (\$5.1 million for FY 17) is reached and now they have their vehicle replacement list for the upcoming fiscal year. Fleet Management gives equal weight to all departments in order for smaller departments to not get locked out of getting new replacement vehicles. Management Services may also approve and budget for other specific vehicles to be replaced in addition to those selected to be replaced by the Fleet Management review of the ERR list.



Totaled and Flooded vehicles are moved to replacement list automatically

Any totaled vehicle has to be replaced, made whole. There is no budgeted line item for the anticipation of totaled vehicles. Funds for replacing totaled vehicles come out of the vehicle replacement budget. If the department of the totaled vehicle has some other vehicle set to be replaced and it has not been ordered yet, that replacement vehicle gets put back on the ERR list to be reviewed again for replacement consideration next year. The department gives up a new replacement vehicle to make up for having to replace a totaled vehicle. The totaled vehicle takes priority. In some situations, it might be the totaled vehicle was set to be replaced anyway, so there will be no loss to the department in that case. However, if there is not a vehicle already on the replacement list for that fiscal year, that department has to wait until the next fiscal year unless Management Services and/or City Council approves the budget adjustment. In some fiscal years, money from salvaged and auction of surplus vehicles would be available to augment funding for replacement vehicles.

Procurement Process of New Vehicles

In any given year, Fleet Management prepares between 150 to 200 requisitions for new replacement vehicles and for new vehicles approved separately by Management Services. In the May/June timeframe, before the beginning of the new fiscal year in July, the requisitions for new vehicles would be made to be released after July 1st. Purchasing will cut the purchase orders (POs), release them, and the vehicles are ordered. It does not mean the vehicles are being built near July 1st, but the order is in when the new fiscal year starts.

Typical vehicle building scenario

To illustrate a vehicle- building scenario, we will use the example of a recent purchase of pickup trucks. Fleet Management completed the requisition, Purchasing cut the PO, and mailed to the vehicle dealer at the beginning of the fiscal year. The dealer received the PO on July 5th. However, the manufacturer does not accept fleet orders from dealers until they open dealers' computers for accepting orders. The dealer held the POs until October 1st when their computers were opened by the manufacturer for receiving vehicle orders. The dealer submitted all of Fleet Management's orders to the manufacturer at that time. They notified Fleet Management that the orders have been accepted and what the build start date is. In this case, the build start date was November 15th. Later, the manufacturer notified the dealer with a more specific build date for each *individual* vehicle ordered, such as December 1st. Not all vehicles are built on same day because of different specifications that may be ordered (two-wheel vs. four-wheel drive, etc.) In addition, timing of when orders come in to the manufacturer will affect how wide the timeframe is between the building of each ordered vehicle. An order received by the manufacturer in mid-year may miss the fleet-building window and have to wait until next model year to be fulfilled.



Office of the City Auditor Audit of the Department of Public Works- Fleet Management's Procurement Procedures

The length of time for a vehicle to be delivered to the Main City Garage on Leroy Drive after the starting build date is about 45 to 100 days depending on the type of vehicle and option(s) needed. Some specialty vehicles can take 6 to 9 months. Vehicles requiring an 'up-fit' like a police car, EMS vehicle, firetruck, and other specialty vehicles goes



to the dealer or to an up-fit vendor (currently located in Massachusetts) first before being delivered to the Main City Garage. The City Garage then applies City stickers and other additional work that needs to be completed such as radios and on-board computers may need programming, which adds several more days or weeks before the vehicle is being delivered to the department.

Christmas holidays and shutdown time also affect the length of time before Fleet Management sees the delivered vehicle. However, sometimes they can place an order in January and get it faster than if the order was placed in July because there is no wait time since the manufacturer is already building the fleet vehicles for that year, it just has to get in line. The manufacturer cuts off orders usually around the end of May.

If the vehicle order cutoff is missed then the build of the vehicle would have to wait until the next assembly line start up time which could be the next model year. Rarely will Fleet Management take a vehicle from the dealer's lot because certain options on the vehicles are required and the chances of a dealer's lot vehicle fitting the specifications are not likely.

Results

Our audit focused on Fleet Management's procurement procedures including the use of contracts, surveying of departmental satisfaction with Fleet Management's vehicle procurement process, budget topics, and additional information pertaining to the City's fleet as presented in the following information.

1. Purchase of Fleet Management Vehicles

To ensure that Fleet Management is using established contracts so best prices for City vehicles are obtained, and that vehicle vendors comply with the contracts, we sampled 30 vehicle purchases made within the past four fiscal years. The judgmental sample reflected wide representation across fiscal years, departments, amounts, types of vehicles, and source of



Office of the City Auditor
Audit of the Department of Public Works-
Fleet Management's Procurement Procedures

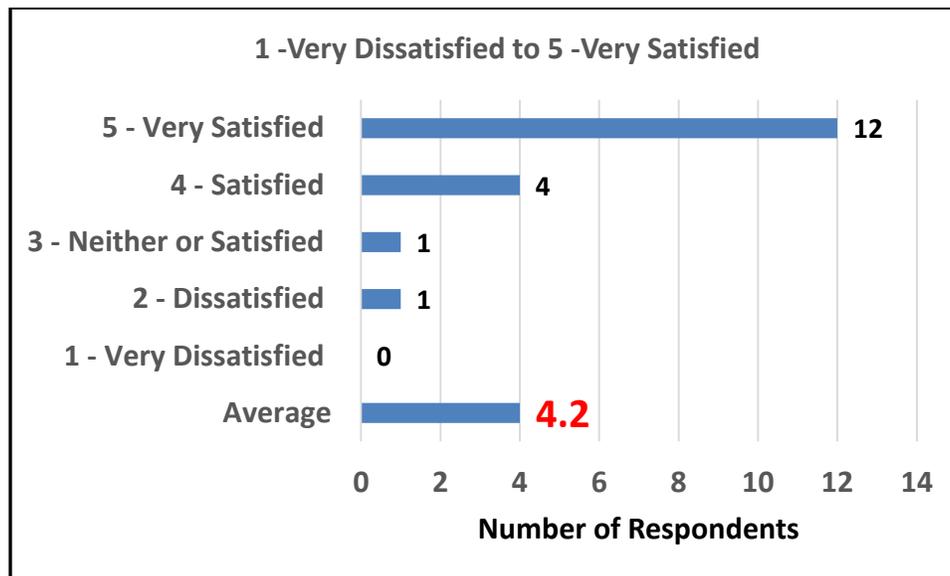
contracts. After examination of each vehicle purchase order, we determined that:

- Fleet Management used and referenced a contract established with a vehicle vendor for each purchase;
- Fleet Management purchased the vehicle in agreement with contract price;
- The vehicle vendor completed purchase in accordance with contract terms; and
- We noted no exceptions.

2. Satisfaction with Procurement Process

To gauge departmental satisfaction with the Fleet Management vehicle procurement process, we developed survey questions to ask each department's liaison responsible for the purchasing of vehicles. 18 of 24 departmental liaisons (75%) completed the survey. The results are presented below for each survey question.

Question 1: How satisfied are you with the communication between you and Fleet Management regarding procurement of vehicles for your Department?



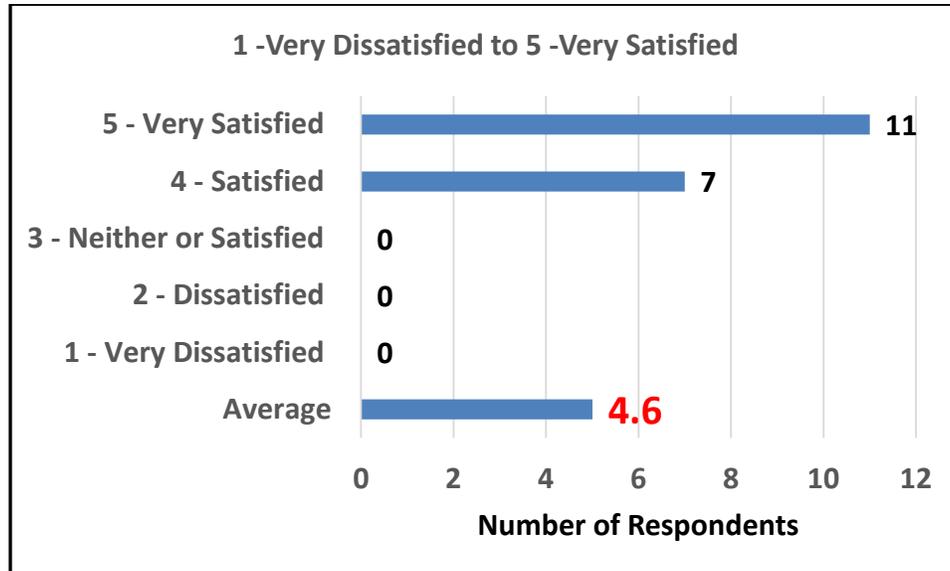


Office of the City Auditor
Audit of the Department of Public Works-
Fleet Management's Procurement Procedures

Question 2: How satisfied are you with the efforts of Fleet Management to meet your vehicle needs and specifications within the approved budgeted amounts for your Department?



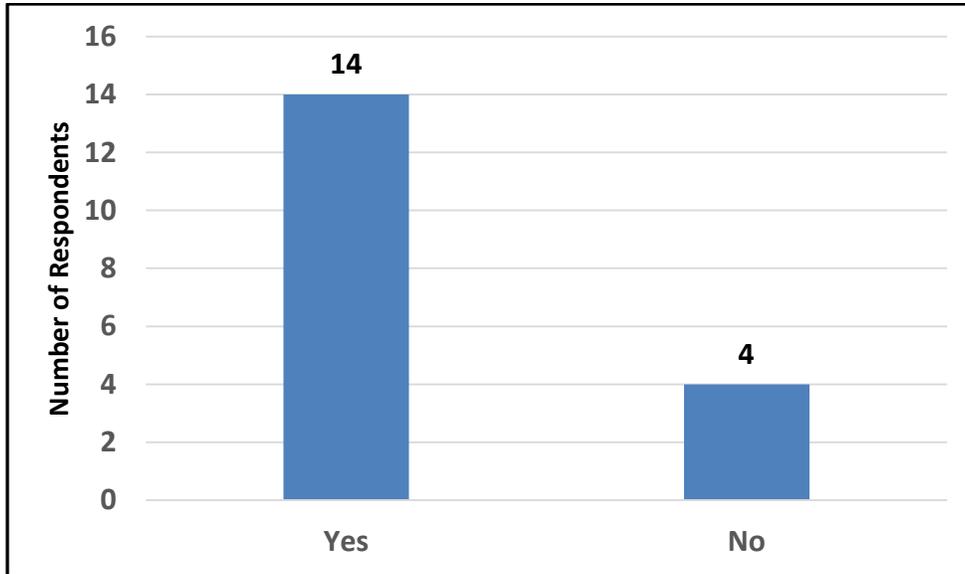
Question 3: How satisfied are you with Fleet Management in procuring your vehicle(s) overall?



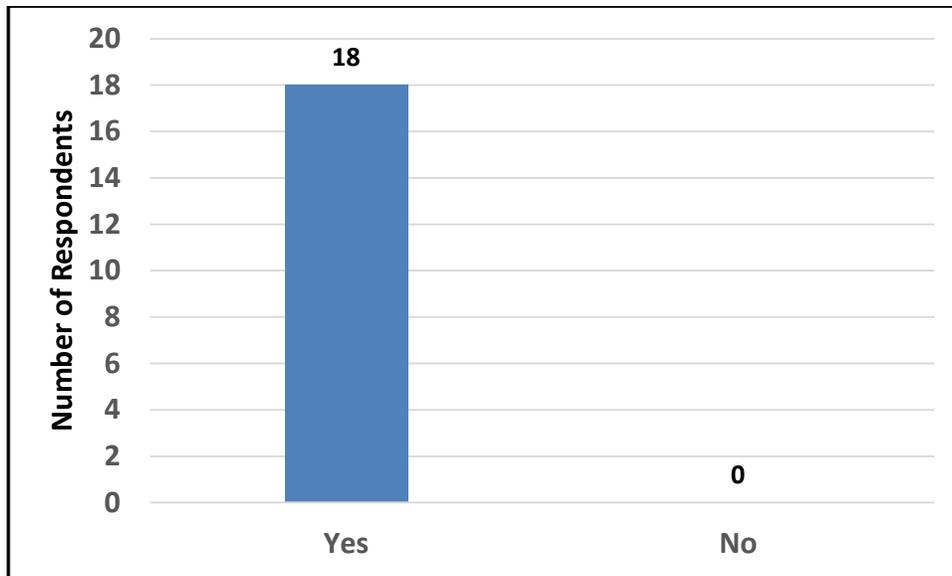


Office of the City Auditor
Audit of the Department of Public Works-
Fleet Management's Procurement Procedures

Question 4: Did you obtain your vehicle(s) within the agreed upon date(s)?



Question 5: Did you receive the vehicle(s) that you and Fleet Management agreed to?



Overall, Fleet Management's procurement process has a very high satisfaction rate with the Departmental liaisons.

Note: Specific individual comments used as part of the survey were provided to Fleet Management.



3. Low Utilization Vehicles

As business needs of departments change through time, the need for a certain type of vehicle can change. Some City vehicles are not used as much as previously so they are listed on the Low Utilization Vehicle (LUV) list. The LUV tracks vehicles with low mileage within the past fiscal year. The mileage parameter is 3,000 miles or less. We obtained the LUV list for FY 16. We narrowed the LUV down to vehicles that are adaptable to being included in a shared system or kiosk system: sedans, pickup trucks, SUVs, vans, and station wagons. These vehicles could be put in a central pool with a kiosk and departments could pull from the kiosk as needed. We identified 42 vehicles that meet criteria for consideration to be moved to a kiosk system.

Low Utilization Vehicles for Kiosk System

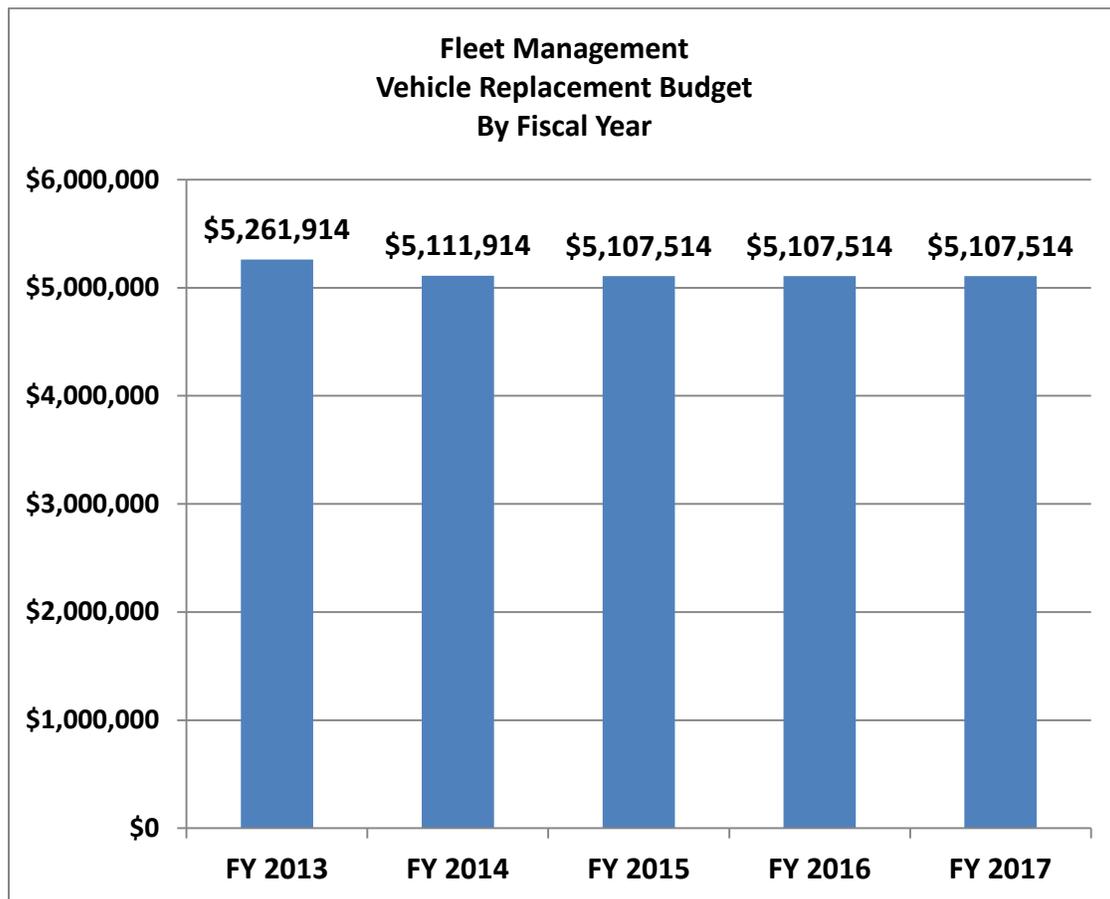
Type of Vehicle	Number of Units
Sedan	16
SUV	15
Pickup	6
Van	4
Station Wagon	1
Total	42

Recommendation:

- 1.1 Determine the feasibility of implementing a self-service, kiosk type system to centrally pool vehicles to ensure efficient use of fleet vehicles. Note: The City of Chesapeake has a self-service process already in place to utilize a fleet vehicle. Reviewing their system would be a good starting point.

4. Vehicle Replacement Budget

As each City vehicle puts on mileage, receives maintenance service, and repairs, they will eventually get put on the Equipment Replacement Report (ERR) when it meets the 100,000 mile or 75% operational cost parameters. These vehicles are close to their end of service life and would need replacing. For FY 17 the ERR listed \$21,663,572 in acquisition costs for 548 vehicles that met the parameters. However, only a portion of these vehicles are actually replaced in a given fiscal year depending on the vehicle replacement budget amount. For FY 17, 162 vehicles were selected for replacement and in FY 16, 164 vehicles were replaced. The budgeted amounts for the past five fiscal years are shown on the next page.



As stated in the Background section, Fleet Management scrutinizes each vehicle on the ERR list to determine whether to replace it in the coming fiscal year. They must pare down the list of vehicles to replace until they meet the budgeted amount allowed for replacement. We note that the vehicle replacement budgeted amount has been level the past five fiscal years despite rising vehicle costs. Further exacerbating the replacement of these vehicles are vehicles that get totaled through accidents or flooded as these vehicles will knock off vehicles from the vehicle replacement list that were already slated to be replaced that fiscal year (unless the totaled vehicle was already one that was going to be replaced).

5. Totaled Vehicles due to Accidents and Flooding

The City budget does not account for anticipated costs due to vehicles totaled in accidents and weather events. Funds for replacing totaled vehicles come out of the vehicle replacement budget. There were 57 vehicles that were totaled within the past four fiscal years as shown on the next page.



Office of the City Auditor
Audit of the Department of Public Works-
Fleet Management's Procurement Procedures

Police Department (33)		Emergency Medical Service (7)	
Chevy 2500	3/28/2013	Marked vehicle	7/24/2013
Chevy 2500	2/25/2016	Marked vehicle	8/5/2015
Marked Police car	5/3/2013	2003 Ford F350 ambulance	1/3/2016
Marked Police car	6/29/2013	2001 Freightliner ambulance	3/15/2016
Marked Police car	8/26/2013	Marked Chevy Tahoe	6/4/2016
Marked Police car	8/11/2013	Marked Chevy Tahoe	3/1/2016
Marked Police car	8/6/2012	2005 Ford F350	5/29/2016
Marked Police car	10/3/2013	Human Services (4)	
Toyota Land Cruiser	10/8/2013	2012 Chevy Malibu	10/21/2015
Marked Police car	10/16/2013	2001 Ford Taurus	3/12/2014
Marked Police car	10/25/2013	2002 Ford Taurus	5/29/2015
BMW motorcycle	11/15/2013	2011 Nissan Quest	8/4/2015
Marked Police car	3/16/2014	Fire Department (4)	
Marked Police car	4/14/2014	2006 Fire truck	6/11/2013
Marked Police car	5/22/2014	2002 Fire truck	10/8/2016
Marked Police car	5/31/2014	2003 Fire truck	2/5/2013
Marked Police car	6/25/2014	2001 CV	11/4/2014
Marked Police car	3/18/2014	Housing & Neighborhood Pres. (2)	
Marked Police car	7/30/2014	2007 Ford F150	8/8/2016
Marked Police car	1/10/2015	2002 Ford Ranger	10/19/2015
Marked Police car	1/8/2015	Public Works- Highways (3)	
Marked Police car	3/4/2015	2007 Freightliner sweeper	11/6/2013
Marked Police car	5/8/2015	1999 Jeep Cherokee	7/9/2015
Marked Police car	10/22/2015	2001 International 4700 dump	2/26/2015
Marked Police car	10/16/2015	Public Works- Waste Management (2)	
Marked Police car	1/6/2016	2005 Mack garbage truck	7/16/2013
Unmarked Chevy Impala	11/21/2015	2010 Mack garbage truck	2/11/2015
Marked Police car	12/8/2015	Public Utilities (2)	
Marked Police car	1/11/2016	2012 Chevy 3500	7/2/2016
Marked Police car	2/25/2016	2006 Ford F650	6/25/2016
Marked Police car	4/12/2016		
Unmarked Chevy Impala	5/9/2016		
Marked Police car	7/25/2016		

The estimated replacement cost of all totaled vehicles (except for the ambulances) for the past four fiscal years amounts to \$4,339,212. This has a significant impact on the ability to replace aging vehicles given the budget constraints of the past several fiscal years.

6. Repairs due to Accidents or Neglect and Abuse by City Employees

During the past three fiscal years, there were 1,116 repairs due to accidents in which the City was at fault. The total cost of accident repairs was \$1,952,088. The City is self-insured up to \$50,000 therefore Fleet Management is responsible for repairs up to \$50,000. Above that amount, they file a claim through Risk Management. Fleet Management pays for repairs out of



Office of the City Auditor
Audit of the Department of Public Works-
Fleet Management's Procurement Procedures

their operating budget and does not charge the applicable department for the cost of the accident repair initially. However, Fleet Management recoups the accident repair charges the following fiscal year by charging all departments who have those same classes of vehicles a higher percentage.

Of the \$1,952,088 there were 66 repairs totaling \$62,205 from neglect and abuse of the vehicle or equipment by City employees. Fleet Management charges the applicable department for these types of repairs. This holds the department accountable when these large repair bills from neglect and abuse come through.

7. Timeline of Late Delivered Chevy Tahoes

In FY 16, there were two Chevy Tahoes ordered for the Emergency Medical Service (EMS) that were delayed in the up-fitting phase and thus had a very late delivery. At least one member of City Council was concerned about how long the process took from approval of the vehicles to the delivery of the vehicles.

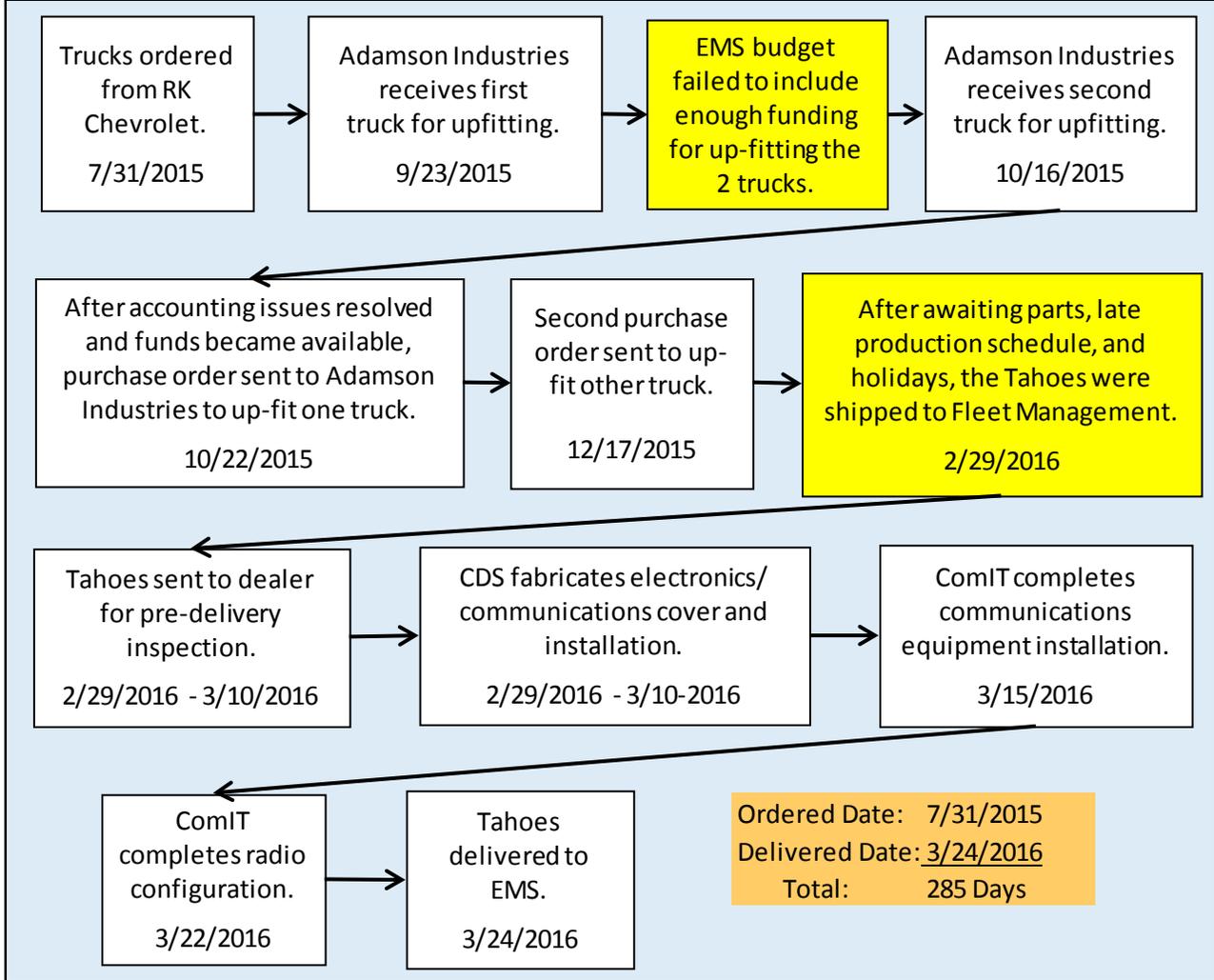
We determined that the main delay in the process was because there were not enough funds to pay for the full cost of the vehicles. The original budget request submitted by EMS did not include up-fitting and equipment such as lights, sirens, and lettering.

Fleet Management cannot "float" the funding because the City's financial system, InSITE, will not allow overspending of accounts. If there are not enough funds in a particular account, the requisition will be rejected by InSITE, which was the case with these vehicles. As a result of this incident, Fleet Management will now not begin the process of purchasing a vehicle until they have all the details of the vehicle requirements from the department and costs associated with those requirements. If the department is short of funds, they have to rectify it before the purchasing of the vehicle(s) begins. Also, details of the vehicle requirements will enable Fleet Management to order the up-fit parts at the same time as the vehicle(s) is ordered so the parts will be available at the up-fitter once the vehicle(s) arrives from the manufacturer or dealer.

The timeline on the next page presents the individual steps in the purchasing process from ordering to receiving of the Chevy Tahoes. The purchasing process for these specific vehicles took 285 days.



EMS Tahoes Replacement Timeline





Office of the City Auditor
Audit of the Department of Public Works-
Fleet Management's Procurement Procedures

Conclusion

We determined that the Department of Public Works - Fleet Management's procedures and internal controls are working effectively for the procurement of City fleet vehicles and equipment.

Acknowledgements

We would like to thank the Department of Public Works - Fleet Management division for their assistance during our review. They were open to our suggestions and accommodating. They were also prompt with our information requests and willing to address all of our inquiries.



City of Virginia Beach

DEPARTMENT OF PUBLIC WORKS
FLEET MANAGEMENT DIVISION
ADMINISTRATION: (757) 385-4661
FAX (757) 385-1889

VBgov.com
2633 LEROY ROAD
VIRGINIA BEACH, VA 23456-3596
ACCOUNTING/FUELS: (757) 385-6365
FAX: (757) 430-3254

INTER-OFFICE MEMORANDUM

DATE: February 8, 2017

TO: Lyndon Remias, City Auditor

VIA: Phillip Davenport, Director of Public Works **PAD**

FROM: Reginald Padgett, Fleet Management Administrator

SUBJECT: Public Works – Fleet Management’s Audit of Procurement Procedures

We are in receipt of your draft audit report dated February 2, 2017. I would like to take this opportunity to thank you and your staff for your professionalism and the extensive time you took to thoroughly understand our operations and procurement procedures.

We concur with your report in its entirety. We also are in agreement with your recommendation on low utilization vehicles by providing a self-service, kiosk type system to centrally pool vehicles to ensure efficient use of fleet vehicles. Implementation costs will be provided to management for the kiosk. Our computer system is currently capable of providing this service and we will also make recommendations on the locations and types of vehicles to put in the kiosk.

Once again, thank you for your time and diligence in providing this year’s positive audit.

RJP/PAD/sff