



**Internal Audit Committee of
Brevard County, Florida**

**Internal Audit of
Fleet Services**

**Prepared By:
Internal Auditors
August 7, 2019**



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August 7, 2019

The Audit Committee of
Brevard County, Florida
2700 Judge Fran Jamieson Way
Viera, Florida 32940-6699

Pursuant to the approved 2018/2019 internal audit plan, we hereby submit our internal audit of Fleet Services. We will be presenting this report to the Audit Committee at the next scheduled meeting on August 21, 2019.

Our report is organized in the following sections:

Executive Summary	This provides a summary of the observations and testing results related to our internal audit of Fleet Services.
Background	This provides an overview of Fleet Services.
Objectives and Approach	The internal audit objectives and focus are expanded upon in this section as well as a review of our approach.
Observations Matrix	This section provides the results of our internal audit procedures, including our recommended actions and management's responses.

We would like to thank all those involved in assisting the Internal Auditors in connection with the internal audit of Fleet Services.

Respectfully Submitted,

Carr Riggs & Ingram, LLC

INTERNAL AUDITORS

Executive Summary

Executive Summary

Overview

The mission of Brevard County's Fleet Services (FS), a program of the Central Services Office, is to enhance and ensure Brevard County's quality of life by providing cost effective and readily available fuel supplies and maintenance of County automobiles and small trucks. FS includes three program areas: vehicle and equipment repair and maintenance, fuel acquisition and fuel site operation and emergency generator repair and maintenance.

Objective

The primary objective of this audit was to assess the design and effectiveness of internal controls in place over FS and to assess compliance with certain laws, rules and other County policies and procedures. During the course of our work, we discussed the control design and operating deficiencies and any compliance issues with management.

Observations

Observation ratings are a subjective evaluation of the severity of the concern and the potential impact on the operations. An observation rating of "High" represents an issue of immediate concern and could cause significant operational issues if not addressed soon. A "Moderate" rating is an issue that may also cause operational issues and does not require immediate attention but should be addressed as soon as possible. Observations given a "Low" rating could escalate into operational issues but can be addressed through the normal course of conducting business.

The following is a summary of observations noted.

Ratings by Observation	Risk Rating
1. <i>Fuel Site Inspections & Security</i>	High
2. <i>Fuel Billing</i>	Moderate
3. <i>Vehicle Maintenance & Billing</i>	Moderate
4. <i>Performance Metrics</i>	Moderate
5. <i>BCC-75</i>	Low

Background

Background

Overview

Goals of FS include the following: 1) to maintain operational efficiency and safety and maximum useable life of County vehicles and equipment, 2) to ensure a continuous and safe supply of fuel at the nine fuel sites around the County and 3) to provide efficient collection, storage, and redistribution services for surplus vehicles and heavy equipment to County and public auctions. FS repairs and maintains vehicles and equipment for the majority of the County except for Solid Waste, Mosquito Control and Transit Services and has eight not-for-profit customers that receive services through individual contracts with those entities. FS also repairs and maintains the County's approximately 150 emergency generators.

Vehicle and Equipment Repair and Maintenance

FS is primarily supported by internal billings to other departments and external billings for work done on not-for-profit, non-County owned vehicles (i.e. Brevard Workforce and Brevard Alzheimer's Foundation). All labor for internal and external billing projects is tracked by work order number on labor sheets by fleet personnel that the FS Manager inputs into the work order software (iMaint). Labor is billed to the department through the County's cost allocation plan. For FY 2018-2019, labor was charged to not-for-profit agencies and County departments for services not covered under the County's cost allocation plan (i.e. heavy duty vehicles or welding) at a rate of \$65.00 per labor hour. This rate was based on estimating the average salaries and benefits of fleet technicians, plus adding 5% of the estimated labor rate to handle non-charge items (i.e. shop supplies or small parts). Approximately 99% of FS revenues are generated from County department / agency customers. FS is also funded by the resale of fuel to County Agencies, County Charter Officers, the Town of Melbourne Beach, Town of Malabar and several not-for-profit agencies. FS also repairs and maintains over 150 emergency generators for the County. Parts inventory is outsourced and separately maintained by NAPA personnel onsite and is responsible for security, etc.

Fuel Acquisition, Billing and Fuel Site Operation

FS bills each department monthly based on the average cost for the month plus a \$0.10 fuel surcharge. The FY 2017-2018 average fuel charged to departments per gallon was \$3.10 for unleaded and \$3.25 for diesel. However, in the first month of FY18-19, the price of unleaded decreased 54.2% and the price of diesel has decreased 54.2% since the first month of FY18-19. The cost fluctuates from month to month and is expected to increase depending on market conditions, which are significantly influenced by weather, political, and world events.

FS coordinated the placement and maintenance of a countywide network of fuel stations to provide fuel for customer agencies and County emergency operations. FS currently manages and maintains nine-fuel sites. Eight of the nine locations have aboveground tanks and construction of an aboveground tank for the ninth fuel site is expected to be completed in the Fall of 2019.

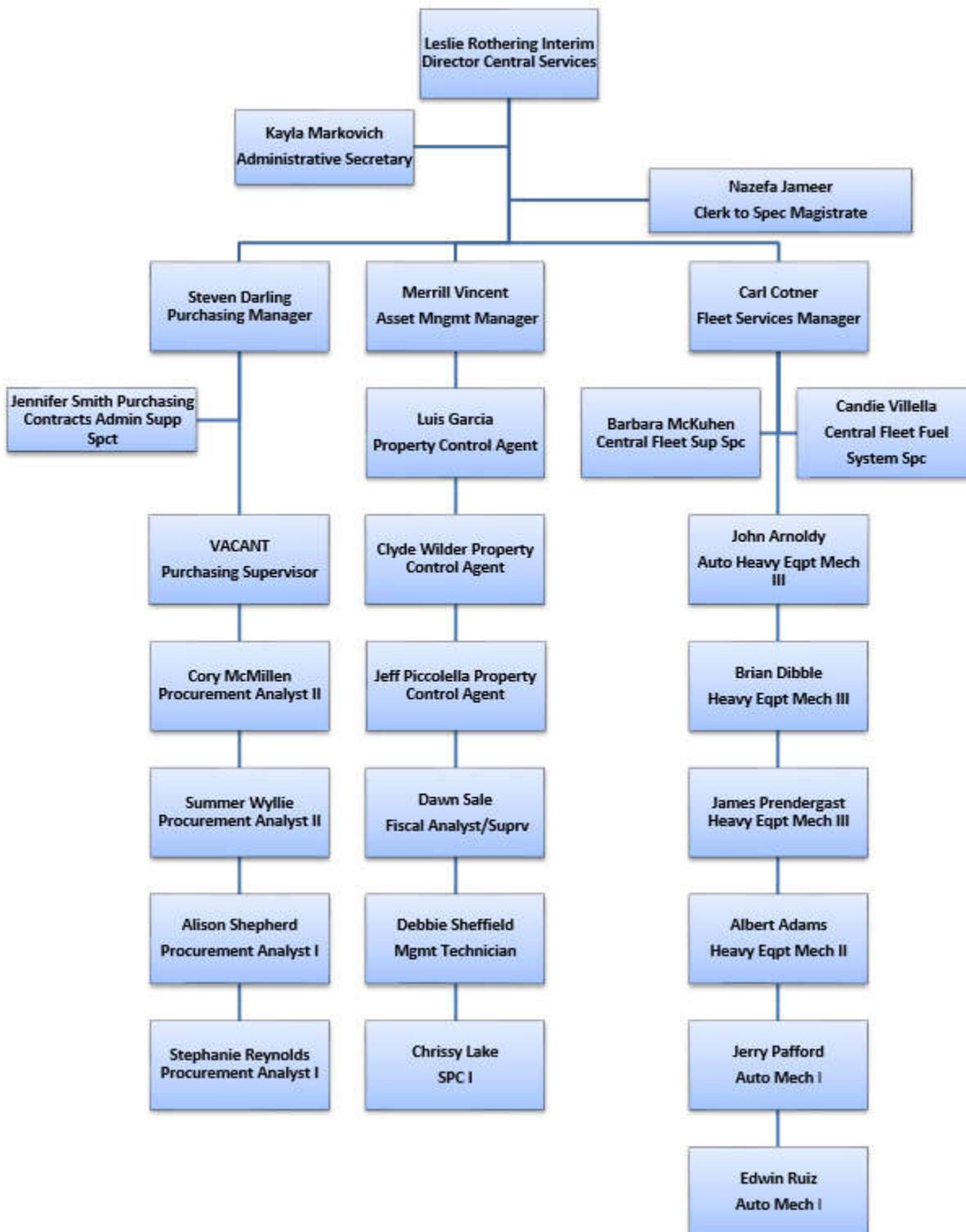
Staffing

Key personnel from FS, a division of the Central Services Department that are involved in the operations and assisted in the internal audit are as follows:

Name	Title
Leslie Rothering	Interim Director, Central Services Office
Steven Darling	Purchasing Manager, Central Services Office
Carl Cotner	Fleet Services Manager
Barbara McKuhen	Fleet Services Operations Support Specialist
Candice Villella	Fleet Services Fuel Systems Specialist

Background - continued

CENTRAL SERVICES ORGANIZATIONAL CHART



Background - continued

The following represents a summary of the FS various accomplishments, initiatives, and trends and issues related to FY's 2017-2018 and 2018-2019 (source: Brevard County Adopted Operating and Capital Budget):

Accomplishments:

- Began active Fuel Maintenance program utilizing the new Fuel Filtration System to test and maintain diesel fuel stored over a long period of time in generator tanks.
- Purchased FluidSecure system to track fuel consumption at all fuel sites. Replaced 14 year old Sentry IV system.
- Began performing in-house wheel alignments reducing vehicle maintenance outsourcing expenses.
- Fully automated annual generator maintenance and semi-annual generator inspection Work Order process.
- Installed wireless gas level monitoring system to track gas level in tanks reducing need for County personnel to manually read and report levels to Fleet.

Initiatives:

- Actively notify customers when vehicles are due for scheduled maintenance using mileage collected at fueling.
- Replacement of the last underground fuel site at Flake Road (expected completion – Fall 2019).

Trends and Issues:

Fleet Services continues to improve the customer experience by making the repair and maintenance process flow in a professional and efficient manner. The new customer service area created helps to expedite vehicle drop-off and pickup. The use of loaner cars and workspaces with Wi-Fi in the waiting area will enable an increase in efficiency for employees while vehicles are serviced.

By implementing the FluidSecure system, Fleet Services has been able to easily track and identify fuel consumption of all county vehicles thereby decreasing time spent compiling charges for each department. CRI noted that the FluidSecure system is not being effectively utilized by FS staff. See observations matrix.

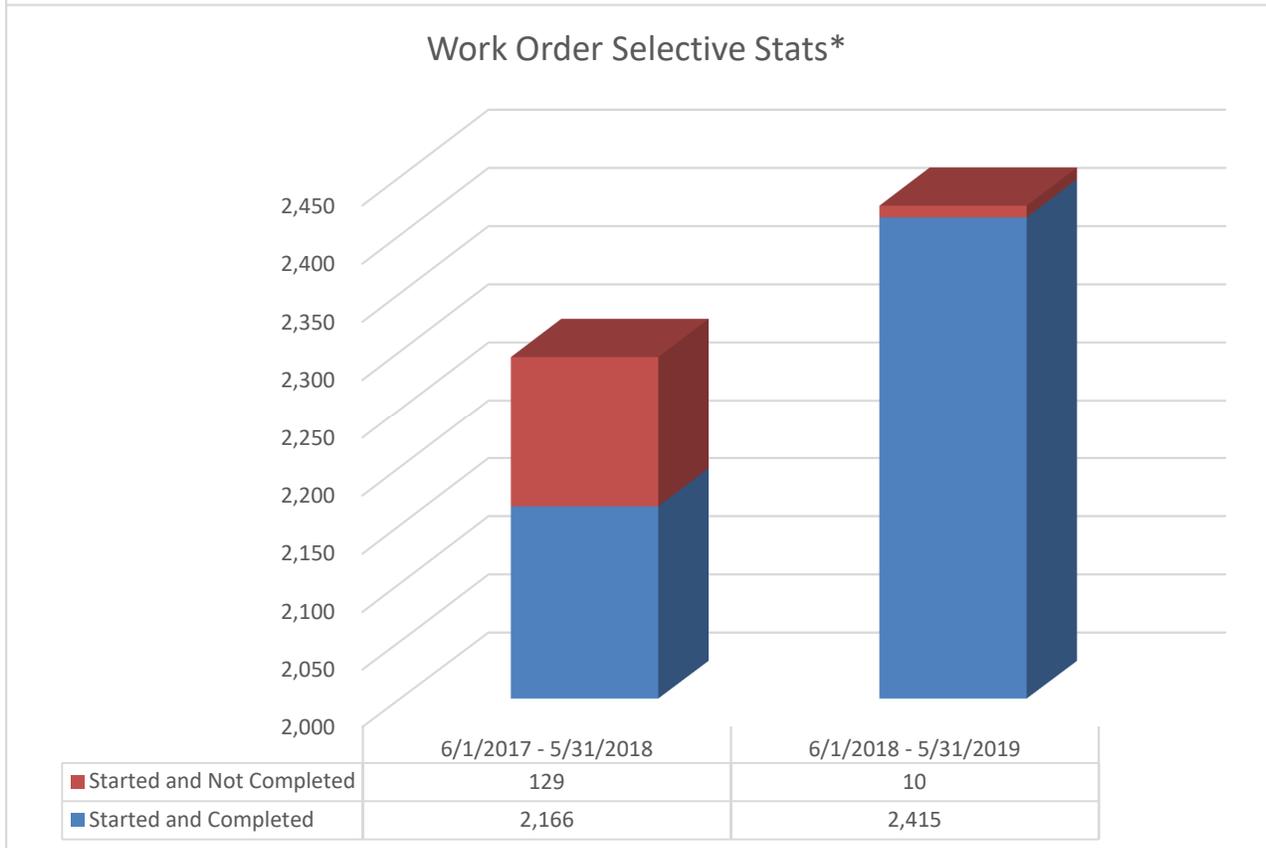
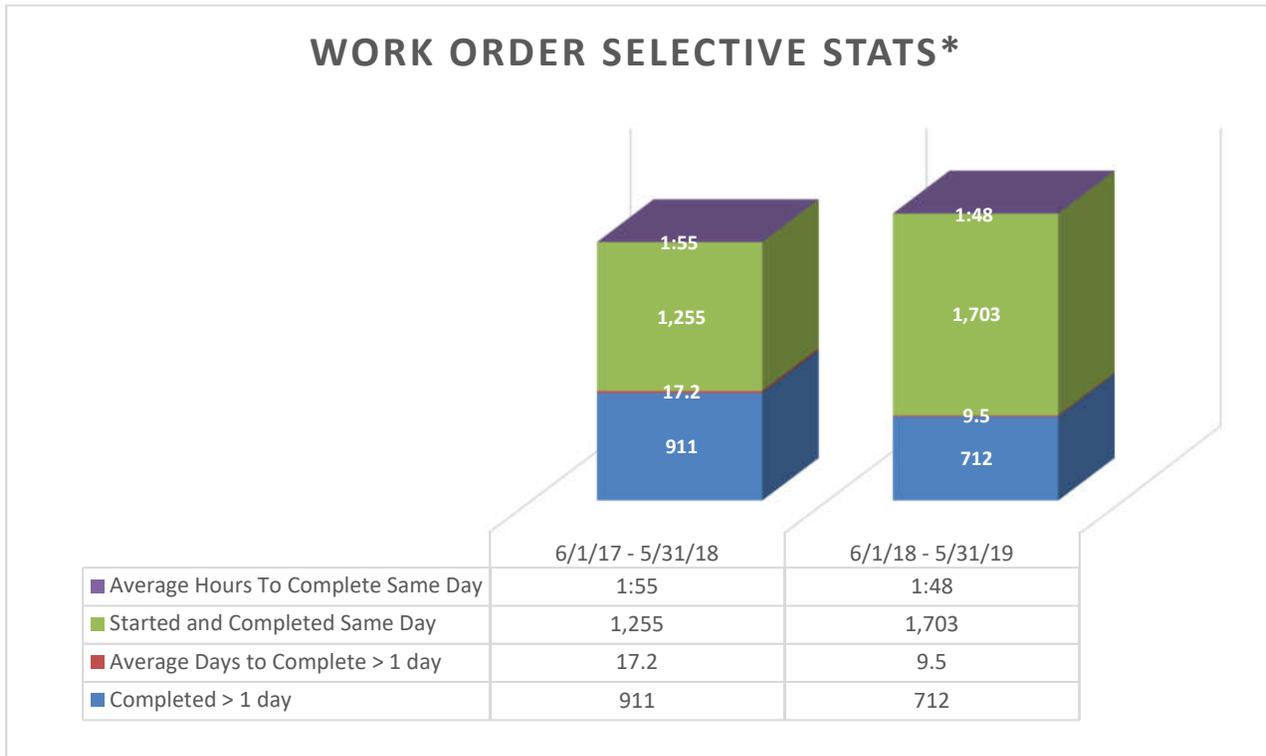
The wireless gas level monitoring system installation will enhance the ability to pinpoint accurate fuel levels in all tanks. Replacement of the remaining two fuel tanks will reduce the potential risk of soil/groundwater contamination. Pollution remediation (tank removal, soil removal, and years of groundwater sampling) could easily double the cost of one tank replacement.

Background - continued

Budget vs. Actual FY2016-17 & 17-18 (unaudited)

	FY16-17 Final Budget	FY16-17 Actual	\$ Variance	% Variance	FY17-18 Final Budget	FY17-18 Actual	\$ Variance	% Variance
REVENUES:								
Charges for Services, net of 5% statutory reduction	\$ 3,673,875	\$ 3,253,143	\$ (420,732)	-11%	\$ 3,609,122	\$ 3,527,115	\$ (82,007)	-2%
Miscellaneous	1,796	3,750	1,954	109%	1,796	-	(1,796)	-100%
Balance Forward	246,085	246,085			349,045	349,045	-	0%
TOTAL REVENUES:	\$ 3,921,756	\$ 3,502,978	\$ (418,778)	-11%	\$ 3,959,963	\$ 3,876,160	\$ (83,803)	-2%
EXPENDITURES:								
Compensation and Benefits	\$ 662,107	\$ 559,307	\$ 102,800	16%	\$ 610,913	\$ 532,874	\$ 78,039	13%
Operating Expenses	203,903	199,166	4,737	2%	222,240	217,536	4,704	2%
Capital Outlay	282,085	31,183	250,902	89%	71,700	62,480	9,220	13%
Capital Reserves	-	-	-	-	326,360	-	326,360	100%
Resale Items	2,773,661	2,364,277	409,384	15%	2,728,750	2,634,991	93,759	3%
TOTAL EXPENDITURES:	\$ 3,921,756	\$ 3,153,933	\$ 767,823	20%	\$ 3,959,963	\$ 3,447,881	\$ 512,082	13%
Revenues over Expenditures	\$ -	\$ 349,045			\$ -	\$ 428,279		

Background - continued



*Based on the date / time from when the work order was started to when it was completed.
Source: Fleet Services Manager (extracted from iMaint – unaudited)

Background - continued

FLEET SERVICES PERFORMANCE MEASURES

OBJECTIVE	MEASURE	ACTUAL FY 2016-2017	ESTIMATED FY 2017-2018	PROJECTED FY 2018-2019
Safeguard Life, Safety and Property; Maintaining Levels of Service	Hold monthly safety training	12	12	6
Plan & Maintain Infrastructure and Improve the Transportation Network	Number of vehicle pool locations/Number of pooled vehicles available	2/4	2/8	2/12
Provide Cultural and Recreational Services as Well as Protect & Conserve our Natural Resources	Held morale luncheons/Responded to possible fuel releases.	6/0	6/0	0/2
Deliver Excellent Customer Service	Customers Satisfied	95%	95%	95%
Improve Effectiveness	Number of automatically scheduled PM services	404	800	445
Effective & Efficient Operations	Average Days to Complete Vehicle Repair & Maintenance	1.91	1.85	1.85
Community/Government/Non-Profit Partnerships	Hurricane cooperative planning meetings w/ County cities	6	6	6
Effective Volunteer Program	Number of volunteers/Volunteer hours	2/100	2/100	0/0
Prioritize Services	Vehicle Work Orders Opened and Completed	95%	96%	95%
Enhance the Employee Innovation Program	Training Hours Attended	310	315	200
Meet Financial & Budget Requirements	Average cost to maintain a pick-up truck per year.	\$835	\$850	\$850

Source: Brevard County Adopted Operating and Capital Budget

Objectives and Approach

Objectives and Approach

Objectives

The primary objectives of this internal audit included the following:

- Obtain an understanding of the Fleet Services (FS) key processes.
- Assess the FS key processes and related review & approval controls.
- Verify compliance with statutes, policies, procedures, administrative orders and by-laws.
- Review performance measures and identify potential benchmarking opportunities.

Approach

Our internal audit approach consisted of three phases:

Understanding and Documentation of the Process

During the first phase, we held an entrance conference with key personnel involved with Fleet Services to discuss the scope and objectives of the internal audit work, obtain preliminary data, and establish working arrangements. We reviewed Florida Statutes, administrative orders, County policies and other relevant resources. We gained an understanding and documented the overall facilities management function, and related processes. We conducted interviews with management and staff and documented their respective roles in the processes. We updated our understanding of the processes and relevant controls.

Detailed Testing

The purpose of this phase was performance of testing procedures based on our understanding of the FS to meet the objectives stated above. Our detailed procedures included inquiry, walkthrough and/or testing of individual transactions for the significant areas listed below.

Fuel Site Inspections, Inventory & Billing – We tested these related controls and identified any possible areas for improvement by haphazardly selecting fuel sites to observe physical inventory and perform site visits to observe any potential safety and / or security issues. Additionally, we selected a sample of fuel billings to test related controls and effective usage of the new billing system (FluidSecure).

Vehicle & Equipment Billing (labor, parts, misc., charges) – We haphazardly selected a sample of 40 closed work orders for the twelve months ending May 31, 2019 tested for the following:

- Compliance with AO-56 and BCC-75
- Whether the work order was correctly billed (or not billed)
- Whether the NAPA parts and other Vendor parts were correctly charged
- Whether the work order was completed timely
- Appropriate approvals

Performance Measures / Benchmarking - We reviewed the various current performance measures in place to determine if they were adequate and to identify any additional useful metrics (See background section above the performance measures that are to be utilized by management).

Reporting

At the conclusion of our procedures, we documented our understanding of Fleet Services and summarized our observations related to this function. We conducted an exit conference with management and have incorporated management's responses into our report. We prepared our report and related observations and provided copies to appropriate County personnel.

Observations Matrix

Rating	Observation	Recommended Action	Management Response
High	<p>1. Fuel Site Inspections & Security</p>		
	<p>We visited four sites noting the following exceptions:</p> <p>Fuel Site Inspections</p> <ul style="list-style-type: none"> The newest format of the Monthly Monitoring Compliance Form has a yes/no format. There was noticeable confusion as to whether that meant it was just present or if it was satisfactory. In terms of rust it was “yes rust is present”, in terms of other areas it was “yes it is functional.” There were multiple instances in which inspection items were left blank. There was marked improvement in the April 2019 fuel site inspections when two FS staff conducted the inspections together for all 9 fuel sites. <p>The Department of Environmental Protection has strict requirements and significant penalties when it comes to maintaining the fuel sites and tanks.</p> <p>Fuel Site Security</p> <p>We noted that there was no clear security at any of the fuel sites. None of the fuel sites have security cameras. Each site has a gate with a padlock that is closed and locked at night, but during the day, they are open.</p> <p>At one of the fuel sites, by taking certain steps, we were able to gain access to obtain fuel.</p>	<p>We recommend that management perform the following:</p> <ol style="list-style-type: none"> Update and provide clarity related to the Monthly Monitoring Compliance Form to facilitate accuracy and consistency in the reporting of potential issues for resolution. Additional requirements should be put in place to mitigate the risk of the misappropriation of fuel. Our understanding is that the system allows for additional safeguarding to be utilized to prevent unauthorized access. 	<p>Response:</p> <ol style="list-style-type: none"> We concur with the recommended action(s) and have updated the Monthly Monitoring Compliance Form format utilizing the Compliance Assistance Guide prepared by the Broward County Environmental Protection and Growth Management Department Pollution Prevention Division for the Florida Department of Environmental Protection. The new form provides clarity in reporting, and documentation of notification alerts. We are currently implementing a user password requirement for users to dispense fuel. Fuel Site Security Access to allow fueling after 3 attempts are being disabled. FS will also look at other security measures to mitigate the risk of misappropriation of fuel. <p>Responsible party: Carl Cotner, Fleet Services Manager</p> <p>Estimated completion date:</p> <ol style="list-style-type: none"> Implemented December 31, 2019

Observations Matrix - continued

Internal Audit Report

Rating	Observation	Recommended Action	Management Response
Moderate	2. Fuel Billing		
	<p>During our walkthrough and testing of the fuel billing process, we noted that the new fuel-billing module (FluidSecure), which is a highly automated billing system, appears to be underutilized. Many manual steps and reconciliations are being performed each month in order to produce a monthly billing.</p> <p>We contacted a representative of the vendor who indicated that this system is a fully automated system and is fully capable of performing all of the fuel billing functions.</p>	<p>We recommend that management contact the vendor of FluidSecure to obtain further guidance and training in order to achieve the full, automated capability of this system to facilitate greater efficiency in the billing process.</p>	<p>Response: We concur with the recommended action. The previous version of the fuel delivery system no longer was supported by the vendor at the end of fiscal year 2018. The current system, FluidSecure, replaced the previous system and the upgrade was completed September 21, 2018. Fleet Services staff will schedule additional training with the vendor to utilize the full capabilities of the system.</p> <p>Responsible party: Carl Cotner, Fleet Services Manager</p> <p>Estimated completion date: December 31, 2019</p>

Rating	Observation	Recommended Action	Management Response
Moderate	<p>3. Vehicle Maintenance & Billing</p>		
	<p>We noted the following exceptions related to our review of the 40 work orders selected for testing:</p> <ul style="list-style-type: none"> • 3 of 40 – there was no evidence of approval by the FS fleet manager on the work order. <p>Additionally, we noted that currently the FS Fleet manager obtains the hard copies of the work orders that were provided to the vehicle technicians to complete and enters the data into iMaint for the respective technicians.</p>	<p>We recommend that management perform the following:</p> <ol style="list-style-type: none"> a. There should be evidence of the FS manager’s approval on the hard copy of the work order or it should be approved electronically within iMaint. b. The technicians should be granted input access only to iMaint to input the work orders details upon completion. Currently, only the technician who repairs the generators has this access. 	<p>Response:</p> <ol style="list-style-type: none"> a. We concur with the recommended action. The FS Manager has implemented approving the work order electronically in iMaint. b. Technicians will be provided access and training in iMaint to input the work order details. <p>Responsible party: Carl Cotner, Fleet Services Manager</p> <p>Estimated completion date:</p> <ol style="list-style-type: none"> a. Implemented b. December 31, 2019

Observations Matrix - continued

Internal Audit Report

Rating	Observation	Recommended Action	Management Response
Moderate	4. Performance Metrics		
	<p>Based on discussions with the FS manager, he has not been actively monitoring the performance metrics listed on page 8 of the background section to FS's actual performance throughout this fiscal year. Based on the work order stats for the last 12 months ending May 31, 2019 compared to the last 12 months ending May 31, 2018, there has been notable improvement in FS performance in various areas. Most notably the average days to complete a work order decreased from 7.4 days to 3.0.</p> <p>The FS manager came to the County in July of 2018 and has focused his time this first full year on many other projects such as cleaning up the motor pool and closing many work orders that had been left open for a long period of time.</p> <p>Additionally, the FS manager needed assistance by CRI in the extraction of the work order stats from iMaint noted on page 7 of the background as well as the extraction of other helpful performance reports.</p>	<p>We recommend the following:</p> <ol style="list-style-type: none"> a. FS management should utilize the County recommended metrics listed above on page 8 of the background section to help FS management measure its performance in the various areas noted to facilitate continuous improvement in its customer service and vehicle repair and equipment turnaround efficiency and cost effectiveness. b. The FS manager and staff should continue to pursue training in the usage of iMaint available from the vendor or other County users who are familiar with the software to become more proficient in its daily usage and to generate meaningful performance metric reports and dashboards. 	<p>Response:</p> <ol style="list-style-type: none"> a. Staff is re-evaluating the performance measures to refine and measure the core activities to compare the efficiencies. b. Additional iMaint training will be scheduled for staff with the Vendor and or County users to become more familiar with the system enhancements and capabilities. <p>Responsible party: Carl Cotner, Fleet Services Manager</p> <p>Estimated completion date: December 31, 2019</p>

Observations Matrix - continued

Internal Audit Report

Rating	Observation	Recommended Action	Management Response
Low	5. BCC-75		
	<p>Board of County Commissioners Policy 75 (BCC-75) addresses "County Vehicle Fleet Management" laying out the <i>Objective</i> and <i>Directives</i>.</p> <p>We noted that BCC-75 is past due for review. The review date was October 9, 2015.</p> <p>Further, the related Administrative Order 56 (AO-56) sets forth the administration of BCC-75 including the <i>Purpose and Scope</i> and <i>Procedure</i>.</p> <p>We noted that AO-56 was updated / approved on February 22, 2017 and is due for review on February 22, 2020.</p>	<p>We recommend that County management review BCC-75 and revise as needed and review and compare to AO-56 to ensure consistency with any revisions made to BCC-75 as applicable.</p>	<p>Response: We concur with the recommendations. BCC-75 review dates will be updated and reference to Central Fleet Services in both BCC-75 and AO-56 will be amended to Fleet Services throughout the policy / administrative order to reflect the current program title.</p> <p>Responsible party: Leslie Rothering, Interim Central Services Director; Steven Darling, Purchasing Manager</p> <p>Estimated completion date: December 31, 2019</p>