



## *Internal Audit Report*

# BOCC Fleet Management



**Report Number:** 2018.12  
**Date:** November 20, 2018



## Audit of BOCC Fleet Management



To: The Honorable Linda Doggett, Lee County Clerk of the Circuit Court & Comptroller

From: Tim Parks, Chief Internal Audit Officer/Inspector General

Date: November 20, 2018

Re: Audit of BOCC Fleet Management

Dear Ms. Doggett,

The Inspector General Department has completed an audit of BOCC Fleet Management. Lihong Xia, CPA, Senior Internal Auditor and Bharat Vallarapu, CISA, CIA, CRISC, CRMA, Senior Internal Auditor conducted this review.

This audit activity conforms to the Institute of Internal Auditor's (IIA) *International Standards for the Professional Practice of Internal Auditing (Red Book)* and the Association of Inspectors General (AIG) *Principles and Standards for Offices of Inspector General (Green Book)*.

The audit client's response is attached to this report. We wish to express our appreciation for the cooperation and assistance provided us by management and staff during this review.

This report will be posted to the Clerk of Courts website, [www.leeclerk.org](http://www.leeclerk.org), under Inspector General, Audit Reports. Notification of this report has been sent to the Lee County Board of County Commissioners and appropriate parties.

Should you have any questions, please do not hesitate to contact me.

Sincerely

A handwritten signature in blue ink that reads "Tim Parks".

Tim Parks, Chief Internal Audit Officer/Inspector General  
Inspector General Department

TJP/GK



# Audit of BOCC Fleet Management



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# Audit of BOCC Fleet Management



## Executive Summary

The audit of the Board of County Commissioners (BOCC) Fleet Management Department (Department) was included in the 2018 BOCC Annual Audit Plan (carryover from 2017). A risk assessment project was completed for all BOCC business units prior to creating the audit plan.

The Department's risk factors were identified in a risk assessment questionnaire that was completed by the department management. An entrance conference was held with management to discuss the results, confirm the audit's objective and scope, and to solicit current information regarding risks.

The objective of the BOCC Fleet Management audit was: Assess the Department's ability to measure and monitor its internal objectives and its contribution to the overall mission of the BOCC, and determine that controls are in place to ensure compliance with applicable policies, standards, laws, and regulations.

Our conclusion is that Fleet Management has met its overall objectives in providing satisfactory customer service for vehicle purchasing, repairs and maintenance, and fuel management. The Department has maintained and updated its standard operating procedures timely in order to continuously improve efficiency of its operations. Recommendations were offered to management to add value and enhance the Department's functions.

We believe that enhancements can be made in terms of:

- Parts room internal controls for receiving, storage, and checking out of inventory
- Enhanced invoice data entry in the Fleet Management FASTER system
- Periodic inventory count and data reconciliation
- Parts invoice approval and usage referencing
- Internal control resources
- Timeliness and communications in customer service
- Fuel sites security monitoring

## Background

BOCC Fleet Management is responsible for providing vehicle and equipment services and repairs to BOCC Departments and its customers. The Department's core services include centralized record keeping, equipment replacement planning, preventative maintenance, vehicle and equipment repairs, fleet acquisition and disposal, and the purchase and resale of fuel for BOCC vehicles and equipment.



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The Department also operates and maintains a county-wide vehicle refueling system. They provide customer service and allow their customers to minimize the risks associated with vehicle investment, improving efficiency, productivity and reducing their overall fleet transportation costs.

Fleet Management maintains more than 1,625 vehicles that are used by BOCC departments. The Department also maintains and services another 200 vehicles for the Property Appraiser, Court Administration, Clerk of Court, Supervisor of Elections and Health Departments among others. The fleet includes all types of equipment from passenger cars, light-duty trucks and commercial vans, to ambulances, graders and super-duty construction trucks and equipment.

For Fiscal Year 2017, the Department adopted an operating budget for services of approximately \$8.5 million and vehicle replacement fund of \$3.4 million.

Fleet Management uses the FASTER Fleet management software, which enables staff to accomplish a series of specific tasks in management of any or all aspects relating to their customers' fleet of vehicles. This system allows Department staff to track vehicle maintenance history, usage, and replacement criteria among other things. The Department also uses RNI, a fleet management fuel system to track fuel usage, fuel inventory, and collect mileage and hours of use data.

Fleet Management was comprised of 30 full time employees as of September 1, 2018.

## Objective, Scope, and Methodology

The objective of the BOCC Fleet Management audit was: Assess the Department's ability to measure and monitor its internal objectives and its contribution to the overall mission of the BOCC, and determine that controls are in place to ensure compliance with applicable policies, standards, laws, and regulations.

The audit scope focused on the Department's operational activities including:

- Vehicle Inventory management
- Vehicle Parts Inventory Purchase and Management
- Fuel Cost Tracking
- Vehicle Disposal

The audit methodology was comprised of four steps:

- Preliminary Risk Assessment: A meeting was held with management to discuss the audit objective and scope and to solicit information regarding risks



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- Planning: Audit procedures were developed based upon research, audit objective, scope, and the preliminary meeting
- Field Work: Managers and employees were interviewed for insights on the operations. Evaluations and tests were conducted on operations and procedures to address and complete the audit fieldwork
- Wrap-up: An Exit Conference was held with management to discuss the audit results

## Observations and Recommendations

### *Parts storage room internal controls (receiving, storage, and checking out inventory)*

There were control weaknesses for storage room processing, including receiving, storage, and checking inventory:

- There was no security camera installed inside the storage rooms
- Lack of segregation of duties: It was possible for the same staff to authorize, record and take custody of inventory
- Data entry of the parts and storage location into the FASTER system was manual, which put it at risk of human error and inconsistency

### Recommendation

It is recommended that Fleet Management improve the parts room internal controls by:

- Installing security cameras in the storage rooms
- Separating duties such as having different persons in authorizing, recording, and receiving
- Automating the data entry of parts and storage locations into the FASTER system; such as implementing a bar code scanner entry of the parts and their storage locations

### *FASTER parts invoice data entry and reconciliation against Accounting System Enterprise One (E1)*

It was noted from observation and sample testing of data entry for parts invoices that there were internal control deficiencies:

- Parts invoices were manually entered in FASTER. Manual entries are at risk for recording errors
- Parts invoices and data were not timely and accurately entered into FASTER due to the parts room employees not following the SOP. We tested 468 invoices and credit notes received from one vendor for Fiscal year 2016 and 2017 that were recorded in



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E1. There were 117 invoices/credit notes (approximately 25 percent of the total number of invoices and credit notes) missing in FASTER with a total net amount of \$40,309.81. Out of the 351 invoices that were recorded in FASTER, 66 (about 14 percent of the total recorded invoices) had errors in cost that exceeded a \$10 difference with the original invoice amount. Management also found errors in invoice numbers, part numbers, and quantities

- There is no routine reconciliation of E1 Parts invoices against FASTER report to ensure that all invoiced parts are recorded. Without reconciliation, data entry errors or omissions will not be detected and corrected timely. Inaccurate FASTER system data does not provide management with accurate information for operations and decision making, and it creates the risk for potential fraud or abuse

### Recommendation

It is recommended that Fleet management:

- Determine the cost vs. benefit of directly transferring parts invoice information from E1 into FASTER to enhance efficiency and mitigate potential human data entry errors
- If manual data entry must be retained, improve employee training to follow the timeline and format of data entry according to the SOP
- Implement a process to periodically reconcile E1 parts invoices report with FASTER receiving report to ensure all invoiced parts are recorded timely and accurately
- Implement a routine automatic reporting process with BOCC IT department's help to investigate and analyze the discrepancies

### *Periodic parts inventory count, reconciliation and adjustments*

It was noted that Fleet Management processes:

- Do not have guaranteed periodic inventory counts between the annual inventory counts
- Lack written documentation for the reported periodic inventory counts
- Lack documentation for inventory adjustments ups or downs

Periodic inventory counts and reconciliations are effective ways to timely detect any potential fraud or errors, and to maintain an accurate FASTER parts inventory database. Written documentation for adjustments increases accountability.

### Recommendation

As a good business practice, it is recommended that Fleet management:





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- Establish a process to ensure periodic inventory counts and check against FASTER records between fiscal year ends
- Document periodic inventory counts
- Document the reasons for manual inventory adjustments

### ***Parts purchasing invoice approval proof***

It was noted that parts vendor invoices did not have a consistent management proof and usage approval format:

- Parts manager or supervisor's signatures for invoice approval were not consistent. Out of the 30 sample invoices tested, only 4 had parts manager's approval notes added in the OnBase workflow.
- Invoices for work orders had Fleet Management stamps on the invoices. However the invoice approving stamps only included the service writer's signature. The service writer's signatures indicated that the work orders were verified. They don't replace the function of the parts manager or supervisor's signature; indicating that the invoice amounts were verified as reasonable and as expected
- Parts usage references on the invoices were not consistent. Some invoices were stamped "Stock" in the line of "Vehicle#". Others didn't have a stamp, or they lacked vehicle reference on the stamp

### **Recommendation**

It is recommended that Fleet Management implement a standard operating procedure to consistently document:

- Written proof of supervisor or manager approval on all vendor invoices, either in OnBase workflow or with the printed stamp on the invoices
- Reference details of the vehicle number or stock on the invoices

### ***Lack of resources for internal control roles***

Fleet Management lacked adequate resources and coverage for certain positions with important internal control roles:

- Upper level management positions

The Director position was vacant for more than two years. The Superintendent is acting as the Interim Director, and he lacked back-up for performing certain duties.





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- Parts Manager position

The Parts Manager position had a high turnover rate during the past two years. The parts managers weren't given permission to approve invoices due to not being fully trained. Only the operation manager was approving the parts invoices.

- Fiscal officer and Business Analyst positions

There was no backup for the Fiscal officer and Business Analyst. Fleet management requested a staff increase to cover the two positions.

### Recommendation

It is recommended that management strengthen the coverage of positions with important internal control roles by filling the vacant positions and training the resources/staff in the roles including:

- Upper level management
- Parts Manager
- Fiscal officer and Business Analyst

### *Timeliness and communications in Customer Services*

We surveyed BOCC departments regarding customer service. The respondents would like to see improvements in timeliness and communication on service progress. For example:

- Some vehicles are critical to their operations, and they would like those vehicles to be designated as a priority for repair or maintenance
- Some vehicles are special equipment, and the repairs and maintenance have to be done by outside vendors. The time that the vehicles sit at Fleet Management before they are transferred to the outside vendors extend the overall service time
- Once vehicles were sent to outside vendors, there was a lack of communication on the progress of the service
- Some vehicles are custom-built, and it may take as long as a year in the procurement process to obtain them. There was concern that the timing might be excessive

### Recommendation

It is recommended that Fleet Management improve the timeliness of vehicle services and communications on repair and maintenance status by:



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- Working with the departments to prioritize mission critical vehicle repairs and maintenance to reduce vehicle downtime
- Improving the diagnosis process to enable quicker decisions on in-house vs. outsource repairs for special equipment
- Working with Procurement to negotiate contracts with outside service provider that requires timely service updates
- Working with user departments and IT to improve the live reporting interface on SharePoint
- Improving communication with customer departments on a reasonable timeline for custom-built vehicle procurement

### *Security cameras at fuel sites*

It was noted that security cameras are not installed at all major Fleet Management fuel sites.

### Recommendation

It is recommended that Fleet Management install security cameras at all major fuel sites.



DIVISION OF  
FLEET MANAGEMENT

**TO:** Tim Parks, Chief Internal Audit Officer/Inspector General

**FROM:** Bradley Wright, Interim Fleet Director *BW*

**CC:** Roger Desjarlais, County Manager  
Doug Meurer, Assistant County Manager  
Lihong Xia, Internal Auditor  
Bharat Vallarapu, Senior Internal Auditor

**DATE:** November 5, 2018

**RE:** 2018 Fleet Management audit response

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I would like to take this opportunity to thank you and your staff for your professionalism and for the time your staff took to understand our operations and procedures. The Fleet Management staff enjoyed working with Ms. Xia and Mr. Vallarapu.

The audit identified some things in our parts room that needed to be addressed. The auditors requested parts information from fiscal years 15-16 thru 17-18 (2 ½ years), during that timeframe our parts room had three different Parts Managers and was short staffed for most of that time. When the first parts issue surfaced, management also started to investigate the areas of concern in our parts room and the processes being used. As things were found, they were addressed, SOP's were changed or strengthened, weekly and monthly accountability was put into place and training was given (and is ongoing) to our parts room staff.

The audit also confirmed the need of some things management had been working on prior to the audit such as: a bar code scanner for the parts room (in the budget for this fiscal year), the need to be more transparent by sharing information and making it more available to departments (24/7 access to work order notes, work order statuses and a list of equipment on order with status is now available on intranet), an additional employee for fiscal and fuel backup and two mechanics to help address vehicle downtime (three new employees were approved for this fiscal year).

Management has reached out to the Clerk's Office about integrating the Faster (asset management system) data into E1. The Clerk's Office asked for a copy of the audit recommendations to help them evaluate the effort. Management will work with the Clerk's Office to determine feasibility.

Management will take the recommendations of adding cameras in our parts room and at the fueling sites under consideration.

If you have any additional questions or if we can assist your department in any way, please contact me at 239-533-5399.

## Lihong Xia

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**From:** Wright, Bradley <BWright@leegov.com>  
**Sent:** Friday, November 16, 2018 4:30 PM  
**To:** tparks@leeckerk.org; Douglas Meurer  
**Cc:** Lihong Xia; Bharat Vallarapu  
**Subject:** Boulevard Tire credit  
**Attachments:** credit\_181116151431\_0001.pdf

Doug and Tim,

I wanted to give you both an update on Boulevard Tire. Last Friday (11/9/18) I had a visit from the Store Manager (Henry Clark) and the Regional Sales Manager (Randy Paulsen) from Boulevard Tire Center. They had reviewed their sales totals and noticed the drop off in sales to Lee County Fleet Management, and wanted to know if there was an issue. I explained that we found there were discrepancies in our tire totals from Boulevard from fiscal year 16-17 and we had been looking into it on our end. Randy Paulsen assured me that they would look into their records to see if there were any discrepancies in their delivery tickets or inventory, and get back with me. This Tuesday (11/13/18) Henry Clark brought Michael Drungell (Boulevard's Manager of Operations) from Deland to discuss their findings. Michael explained that they found 14 tires that were purchased on the two invoices (106686 & 106689) that had been paid for but had not been delivered to us and that they also had an uptick in their inventory in the same size tires for that year. Possibly due to not being delivered to us. They also found other tire sizes that had no invoice showing they were delivered to us but there was no uptick in their inventory for those sizes. Michael said they believe they still owed us for the 14 tires and asked if we would like the tires or a credit. I explained that we would prefer the credit to keep our inventory clean for this year. Attached is a copy of the credit for the 14 tires.

As I explained earlier at the exit conference, I could account for all but 24 tires of the 76 tires from the two invoices. These 14 more tires drops that number to 10.

If you need anything else, or would like to contact any of the Boulevard Tire management team, please let me know and I will get you their contact information.

Thanks.

***Bradley S. Wright***

Public Works Superintendent/Interim Fleet Director

Lee County Fleet Management

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Fax: 239-533-5305

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Under Florida law, email addresses are public records. If you do not want your email address released in response to a public records request, do not send electronic mail to this entity. Instead, contact this office by phone or in writing.



*Focused on Tomorrows Solutions Today*

7051 ALICO RD  
FT MYERS, FL 33912  
239-267-4701

Invoice # 21-125758 Dealer ID# 000161421 Page 1 of 1

Emp: 1-2072 2072 / 1-2072  
2072

Date 11/15/18

In Nov 14, 2018 2:39 PM

Out Nov 15, 2018 11:16 AM

\*\*\* INVOICE \*\*\*

**Sold To:**

LEE COUNTY FINANCE DEPT  
PO BOX 2238  
FORT MYERS FL 33902-2238  
Business Phone: 239-533-5333

**Ship To:**

**Unit #:** 67980

**Vehicle:**

**License:**

**Mileage:** In: 0 Out: 0

**Vin#:**

**PO#:** 18331069

**BAR ID:** MV-55753

Salesman	Mechanic	Part #	QTY	Description	Parts	Labor	FET	Total
2072	2072	0451092	-9.00	LT235/65R16CONTI VAN 4SEASON LRE 121/119R	202.38	0.00	0.00	-1,821.42
2072	2072	TIR-TAX	-9.00	STATE OF FL TIRE FEE	1.00	0.00	0.00	-9.00
2072	2072	225425	-5.00	LT245/75R17FSTONE TRANSFORCE H/T 10ply	121.12	0.00	0.00	-605.60
2072	2072	TIR-TAX	-5.00	STATE OF FL TIRE FEE	1.00	0.00	0.00	-5.00

REFERENCE INVOICE NUMBERS 106686 & 106689  
FOR TIRES NOT DELIVERED

**IMPORTANT!** It is the customer's responsibility to have all lug nuts checked and retorqued to manufacturer's specification after 25 to 100 miles of service.

**All Merchandise is limited to the manufacturers warranty unless otherwise noted.**

Terms: Terms are net 10th Prox. On all accounts over 30 days, a FINANCE CHARGE of 1 1/2% per month, which is an ANNUAL RATE of 18%, will be added to your bill. Customer agrees to pay attorney's fees and court costs for the collection of this invoice.

Remit to: Boulevard Tire Center 816 S. Woodland Blvd Deland, FL 32720

Cash: 0.00	Check: 0.00	Credit: 0.00	Charge: -2441.02	Parts:	-2,441.02
Change: 0.00				Labor:	0.00
					0.00
				Subtotal:	-2,441.02
				Sales Tax:	0.00
				<b>Total:</b>	<b>(\$2,441.02)</b>

Print Name

X

Customer Signature

Date