

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**

275



FROM: County Auditor-Controller

SUBMITTAL DATE:
January 3, 2011

SUBJECT: Internal Audit Report 2010-002: Riverside County Fire Department Fleet Services

RECOMMENDED MOTION: Receive and file Internal Audit Report 2010-002: Riverside County Fire Department Fleet Services.

BACKGROUND: The Internal Audit Division of the Auditor-Controller's Office completed an audit of the Riverside County Fire Department (RCFD) Fleet Services. The audit objective was to independently assess the adequacy of internal controls over fleet services administration. We conducted the audit during the period March 2, 2010, through September 22, 2010, for operations of July 1, 2007, to March 31, 2010.

Departmental Concurrence

Paul Angulo
Paul Angulo, CPA
County Auditor-Controller

FINANCIAL DATA	Current F.Y. Total Cost:	\$ 0	In Current Year Budget:	N/A
	Current F.Y. Net County Cost:	\$ 0	Budget Adjustment:	N/A
	Annual Net County Cost:	\$ 0	For Fiscal Year:	N/A

SOURCE OF FUNDS: N/A	Positions To Be Deleted Per A-30	<input type="checkbox"/>
	Requires 4/5 Vote	<input type="checkbox"/>

C.E.O. RECOMMENDATION:

APPROVE

BY: *Karen L. Johnson*
Karen L. Johnson

County Executive Office Signature

- Policy
- Policy
- Consent
- Consent

Dept's Recomm.:
Per Exec. Ofc.:

Prev. Agn. Ref.:

District: ALL

Agenda Number:

2.7

BACKGROUND continued:

Based upon the results of our audit, internal controls over fleet services administration are not adequate to ensure that costs and proper use of assets are sufficiently monitored. With a large fleet and multiple fueling sites, manual-based administrative processes are not enough to provide effective management information. Steps to correct the noted internal control deficiencies are discussed in the report. The major improvement opportunities are in the following areas:

- a. Automating RCFD's fleet and fuel administration. Instead of deploying a new system, we recommend utilizing the system services already available from county fleet services.
- b. Linking RCFD's fuel dispensers to the county fuel system. This enhancement will enable authentication of fuel users, input data validation, and the recording of fuel dispensed and various statistical data (e.g., user ID, vehicle ID, and mileage) in the county fuel system.
- c. Linking RCFD's state-contracted Voyager account to the county Purchasing-administered Voyager account. This will facilitate the recording of Voyager fuel transactions in the county's fuel system. Together with the fuel data from RCFD's fueling sites, the system will be able to account for and monitor fuel consumption by each vehicle.
- d. Channeling outsourced repair jobs to county fleet services. Repairs and maintenance for pickups, SUVs, sedans, and other light trucks (approximately 200 vehicles) are currently outsourced to dealerships and third-party repair shops.
- e. Obtaining fuel from county fueling facilities whenever possible. RCFD procures 47 percent of its fuel needs from gas stations costing \$86,000 per year more compared to the county's fuel cost.
- f. Collecting from the State costs incurred by the county for maintaining more than 100 state-owned vehicles.



County of Riverside

INTERNAL AUDIT REPORT

2010-002

Riverside County Fire Department Fleet Services

November 29, 2010

Office of
Robert E. Byrd, CGFM
County Auditor-Controller

4080 Lemon Street
P.O. Box 1326
Riverside, CA 92502-1326



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**COUNTY OF RIVERSIDE
AUDITOR-CONTROLLER
Robert E. Byrd, CGFM
AUDITOR-CONTROLLER**

**Bruce Kincaid, MBA
ASSISTANT
AUDITOR-CONTROLLER**

November 29, 2010

Chief John Hawkins
Riverside County Fire Department
210 W. San Jacinto Avenue
Perris, CA 92570

**Subject: Internal Audit Report 2010-002: Riverside County Fire Department
Fleet Services Administration**

Dear Chief Hawkins:

The Internal Audit Division of the Auditor-Controller's Office has completed an audit of the Riverside County Fire Department's Fleet Services. The audit objective was to independently assess the adequacy of internal controls over fleet services administration. We conducted the audit during the period March 2, 2010, through September 22, 2010, for operations of July 1, 2007, to March 31, 2010.

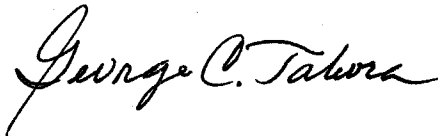
We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing. These standards require that we plan and perform the audit to obtain sufficient, reliable, relevant and useful information to provide reasonable assurance that our objective as described above is achieved. An internal audit includes the systematic analysis of information and examining, on a test basis, evidence about the adequacy and effectiveness of internal controls, compliance with applicable laws and regulations, and performing other procedures we considered necessary. We believe this audit provides a reasonable basis for our conclusion.

Internal controls are processes designed to provide management reasonable assurance of achieving efficiency of operations, compliance with laws and regulations, and reliability of financial information. Management is responsible for establishing and maintaining adequate internal controls; our responsibility is to provide an assessment of the adequacy of internal controls.

Based upon the results of our audit, internal controls over fleet services administration are not adequate to ensure that costs and proper use of assets are sufficiently monitored. With a large fleet and multiple fueling sites, manual-based administrative processes are not enough to provide effective management information. Steps to correct the noted internal control deficiencies are discussed in this report.

We thank the department's management and staff for their cooperation; their assistance contributed significantly to the successful completion of this audit.

Robert E. Byrd, CGFM
County Auditor-Controller

A handwritten signature in black ink that reads "George C. Tabora". The signature is written in a cursive style with a large initial "G".

By: George C. Tabora, CPA

cc: Board of Supervisors
Grand Jury

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Executive Summary

Overview

The Riverside County Fire Department (RCFD) is administered by the California Department of Forestry and Fire Protection (State) pursuant to a fire protection services contract between the county and the state of California. RCFD operates 95 fire stations providing fire suppression, emergency medical, rescue, and fire prevention services to unincorporated county areas, 18 contract cities, and one Community Service District.

RCFD maintains a fleet of over 600 vehicles comprised of fire engines, ladder trucks, water tenders, squad transports, rescue trucks, ambulances, breathing support units, mobile communication units, command units, lube trucks, repair trucks, and other field and office support vehicles including pickups, SUVs, vans and sedans. About one-third of its fleet is owned by the State, contract cities and other partner agencies. RCFD operates 71 fuel dispensers in 53 fire stations and two vehicle maintenance shops. Its fleet operating costs averaged \$5.5 million per year during the last three fiscal years, broken down as follows:

Salaries and benefits	\$ 1,345,948
Repairs and maintenance	2,506,904
Fuel	<u>1,649,824</u>
Total	<u>\$ 5,502,676</u>

Audit Objective

Our objective is to provide management and the Board of Supervisors with an independent assessment about the adequacy and effectiveness of internal controls over fleet services administration. Internal controls are processes designed to provide management reasonable assurance of achieving efficiency of operations, compliance with laws and regulations, and reliability of financial information.

Existing Conditions

RCFD manages a considerably large fleet and multiple fueling sites without computerization. Best practices for such large operations require the use of automated fleet and fuel management systems (Automotive Fleet Magazine, May 2009). The manual processes in place do not provide effective management information to ensure that costs and proper use of assets are sufficiently monitored. The major risk areas the current processes are unable to mitigate are the following:

- a. **Misuse of Assets.** The lack of user authentication and input data validation at the fueling dispensers, and the insufficient monitoring of vehicles, fuel, fuel cards, and parts usages, are conducive to asset misappropriation.
- b. **Unrecovered Costs.** Service hours are not tracked and service rates not established for vehicle repairs and maintenance. RCFD does not bill the State for labor and parts for the more than 100 state-owned vehicles it maintains.
- c. **Uncontrolled Costs.** Sizeable amount of overtime (over \$200,000 per year) and a large proportion of outsourced repairs (estimated between \$1.5 million to \$1.8 million per year)

are signs that labor productivity may benefit from closer management scrutiny. Four improperly authorized outsourced repairs (\$8,000) and one unclaimed warranty repair (\$3,900) which surfaced from our test confirmed that controls over repairs are not sufficient.

- d. Irregular Vehicle Maintenance. More than 10 percent of legally-mandated vehicle safety inspections were late. This increases liability exposures in the event a subject fire vehicle is involved in a serious accident. Also, irregular maintenance could lead to expensive and unrecoverable warranty repairs. An item that surfaced from our test was a replacement engine costing \$7,000 which was not covered by the manufacturer's warranty because the truck was used 44,000 miles from the time it was acquired without any oil change.

Improvement Opportunities

The major improvement opportunities are in the following areas:

- a. Automating RCFD's fleet and fuel administration. This is a key factor to mitigating most of the identified risk areas. Instead of deploying a new system, we recommend utilizing the system services already available from county fleet services. The Transportation and Waste Management departments' fleet services are already using the county fleet services' system. The addition of RCFD will achieve a full integration of all county fleet services into one system.
- b. Linking RCFD's fuel dispensers to the county fuel system. This enhancement will enable authentication of fuel users, input data validation, and the recording of fuel dispensed and various statistical data (e.g., user ID, vehicle ID, and mileage) in the county fuel system.
- c. Linking RCFD's state-contracted Voyager account to the county Purchasing-administered Voyager account. This will facilitate the recording of Voyager fuel transactions in the county's fuel system. Together with the fuel data from RCFD's fueling sites, the system will be able to account for and monitor fuel consumption by each vehicle.
- d. Channeling outsourced repair jobs to county fleet services. Repairs and maintenance for pickups, SUVs, sedans, and other light trucks are currently outsourced to dealerships and third-party repair shops. County fleet services is fully equipped and already services these types of vehicles for other county departments.
- e. Obtaining fuel from county fueling facilities whenever possible. RCFD procures 47 percent of its fuel needs from gas stations costing \$86,000 per year more compared to the county's fuel cost.
- f. Collecting from the State costs incurred by the county for maintaining state-owned vehicles.

Audit Conclusion

Based upon the results of our audit, internal controls over fleet services administration are not adequate to ensure that costs and proper use of assets are sufficiently monitored. With a large fleet and multiple fueling sites, manual-based administrative processes are not enough to provide effective management information. Steps to correct the noted internal control deficiencies are discussed in this report.

Controls over Vehicles

Background

The California Department of Forestry and Fire Protection (State) oversees the management of RCFD fleet which is comprised of a wide range of fire-fighting and support vehicles owned by the county, contract cities, State, and other agencies (Table 1).

**Table 1: County Fire Vehicle Fleet
 As of April 30, 2010**

Vehicle Type	Owned By (Number of Vehicles)				Total
	County	Contract Cities	State	Volunteers and Others	
Fire fighting and rescue vehicles	180	38	41		259
Dozers, Loaders and Forklifts	2		9		11
Utility trucks	31	3	17	1	52
Squad vehicles	20	12		1	33
Ambulances	2	12			14
Pickups	140	20	34		194
SUVs	28	4		1	33
Sedans	13	2	2		17
Bus and Vans	6	1	4		11
Total	422	92	107	3	624

Audit Objective

Assess the adequacy of internal controls over administration of vehicle usage.

Audit Methodology

We gained an understanding of county policies, laws and regulations, including RCFD-specific policies and practices related to vehicle fleet administration. Likewise, we gained an understanding of fleet management best practices through industry publications and a walk-through of the Orange County Fire Authority fleet services operations. We also applied the knowledge we gained from recent audits of Riverside County fleet services. We reviewed the procedures and observed the practices at RCFD's Indio and Perris fleet services' facilities and tested the reliability of vehicle records and the propriety of recorded transactions.

Results

RCFD manages a 600-vehicle fleet without the aid of an automated system. The use of an automated fleet system is best practice for managing a large vehicle fleet operation, including work order processing, tracking of required periodic maintenance and inspections, capturing operating expenses (e.g., labor, fuel, oil), billing and tracking of vehicle and fuel usage, and maintaining inventories of parts and supplies.

RCFD maintains the cost and depreciation records of county-owned vehicles in the county's PeopleSoft Asset Management system (PeopleSoft). As of May 12, 2010, there were 422 active vehicles recorded in PeopleSoft. Being a financial system, PeopleSoft's main purpose is

maintaining records of financial transactions such as asset additions, transfers, retirements, and depreciation. It does not provide fleet management functionalities such as maintenance scheduling, mileage and fuel consumption data tracking, labor hours spent, etc. RCFD's Information Technology (IT) division also maintains a Microsoft Access database of all vehicles in the fleet which includes vehicles owned by other agencies.

Finding 1: Vehicle records contain considerable amount of errors and omissions.

The results of the review of the vehicle data recorded in PeopleSoft were as follows:

- One fire truck was not recorded in PeopleSoft.
- At least 52 of 422 vehicles (12%) had invalid Vehicle Identification Numbers (VIN).
- A consistent standard is not followed in recording vehicle data. For example, asset tags (vehicle IDs) were recorded interchangeably as "00000" or "00-000," some data fields were left blank (e.g., tag number and model), and similar vehicles were described in different ways. This condition does not promote an orderly review, analysis, and reporting of data.

The results of the review of the vehicle database maintained by IT were as follows:

- Five vehicles were not in the IT database.
- At least 105 of 624 (17%) vehicles had invalid VINs.
- 120 of 624 (19%) vehicles had incorrect descriptions (examples: pickups described as fire trucks; and SUVs as sedans).
- 182 of 624 (29%) vehicles of differing makes and models were described simply as "1000".

RCFD's vehicle ID numbering convention used for county vehicles is also used for vehicles owned by contract cities and volunteer agencies. This makes identifying vehicle ownership more difficult. If the vehicle numbering convention was kept unique for each agency, the ownership of three fire engines and one pickup truck identified in the IT database as non-county-owned would have been easily detected as county-owned vehicles.

The integrity of the PeopleSoft and IT vehicle data bases is of concern considering the number and type of errors noted. These errors and omissions could impact operational efficiency and cost allocation. RCFD indicated that it has redesigned its existing Microsoft Access database to include additional data needed for vehicle usage monitoring. This newly redesigned database has not been implemented as of the date of this report and we have not reviewed its accuracy.

Recommendation 1.1: Collaborate with county fleet services to set up RCFD in county fleet services' fleet and fuel management systems (AssetWorks). This will provide RCFD the use of an already functioning industry-standard system platform to manage its vehicle database and fleet services functions.

Management Reply: Concur. We are currently looking into the most cost-effective way to purchase and convert to the AssetWorks system.

Actual/estimated Date of Corrective Action: Estimated date 3-5 years.

Estimated cost to implement recommendation: \$165,000

Auditor's Comment: AssetWorks is the system currently used by County Fleet Services department. It is possible that additional user licenses may be obtained for RCFD; thus, enabling RCFD to implement corrective action at a lesser cost and sooner than three to five years.

The 52 invalid Vehicle Identification Numbers as reported above have been corrected.

Recommendation 1.2: Appoint a responsible officer to oversee the vehicle and equipment inventory and establish a complete and accurate vehicle database by performing a comprehensive physical inventory of vehicles and equipment. During the inventory, collect all pertinent data such as vehicle ID, license plate number, VIN or equipment serial number, vehicle make and model, vehicle type/class, odometer reading, vehicle ownership, person assigned to the vehicle, condition of the asset, etc. Correct the vehicle data in PeopleSoft's asset module as necessary.

Management Reply: Concur. A responsible officer will be assigned to this task. Finance will modify our annual inventory to include additional fields for verification.

Actual/estimated Date of Corrective Action: January, 2011

Estimated cost to implement recommendation: No cost

Recommendation 1.3: Utilize all available data fields in PeopleSoft and consistently use a standard method for recording vehicle data.

Management Reply: Concur. We will work with OASIS and the auditor on expanding the use of all the fields in PeopleSoft.

Actual/estimated Date of Corrective Action: January, 2011

Estimated cost to implement recommendation: No cost.

Recommendation 1.4: Use the county's vehicle ID numbering convention exclusively for county vehicles and use another numbering convention for vehicles owned by other agencies.

Management Reply: Concur. We will use a different numbering system to differentiate county-owned vehicles from others.

Actual/estimated Date of Corrective Action: January, 2011

Estimated cost to implement recommendation: No cost.

Finding 2: Vehicle usage is not monitored.

A process is not in place for monitoring vehicle usage as required by Board Policy D-2 (Use and Purchase of County Vehicles).

Recommendation 2.1: Develop procedures for monitoring vehicle usage in compliance with Board Policy D-2.

Management Reply: Concur. We will implement this practice.

Actual/estimated Date of Corrective Action: June, 2011

Estimated cost to implement recommendation: \$25,000

Controls Over Fuel

Background

RCFD stocks diesel and unleaded gas at 52 fire stations and the Ben Clark Public Safety Training Center (BCTC). The stocked fuel is mainly used for refueling fire engines and heavy duty trucks. Most personnel refuel their assigned staff vehicles, including fire engines and heavy duty trucks from commercial gas stations using Voyager cards. Table 2 shows the breakdown of fuel purchased by RCFD.

Table 2: Fuel Purchased By Source

Source	Annualized ¹			Monthly ¹		
	Gallons	Amount	Per Gal.	Gallons	Amount	
Bulk Fuel Distributors ²	55%	300,745	\$866,623	\$2.88	25,062	\$72,218
Gas Stations:						
Fire and other vehicles	24%	129,800	433,172	\$3.34	10,817	36,098
Staff vehicles	21%	112,112	350,029	\$3.12	9,342	29,169
Total	100%	542,657	\$1,649,824	\$3.04	45,221	\$137,485

¹Based on 27 months activity, January 1, 2008, through March 31, 2010; ²Purchased for stocking RCFD fueling sites.

Audit Objective

Assess the adequacy of internal controls over fuel usage.

Audit Methodology

We performed an analytic review of the fuel activity during the period January 1, 2008, through March 31, 2010. For this analytic review, we used the fuel card transactions data we downloaded directly from the Voyager system and the bulk fuel purchases' spreadsheets maintained by RCFD. We combined the data from Voyager and the spreadsheets to arrive at the total fuel transactions. In conjunction with this analytic review, we evaluated the internal controls at the fueling sites and the fuel accounting procedures at the fiscal office.

Results

RCFD Fueling Stations

As a practice, the State pays for fuel delivered to eight state-owned fire stations while the county pays for fuel delivered to BCTC and 44 county- and city-owned fire stations (Table 3). Fueling station dispensers are not linked to an automated fuel management system. They have common padlocks and keys so that employees are able to dispense fuel at any location. The accounting of fuel used is initiated by employees by recording the fuel dispensed and other data on log sheets placed near the fuel dispensers. Based on the log sheets, the fiscal office bills the State for fuel dispensed in State vehicles from county- and city-owned fueling pumps. Likewise, the State bills the county for the fuel dispensed in county- and

Table 3: Fuel Deliveries By Destination

Fire Station Ownership	Annualized Gallons ³	
Annual Average		
County	136,634	45%
Contract Cities	119,743	40%
State ⁴	44,368	15%
Total Annual Average	300,745	100%

³Based on 27 months activity, January 1, 2008, through March 31, 2010. ⁴Paid for by RCFD.

city-owned vehicles from state-owned fueling pumps. The fuel dispensed in city-owned vehicles is not separately billed to the cities since they are already factored into the contract city rates.

Gas Stations/Voyager Cards

As of March 31, 2010, there were 528 active Voyager cards. Fire personnel typically carry two Voyager cards – one issued by RCFD and another issued by the State. RCFD’s Voyager card account piggy-backs from a State contract. The ownership of the vehicle being fueled determines which card is used. Before refueling, the driver enters required data using the gas pump keypad. The data is validated by the Voyager system based on validation parameters set by the respective agencies that own these cards. RCFD’s Voyager card activity is shown in Table 4.

Table 4: Voyager Card Charges

Products	Annualized ⁵		%
	Amount	Gallons	
Unleaded – regular and blended	\$ 422,596	134,514	56%
Unleaded – special and super	19,128	5,862	2%
Diesel	341,476	101,528	42%
Vehicle Maintenance	26,124		
Miscellaneous	2,629		
Total average charges per year	\$ 811,953	241,904	100%

⁵Based on 27 months activity, January 1, 2008, through March 31, 2010.

Finding 3: Fuel usage is not monitored.

The current process does not include the tracking of fuel dispensed per vehicle. Fuel is obtained from two sources (RCFD’s fueling sites as well as commercial fuel stations using Voyager cards) and combining the data is cumbersome without an automated process. Users log the vehicle’s odometer reading when dispensing fuel; however, since fuel usage is not monitored, the accurate logging of odometer readings is not enforced.

Fuel dispensed from commercial gas stations, which is purchased with the use of RCFD’s Voyager cards, is not accounted for in the county fuel system. This condition was the result of RCFD’s Voyager account not being a part of the county Purchasing-administered Voyager fuel cards. Board Policy A-62 (Credit Card Use), effective April 14, 2008, prohibits the use of any credit card other than the fuel card administered by County Purchasing.

Recommendation 3.1: Retrofit RCFD’s fuel dispensers with controllers and interface connections to the county fuel system. This will facilitate automating the authentication of users, input data validation, recording of fuel transactions, and monitoring. It will eliminate the maintenance of manual logs at the fueling sites. In addition, it will promote efficient and accurate allocation of fuel costs between the county, contract cities, and State. All other county-owned fueling sites (Fleet Services, Transportation, and Waste Management) are already connected to the county fuel system. With RCFD joining in, all county fueling dispensers will be integrated in one system providing the Director of Fleet Services the enhanced ability to monitor and report

the county's vehicle utilization and fuel efficiency as required by Board Policy D-2 (Use and Purchase of County Vehicles).

Management Reply: Concur. With the implementation of AssetWorks we can add fueling stations to the system.

Actual/estimated Date of Corrective Action: Estimated date 3-5 years.

Estimated cost to implement recommendation: \$250,000

Auditor's Comment: AssetWorks is the system currently used by County Fleet Services department. It is possible that additional user licenses may be obtained for RCFD; thus, enabling RCFD to implement corrective action at a lesser cost and sooner than three to five years.

Recommendation 3.2: Coordinate with County Purchasing to have RCFD's Voyager account linked to the County Purchasing-administered Voyager account and have RCFD's fuel card transactions transmitted and recorded in the county's fuel system.

Management Reply: Concur. We will work with County Purchasing and coordinate the systems.

Actual/estimated Date of Corrective Action: January 2011

Estimated cost to implement recommendation: No Cost

Recommendation 3.3: Establish vehicle mileage and fuel efficiency standards. Monitor gallons used, miles used, and miles per gallon used and resolve deviations from the established standards.

Management Reply: Concur. We will implement this program when our fueling sites are changed to AssetWorks.

Actual/estimated Date of Corrective Action: Estimated date 3-5 years.

Estimated cost to implement recommendation: No additional cost if AssetWorks is in place at fueling stations.

Auditor's Comment: AssetWorks is the system currently used by County Fleet Services department. It is possible that additional user licenses may be obtained for RCFD; thus, enabling RCFD to implement corrective action at a lesser cost and sooner than three to five years.

Finding 4: County fuel credit cards are assigned to non-county-owned vehicles and also to non-county employees.

RCFD assigned 71 Voyager cards to vehicles owned by contract cities and more than 400 Voyager cards to vehicles used by State personnel. Board Policy A-62 (Credit Card Use) limits the use of fuel cards to county employees driving a county-owned vehicle. Also, the policy requires that any exception to the policy must be approved by the Board of Supervisors via the Form 11 process and the approval renewed annually. The assignment by RCFD of Voyager

cards to non-county-owned vehicles and non-county employees has not been approved by the board.

Recommendation 4.1: Obtain approval from the Board of Supervisors for assigning Voyager cards to non-county-owned vehicles and non-county employees in compliance with Board Policy A-62.

Management Reply: Concur. We will request Board of Supervisors' approval.

Actual/estimated Date of Corrective Action: January, 2011

Estimated cost to implement recommendation: No cost.

Finding 5: Voyager system controls are not fully utilized.

The Voyager system is able to report pattern discrepancies and product variances as well as limit transactions based on system parameters set by RCFD; however, these control features are not used. We noted from reviewing the Voyager reports that:

- Voyager card users did not always input accurate vehicle odometer readings at the gas stations. RCFD did not strictly enforce accurate odometer reading inputs.
- Voyager card users did not consistently dispense regular unleaded gas. A total of 13,216 gallons of premium or special unleaded gas were purchased during the period January 1, 2008, through March 31, 2010.
- There were 133 cards with charges for both diesel and unleaded gas on the same card. Although it was common for cards assigned to diesel-fueled fire trucks to have one or two gallons of unleaded gas charged to the card (gas is used in portable tools such as chains saws), there were 266 instances (on 53 of the 133 cards) where monthly card charges had 20 or more gallons each of diesel and unleaded fuel charged to the same card. These were not minimal charges which may be indicative that more than a few cards were used improperly. (The 53 cards do not include cards assigned to ambulances which typically use both diesel and gas.)
- Voyager cards were used to pay for car washes, oil change, and minor repairs. The Voyager card charges permitted by RCFD are the same as those of the state-controlled Voyager account which allows charging of other products and services (e.g., parts, oil change, and repairs) while the county-controlled Voyager account limits the card charges to fuel only.

Recommendation 5.1: Limit the use of Voyager cards to purchase of fuel only in line with county purchasing policy. Accordingly, set the Voyager system parameters to limit the card use for fuel only. Use the county P-Card for other purchases requiring the use of a credit card.

Management Reply: Concur. We will comply with county policy.

Actual/estimated Date of Corrective Action: January, 2011

Estimated cost to implement recommendation: No cost.

Recommendation 5.2: Reinforce the need to input accurate odometer readings and other required vehicle data when fueling at the gas stations.

Management Reply: Concur. We will inform all drivers that this procedure is important and mandatory. We will also work with the Voyager vendor to require this data as a required data input to receive fuel.

Actual/estimated Date of Corrective Action: January, 2011

Estimated cost to implement recommendation: No cost.

Finding 6: RCFD does not use county fueling facilities for refueling.

RCFD procured 45 percent of its fuel requirements from gas stations using Voyager cards costing it an estimated 12 percent or \$85,000 more per year. Board Policy A-62 (Credit Card Use) allows the use of a fuel credit card only when the employee is unable to obtain fuel from county-operated fueling facility.

Recommendation 6: Use the county and RCFD fueling facilities for refueling whenever possible in conformance with the guidelines set by Board Policy A-62.

Management Reply: Concur. We will implement this practice.

Actual/estimated Date of Corrective Action: July, 2011

Estimated cost to implement recommendation: No cost.

Finding 7: Controls at the fire station fuel dispensers are not adequate.

The following are the internal control deficiencies noted at the fuel dispensers:

- Fuel-users are not authenticated.
- When dispensing fuel, fuel users manually log the quantity of fuel dispensed and other required transaction details. However, there is no practical way to verify the accuracy of the logged data. The log is used for allocating and billing the dispensed fuel between RCFD and the State.
- Although fuel dispensers are padlocked, keys are issued to an indeterminate number of personnel; a record of personnel who have keys is not maintained. Additionally, the key is identical for all fuel pump padlocks and can be easily duplicated.
- A perpetual inventory record of stocked fuel is not maintained. Shortages may not be detected if they occur.

Recommendation 7: Implement the following interim steps to partly alleviate the weaknesses noted until a more permanent solution is in place:

- Require the fire station management to maintain the fuel log sheets and fuel inventory. Modify the monthly fuel log sheets to include the month's starting and ending fuel

inventory balances. Fuel inventory should be taken at the end of each month by dipstick or other reliable means.

- Have RCFD's fiscal staff maintain a perpetual fuel inventory record for each fueling site. Update this record from vendor invoices for incoming deliveries and monthly log sheets for dispensed fuel. Reconcile the perpetual inventory month-end balance to the inventory taken at the end of the month. Establish a tolerable inventory variance limit and resolve any discrepancies exceeding the limit with the fire station management.

Management Reply: Concur. A responsible officer at each fueling site will be established and we will update the current log used in Finance. The forms used at each station will be modified and Finance will reconcile the records monthly.

Actual/estimated Date of Corrective Action: March, 2011

Estimated cost to implement recommendation: No cost.

Finding 8: Payment procedures for bulk fuel purchases were not consistently followed.

RCFD paid for bulk fuel delivered to state-owned fueling sites during the period July 1, 2007, through March 31, 2010, in the amount of \$461,735. This was not in line with RCFD's standard practice of having the State pay for fuel delivered to state-owned fueling stations. The procedure change occurred, according to RCFD's fiscal staff, during the time when the bulk vendors withheld processing purchase orders from the State. RCFD did not seek reimbursement from the State for these payments.

Recommendation 8.1:

Account for fuel purchased and paid for by RCFD on the State's behalf and the portion used by county-owned vehicles from these purchases. Request reimbursement for the net amount due from the State.

Management Reply: Concur. We will reconcile the charges to fuel used and invoice the State as necessary.

Actual/estimated Date of Corrective Action: January, 2011

Estimated cost to implement recommendation: No Cost

Recommendation 8.2

In the future, record the fuel purchases made by RCFD on behalf of the State as advances and collect the full amount. The procedures for the accounting of actual fuel usage, as well as the required cross-billing between RCFD and State, should continue as established.

Management Reply: Concur. We will comply with our internal policy and will not process any payment for fuel at a State Fire Station.

Actual/estimated Date of Corrective Action: December, 2010

Estimated cost to implement recommendation: No Cost

Controls Over Repairs and Maintenance

Background

RCFD's fleet services operates two shops, one in Perris and another in Indio. Each shop is staffed with eight auto mechanics from the county and one equipment manager from the State. The auto mechanics dedicate most of their hours to servicing fire engines. The servicing of light vehicles and major fire engines are mainly done through third-party shops and car dealerships. Both shops keep inventories of repair parts, supplies, tools, and equipment complements (e.g., hose adapters, nozzles, and fire extinguishers).

RCFD follows the vehicle maintenance policies of the State. RCFD vehicles are required to undergo a safety inspection at least once per year in addition to having regular preventive maintenance services and inspections. Firefighting and rescue vehicles are required to undergo a vehicle safety inspection every 90 days in accordance with California Vehicle Code Section 34505.5.

Repairs and maintenance expenses which averaged \$2.5 million are broken down in Table 5.

Table 5: Repairs and Maintenance

Expense Type	Annualized ⁶
Parts and Services ⁷	\$2,117,108
Tires	340,491
Batteries	49,305
Total	\$2,506,904

⁶ Based on 33 months activity, July 1, 2007, through March 31, 2010; ⁷ Does not include fleet staff salaries and benefits of \$1,345,948 per year and fuel of \$1,649,824.

Audit Objective

Assess the adequacy of internal controls over fleet repairs and maintenance.

Audit Methodology

As suggested by the Fire Chief, we did a walk-through of the Orange County Fire Authority's (OCFA) fleet services facility. OCFA staff also provided us a demonstration of AssetWorks, a fleet management system they use for maintenance scheduling, work order processing, purchasing, and warehousing. (AssetWorks is the same software used by Riverside County fleet services). We also visited RCFD's Indio and Perris repair shops and reviewed RCFD's procedures for purchasing, stocking, tracking, and payment of parts and supplies as well as processing of work orders. Furthermore, we inspected the maintenance booklets of 24 vehicles found in the Perris headquarters. In addition, we performed an analytic review of the vehicle repairs and maintenance expenses recorded in PeopleSoft.

Results

Repairs are authorized by the equipment managers. Auto mechanics or equipment managers buy repair parts and supplies directly from the vendors. When a purchase is made, the staff instructs the vendor to bill either the county or the State's credit account with that vendor. The vendor is paid through county procurement card (P-card) if a vendor credit account is not

available. The equipment manager reviews and approves the vendor invoices and P-card statements for payment and notates on the invoices the agency to be charged for the parts.

The Perris shop houses its inventory in a "Conex" steel cargo container. The Indio shop keeps its inventory in a stock room on the ground floor and on shelves at the mezzanine floor of the shop building. Repair trucks also carry inventory of parts, supplies, tools, and equipment.

Finding 9: Controls over inventories of parts and supplies are not adequate.

- The Perris and Indio stockrooms are unmanned and open to all shop personnel. Inventory records are not maintained. The Perris stock room is used for housing parts and supplies owned by the county and State and the inventories owned by each are co-mingled. The same conditions are true with inventories maintained in repair trucks. Actual usage of parts are not tracked nor consistently listed on work orders. Since the actual parts used are not accounted for, county-owned parts used on repairing state-owned vehicles are not billed to the State.
- The auto mechanics and equipment managers purchase parts, but have not been authorized to be buyers by County Purchasing as required under County Purchasing Manual Section 3.

Recommendation 9.1: Assign a storeroom custodian each in Perris and Indio shops whose duties will include stocking, receiving, issuance of parts and supplies, and maintenance of stock records.

Management Reply: Concur. We will request additional positions in our shops for storekeepers/parts-buyers/inventory clerks.

Actual/estimated Date of Corrective Action: Date unknown pending funding approval. Estimated 3-5 years.

Estimated cost to implement recommendation:

- Personnel - \$60,000 per year per position
- Office equipment & supplies - \$2,750 per position
- Larger facilities to accommodate additional personnel.
 1. The fleet portion of new HQ (West) - \$17.8 million.
 2. Addition to Indio Shop - \$2.5 million.

Auditor's Comment: The reported weaknesses in inventory controls need to be promptly addressed within the current structure and sooner than three to five years. As a stop gap measure, we agree with RCFD's plan to use existing staff as storeroom custodians (see Management Reply to Recommendation 9.2).

Recommendation 9.2: Delegate the purchasing of parts and supplies to an RCFD buyer including the placing of phone orders and authorizing will-call pick-ups. Establish guidelines when auto mechanics may be able to purchase and pick up parts from the vendors such as during emergencies.

Management Reply: Concur. We will look into using existing staff; however we do anticipate the need for additional positions in our shops for storekeepers/parts-buyers/inventory clerks.

Actual/estimated Date of Corrective Action: Date unknown pending funding approval. Estimated 1-5 years.

Estimated cost to implement recommendation:

- Personnel - \$60,000 per year per position
- Office equipment & supplies - \$2,750 per position

Auditor's Comment: The reported weaknesses in inventory controls need to be promptly addressed within the current structure and sooner than one to five years. As a stop gap measure, we agree with RCFD's plan to use existing staff as storeroom custodians.

Recommendation 9.3: Establish accounting procedures for receiving and issuing parts and supplies. All purchases should be received and issued by the storeroom custodian. When parts or supplies are picked up by a mechanic from the vendor for emergency off-site use, the supporting papers should be provided to the storeroom custodian as soon as the mechanic returns to the shop. In this particular case, the storeroom custodian should record the receipt and issuance of the parts at the same time. The stock records should reflect the work order number, vehicle ID, and vehicle owner the parts are to be used for. The auto mechanics should list all parts and supplies used on every work order. When a work order is completed, the storeroom custodian should verify and initial the work order to ensure that all parts and supplies are recorded therein.

Management Reply: Concur. We will request additional positions in our shops for storekeepers/parts-buyers/inventory clerks. Our current facilities are not equipped for additional staffing.

Actual/estimated Date of Corrective Action: Date unknown pending funding approval. Estimated 3-5 years.

Estimated cost to implement recommendation:

- Personnel - \$60,000 per year per position
- Office equipment & supplies - \$2,750 per position
- Larger facilities to accommodate additional personnel.
 1. The fleet portion of new HQ (West) - \$17.8 million.
 2. Addition to Indio Shop - \$2.5 million.

Auditor's Comment: The reported weaknesses in inventory controls need to be promptly addressed within the current structure and sooner than three to five years. As a stop gap measure, we agree with RCFD's plan to use existing staff as storeroom custodians (see Management Reply to Recommendation 9.2).

Recommendation 9.4: Implement appropriate steps to: (a) prevent comingling of parts and supplies owned by the county and State, and (b) bill the State for county-owned parts and supplies used on state-owned vehicles.

Management Reply: Concur. We will work with existing staff to separate stock and create a procedure on use of supplies on non-county vehicles. This procedure will include a billing component and we will not commingle parts. To complete this request adequately we will need

additional positions approved and this would be the responsibility of the storekeepers/parts-buyers/inventory clerks.

Actual/estimated Date of Corrective Action: July 2011

Estimated cost to implement recommendation:

- Personnel - \$60,000 per year per position
- Office equipment & supplies - \$2,750 per position
- \$50,000 – for new storeroom (trailer annual cost)

Auditor's Comment: The reported weaknesses in inventory controls need to be promptly addressed within the current structure. As a stop gap measure, we agree with RCFD's plan to use existing staff as storeroom custodians (see Management Reply to Recommendation 9.2).

Finding 10: Controls over vehicle repairs and maintenance are not adequate.

- The Perris and Indio shops were under the supervision of one equipment manager. For approximately two years until September 2010 when a second manager was hired, the manager worked three days in Perris and two days in Indio. With 17-18 full time mechanics, the two shops were unable to handle all work orders and had to outsource more than a few repair jobs to third parties. We estimated RCFD paid an estimated \$1.5 million to \$1.8 million per year to third-party repair shops. The auto mechanics worked significant amount of overtime costing over \$200,000 per year (Table 5). There are no time standards for completing work orders and RCFD does not account for mechanics' time spent on servicing vehicles.

Table 5: Overtime Work by Auto Mechanics

Fiscal Year	Overtime Hours	Cost
2007/08	4,892	\$202,130.50
2008/09	5,429	\$217,766.16
2009/10	5,065	\$206,489.56

- RCFD does not have an efficient process for tracking periodic maintenance:
 - A 90-day periodic vehicle safety inspection of fire vehicles is required by the California vehicle code. Of 408 required 90-day safety inspections on 24 fire vehicles during a 51-month period, we noted 44 were not completed timely. Some were as late as nine months. Delayed inspections increase the county's liability exposures in the event a subject fire vehicle is involved in a serious accident.
 - One pickup which was under warranty had its engine replaced at a cost of over \$7,000. The dealer refused to cover the repairs because the vehicle was driven 43,800 miles without an oil change.
- RCFD does not have an effective repair authorization process. Of 67 vendor repairs randomly selected for testing, we noted:
 - Four retrofits costing over \$8,000 were made on four newer fire trucks which upper management subsequently found to be unjustified and unnecessary. The equipment manager who authorized the repairs was transferred out of RCFD after this incident.

- One invoice for \$3,900 was for repairs on a truck the dealer refused to cover under the warranty. RCFD did not pursue the issue with the dealer any further.
- RCFD is not billing for the 107 (as of March 2010) state-owned vehicles that RCFD maintains. A rate has not been developed for recovering the labor costs related to servicing state-owned vehicles.
- Checks and balances are not in place as the equipment managers have an almost total control of the whole administrative process from authorizing repairs, purchasing of parts, maintaining inventories, to approving payments to vendors.

Recommendation 10.1: Develop a fleet services manual of procedures which should include, among others, the following:

- Tracking, scheduling, and notifying responsible managers of required periodic maintenance.
- Tracking of warranties (new vehicle, replacement parts and repair services).
- Process for authorizing repairs.
- Process for authorizing overtime for mechanics.
- Process for completing and tracking work orders, including services performed, parts used, and labor time spent on each work order.
- Process for approving completed work orders.

Management Reply: Concur. We will establish this manual of procedures in conjunction with the implementation of the new Fleet Maintenance computer system and vehicle database.

Actual/estimated Date of Corrective Action: January, 2012

Estimated cost to implement recommendation: Evaluation needed

Recommendation 10.2: Segregate purchasing and inventory maintenance from the equipment manager duties. Assign purchasing to the RCFD buyer and the inventory maintenance to the storeroom custodian.

Management Reply: Concur. We will implement this recommendation upon approval of new positions.

Actual/estimated Date of Corrective Action: Date unknown pending funding approval. Estimated 3-5 years.

Estimated cost to implement recommendation:

- Personnel - \$60,000 per year per position
- Office equipment & supplies - \$2,750 per position
- Larger facilities to accommodate additional personnel.
 1. The fleet portion of new HQ (West) - \$17.8 million.
 2. Addition to Indio Shop - \$2.5 million.

Auditor's Comment: The reported finding needs to be promptly addressed within the current structure and sooner than three to five years. As recommended, buying responsibilities can be reassigned to the RCFD buyer. In addition, as planned by RCFD, the stockroom custodianship can be assigned to its existing staff.

Recommendation 10.3: Develop a billing rate for recovering the labor cost related to servicing state-owned vehicles and bill the state accordingly.

Management Reply: Concur. We will develop a productive hourly rate for our Fleet personnel.

Actual/estimated Date of Corrective Action: July 2011

Estimated cost to implement recommendation: No Cost

Finding 11: County fleet services is not utilized for repairs and maintenance.

RCFD has about 240 light vehicles (SUVs, pickups, and sedans) that could be serviced by county fleet services. RCFD spent on average about \$280,000 per year (average based on period July 1, 2007, through June 30, 2009) on out-sourcing the maintenance of these vehicles. These are vehicles, which county fleet services is able to maintain.

Recommendation 11: Use county fleet services for maintaining light and medium-duty vehicles.

Management Reply: Concur. We will implement this procedure.

Actual/estimated Date of Corrective Action: January, 2011

Estimated cost to implement recommendation: Potential savings due to \$74.50 / hour labor rate from County Fleet Services.

Appendix
Riverside County Fire Department
Management Reply



RIVERSIDE COUNTY FIRE DEPARTMENT
IN COOPERATION WITH
THE CALIFORNIA DEPARTMENT OF FORESTRY AND FIRE PROTECTION

John R. Hawkins ~ Fire Chief
210 West San Jacinto Avenue ~ Perris, CA 92570
(951) 940-6900 ~ www.rvcfire.org

ROUDLY SERVING THE
NINCORPORATED AREAS
F RIVERSIDE COUNTY
ND THE CITIES OF:

- ANNING
- EAUMONT
- ALIMESA
- ANYON LAKE
- OACHELLA
- ESERT HOT SPRINGS
- ASTVALE
- DIAN WELLS
- IDIO
- AKE ELSINORE
- A QUINTA
- ENIFEE
- IORENO VALLEY
- ALM DESERT
- ERRIS
- ANCHO MIRAGE
- UBIDOUX CSD
- AN JACINTO
- EMECULA
- ILDOMAR

BOARD OF SUPERVISORS:

- BOB BUSTER
DISTRICT 1
- JOHN TAVAGLIONE
DISTRICT 2
- JEFF STONE
DISTRICT 3
- JOHN BENOIT
DISTRICT 4
- MARION ASHLEY
DISTRICT 5

DATE: November 9, 2010

TO: Auditor-Controller
Audits and Specialized Accounting Division

FROM: John R. Hawkins, County Fire Chief
Fire Department

SUBJECT: Reply to Draft Audit Report

10 NOV 16 AM 8:25
RIVERSIDE COUNTY
AUDITOR-CONTROLLER

Recommendation Number 1.1:

Collaborate with County Fleet Services for setting up the fire department to use the County Fleet Services' fleet and fuel management systems (AssetWorks). This will provide the department an already functioning industry-standard system platform for managing its vehicle database and fleet services functions.

- a. Managements position concerning recommendations:
 X Concur Disagree
- b. Comments:
We are currently looking into the most cost-effective way to purchase and convert to the Asset Works system.
- c. Actual/estimated Date of Corrective Action:
Estimated date 3-5 years.
- d. Estimated cost to implement recommendation:
\$ \$165,000

Recommendation Number 1.2:

In order to establish a complete and accurate vehicle database, perform a comprehensive physical inventory of vehicles and equipment. Appoint a responsible officer to oversee the physical inventory. During the inventory, collect all pertinent data such as vehicle ID, license plate number, VIN or equipment serial number, vehicle make and model, vehicle type/class, odometer reading, vehicle ownership, person assigned the vehicle, condition of the asset, etc. Correct the PeopleSoft Asset Module as necessary.

- a. Managements position concerning recommendations:
 X Concur Disagree

b. Comments:

A responsible officer will be assigned to this task. Finance will modify our annual inventory to include additional fields for verification.

- c. Actual/estimated Date of Corrective Action:
January, 2011
- d. Estimated cost to implement recommendation:
\$ No cost.

Recommendation Number 1.3:

Utilize all available data fields in PeopleSoft and consistently use a standard method for recording vehicle data.

- a. Managements position concerning recommendations:
 Concur Disagree
- b. Comments:
We will work with OASIS and the auditor on expanding the use of all the fields in PeopleSoft.
- c. Actual/estimated Date of Corrective Action:
January, 2011
- d. Estimated cost to implement recommendation:
\$ No cost.

Recommendation Number 1.4:

Use the county's vehicle ID numbering convention exclusively for county vehicles.

- a. Managements position concerning recommendations:
 Concur Disagree
- b. Comments:
We will use a different numbering system to differentiate county-owned vehicles from others.
- c. Actual/estimated Date of Corrective Action:
January, 2011
- d. Estimated cost to implement recommendation:
\$ No cost.

- b. Comments: We will work with County Purchasing and coordinate the systems.
- c. Actual/estimated Date of Corrective Action:
January 2011
- d. Estimated cost to implement recommendation:
\$ No Cost

Recommendation Number 3.3:

Establish vehicle mileage and fuel efficiency standards. Monitor gallons used, miles used, and miles per gallon used and resolve deviations from the established standards.

- a. Managements position concerning recommendations:
 Concur Disagree
- b. Comments:
We will implement this program when our fueling sites are changed to Asset Works.
- c. Actual/estimated Date of Corrective Action:
Estimated date 3-5 years.
- d. Estimated cost to implement recommendation:
\$ No additional cost if Asset Works is in place at fueling stations.

Recommendation Number 4:

Obtain approval from the Board of Supervisors for assigning Voyager cards to non-county-owned vehicles and non-county employees in compliance with Board Policy A-62.

- a. Managements position concerning recommendations:
 Concur Disagree
- b. Comments:
We will request BOS approval.
- c. Actual/estimated Date of Corrective Action:
January, 2011
- d. Estimated cost to implement recommendation:
\$ No cost.

Recommendation Number 5.1:

Limit the use of Voyager cards to purchase of fuel only in line with county purchasing policy. Accordingly, set the Voyager system parameters to limit the card use for fuel only. Use the County P-Card for other purchases requiring the use of a credit card.

- a. Managements position concerning recommendations:
 Concur Disagree
- b. Comments:
We will comply with county policy.

- c. Actual/estimated Date of Corrective Action:
January, 2011
- d. Estimated cost to implement recommendation:
\$ No cost.

Recommendation Number 5.2:

Reinforce the need to input accurate odometer readings and other vehicle data when fueling at the gas stations.

- a. Managements position concerning recommendations:
 X Concur Disagree
- b. Comments:
We will inform all drivers that this procedure is important and mandatory. We will also work with the Voyager vendor to require this data as a required data input to receive fuel.
- c. Actual/estimated Date of Corrective Action:
January, 2011
- d. Estimated cost to implement recommendation:
\$ No cost.

Recommendation Number 6:

Use the county and department fueling facilities for refueling whenever possible in conformance with the guidelines set by Board Policy A-62.

- a. Managements position concerning recommendations:
 X Concur Disagree
- b. Comments:
We will implement this practice.
- c. Actual/estimated Date of Corrective Action:
July, 2011
- d. Estimated cost to implement recommendation:
\$ No cost.

Recommendation Number 7:

Implement the following interim steps to partly alleviate the weaknesses noted until a more permanent solution is in place:

- Delegate responsibility to the fire station management for maintaining the fuel log sheets and fuel inventory. Modify the monthly fuel log sheets to include the month's starting and ending fuel inventory balances. Fuel inventory should be taken at the end of each month by dipstick or other reliable means.

- Have the fiscal office maintain a perpetual fuel inventory record for each fueling site. Update this record from vendor invoices for incoming deliveries and monthly log sheets for dispensed fuel. Reconcile the perpetual inventory month-end balance to the inventory taken at the end of the month. Establish a tolerable inventory variance limit and resolve any discrepancies exceeding the limit with the fire station management.
 - a. Managements position concerning recommendations:
 Concur Disagree
 - b. Comments:
 A responsible officer at each fueling site will be established and we will update the current log used in Finance. The forms used at each station will be modified and Finance will reconcile the records monthly.
 - c. Actual/estimated Date of Corrective Action:
 March, 2011
 - d. Estimated cost to implement recommendation:
 \$ No cost.

Recommendation Number 8.1:

Account and request reimbursement from the state for fuel paid for by the department on their behalf net of fuel used by county-owned vehicles.

- a. Managements position concerning recommendations:
 Concur Disagree
- b. Comments: We will reconcile the charges to fuel used and invoice the State as necessary.
- c. Actual/estimated Date of Corrective Action:
 January, 2011
- d. Estimated cost to implement recommendation:
 \$ No Cost

Recommendation Number 8.2:

In the future, record the fuel purchases made by the department on behalf of the state as advances and collect the full amount. The procedures for the accounting of actual fuel usage, as well as the required cross-billing between the department and the state, should continue as established.

- a. Managements position concerning recommendations:
 Concur Disagree
- b. Comments: We will comply with our internal policy and will not process any payment for fuel at a State Fire Station.
- c. Actual/estimated Date of Corrective Action:
 December, 2010

- d. Estimated cost to implement recommendation:
\$ No Cost

Recommendation Number 9.1:

Assign a storeroom custodian each in Perris and Indio shops whose duties will include stocking, receiving, issuance of parts and supplies, and maintenance of stock records.

- a. Managements position concerning recommendations:
 X Concur Disagree
- b. Comments:
We will request additional positions in our shops for storekeepers/parts-buyers/inventory clerks.
- c. Actual/estimated Date of Corrective Action:
Date unknown pending funding approval. Estimated 3-5 years.
- d. Estimated cost to implement recommendation:
\$ Personnel - \$60,000 per year per position
\$ Office equipment & supplies - \$2,750 per position
\$ Larger facilities to accommodate additional personnel.
 1. The fleet portion of new HQ (West) - \$17.8 million.
 2. Addition to Indio Shop - \$2.5 million.

Recommendation Number 9.2:

Delegate the purchasing of parts and supplies to a department buyer including the placing of phone orders and authorizing will-call pick-ups. Establish guidelines when auto mechanics may be able to purchase and pick up parts from the vendors such as during emergencies.

- a. Managements position concerning recommendations:
 X Concur Disagree
- b. Comments:
We will look into using exiting staff; however we do anticipate the need for additional positions in our shops for storekeepers/parts-buyers/inventory clerks.
- c. Actual/estimated Date of Corrective Action:
Date unknown pending funding approval. Estimated 1-5 years.
- d. Estimated cost to implement recommendation:
\$ Personnel - \$60,000 per year per position
\$ Office equipment & supplies - \$2,750 per position

Recommendation Number 9.3:

Establish accounting procedures for receiving and issuing parts and supplies. All purchases should be received and issued by the storeroom custodian. When parts or supplies are picked up by a mechanic from the vendor for emergency off-site use, the supporting papers should be provided to the storeroom custodian as soon as the mechanic returns to the shop.

In this particular case, the storeroom custodian should record the receipt and issuance of the parts at the same time. The stock records should reflect the work order number, vehicle ID, and vehicle owner the parts are to be used for. The auto mechanics should list all parts and supplies used on every work order. When a work order is completed, the storeroom custodian should verify and initial the work order to ensure that all parts and supplies are recorded therein.

a. Managements position concerning recommendations:
 X Concur _____ Disagree

b. Comments:
We will request additional positions in our shops for storekeepers/parts-buyers/inventory clerks. Our current facilities are not equipped for additional staffing.

c. Actual/estimated Date of Corrective Action:
Date unknown pending funding approval. Estimated 3-5 years.

d. Estimated cost to implement recommendation:
\$ Personnel - \$60,000 per year per position
\$ Office equipment & supplies - \$2,750 per position
\$ Larger facilities to accommodate additional personnel.
1. The fleet portion of new HQ (West) - \$17.8 million.
2. Addition to Indio Shop - \$2.5 million.

Recommendation 9.4: Implement appropriate steps to: (a) prevent comingling of parts and supplies owned by the county and state, and (b) bill the state for county-owned parts and supplies used on state-owned vehicles.

e. Managements position concerning recommendations:
 X Concur _____ Disagree

f. Comments:
We will work with existing staff to separate stock and create a procedure on use of supplies on non-county vehicles. This procedure will include a billing component and we will not commingle parts. To complete this request adequately we will need additional positions approved and this would be the responsibility of the storekeepers/parts-buyers/inventory clerks.

g. Actual/estimated Date of Corrective Action:
July 2010

h. Estimated cost to implement recommendation:
\$ Personnel - \$60,000 per year per position
\$ Office equipment & supplies - \$2,750 per position
\$ 50,000 – for new storeroom (trailer annual cost)

Recommendation Number 10.1:

Develop a fleet services manual of procedures which should include, among others, the following:

- Tracking, scheduling, and notifying assigned drivers or units responsible of required periodic maintenance.
- Tracking of manufacturer's vehicle warranties and repair parts and service warranties.
- Process for authorizing repairs.
- Process for authorizing auto mechanics overtime.
- Process for completing and tracking work orders, including services performed, parts used, and labor time spent on each work order.
- Process for approving completed work orders.

a. Managements position concerning recommendations:
 Concur Disagree

b. Comments:
 We will establish this manual of procedures in conjunction with the implementation of the new Fleet Maintenance computer system and vehicle database.

c. Actual/estimated Date of Corrective Action:
 January, 2012

d. Estimated cost to implement recommendation:
 \$ Evaluation needed

Recommendation Number 10.2:

Segregate purchasing and inventory maintenance from the equipment managers' duties. Assign purchasing to the department buyer and inventory maintenance to the storeroom custodian.

a. Managements position concerning recommendations:
 Concur Disagree

b. Comments:
 We will implement this recommendation upon approval of new positions.

c. Actual/estimated Date of Corrective Action:
 Date unknown pending funding approval. Estimated 3-5 years.

d. Estimated cost to implement recommendation:
 \$ Personnel - \$60,000 per year per position
 \$ Office equipment & supplies - \$2,750 per position
 \$ Larger facilities to accommodate additional personnel.
 1. The fleet portion of new HQ (West) - \$17.8 million.
 2. Addition to Indio Shop - \$2.5 million.

Recommendation 10.3

Develop a billing rate for recovering the labor cost related to servicing state-owned vehicles and bill the state accordingly.

a. Managements position concerning recommendations:

Concur Disagree

- b. Comments:
We develop a productive hourly rate for our Fleet personnel.
- c. Actual/estimated Date of Corrective Action:
July 2011
- d. Estimated cost to implement recommendation:
\$ No Cost

Recommendation Number 11:

Use County Fleet Services for maintaining light and medium-duty vehicles.

- a. Managements position concerning recommendations:
 Concur Disagree
- b. Comments:
We will implement this procedure.
- c. Actual/estimated Date of Corrective Action:
January, 2011
- d. Estimated cost to implement recommendation:
\$ Potential savings due to \$74.50 / hour labor rate from County Fleet Services.