

Fleet Services Operational Review, Phase One: Stronger Corporate Oversight Needed for Underutilized Vehicles

Date: April 16, 2019
To: Audit Committee
From: Auditor General
Wards: All

SUMMARY

The Auditor General has completed Phase One of its audit of the Fleet Services Division. Its findings are presented in two reports. This report addresses vehicle utilization and whether the City's fleet is being effectively utilized. A separate report focuses on vehicle service downtime and how it affects the City's day to day operations.

The key findings from the audit are:

Using an annual threshold of 5,000 km or 125 engine hours, we identified 230 underutilized vehicles in 2018 from 15 City divisions and one corporation. This represents 18 per cent of the light duty vehicles, up from 15 per cent in 2017. The City paid approximately \$10 million to purchase these vehicles, in addition to \$314,000 in 2018 to maintain them.

The City reimburses staff who use their personal vehicles for work. We found that the divisions and corporation with large numbers of underutilized vehicles also paid a substantial amount of km reimbursement costs. In 2018, this totalled \$1.5 million for six divisions and one corporation. Ninety-two (92) staff were reimbursed for over 5,000 km, averaging \$3,600 each.

The issue of underutilized vehicles is not new, and has been raised by the Auditor General on multiple occasions since 2004. While Fleet Services Division has taken action to analyze and identify underutilized vehicles, decision making has remained with individual user divisions. There is a need for stronger corporate oversight to ensure the most cost-effective fleet options are used across the City, and to maximize the use of car sharing and pooling opportunities, where feasible.

RECOMMENDATIONS

The Auditor General recommends that:

1. City Council request the City Manager, in consultation with the General Manager, Fleet Services Division, to take steps to:
 - a. review and minimize the number of underutilized vehicles, including implementing car share and pooling programs using City owned vehicles where cost and operationally effective; and
 - b. maximize the use of the City's available fleet.
2. City Council request the General Manager, Fleet Services Division, to amend its policy to include Class 2 light duty vehicles in its annual analysis and list of underutilized vehicles for user divisions to review and comment.
3. City Council request the City Manager to forward this report to Division Heads and Chief Executive Officers of City agencies and corporations with fleet management operations, and request them to review and consider implementing the recommendation relevant to their respective operations.

FINANCIAL IMPACT

The implementation of recommendations in this report may help reduce the number of underutilized vehicles and employee kilometrage reimbursements, leading to cost savings for the City. The precise extent of any resources required or potential cost savings is not determinable at this time.

DECISION HISTORY

The Auditor General included an audit of Fleet Services Division in her 2018 Audit Work Plan. The objective of the audit was to assess the Division's vehicle and equipment repair and maintenance functions, as well as acquisition and management of the fleet inventory.

COMMENTS

A high level summary of the key audit findings are provided in the one-page Audit at a Glance.

The attached audit report provides the Audit Committee and members of Council with the detailed audit results and recommendations together with management's response. Management has agreed to all recommendations.

CONTACT

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SIGNATURE

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Auditor General

ATTACHMENT

Attachment 1: Fleet Services Operational Review, Phase One: Stronger Corporate Oversight Needed for Underutilized Vehicles