

AUDIT AT A GLANCE FLEET SERVICES OPERATIONAL REVIEW Phase One: Stronger Corporate Oversight Needed for Underutilized Vehicles

WHY THIS AUDIT MATTERS

City of Toronto staff rely on their fleet to deliver many services to the public, such as picking up waste, repairing roads, and maintaining our parks and communities. The Fleet Services Division is tasked with keeping this diverse array of vehicles and equipment up and running.

BY THE NUMBERS (2018)

- 1 in 6 light duty vehicles was underutilized (<5,000 km/year or 125 engine hours)
- 15 divisions and 1 corporation* had underutilized vehicles
- \$10 million in purchasing costs and \$314,000 in annual maintenance costs
- \$3.7 million** in annual km reimbursements (at \$0.54 per km) for staff using personal vehicles for work
- 262 staff were reimbursed for more than 3,000 km for using their personal vehicles

*excludes TTC and Police which manage their own fleet independently from City Fleet Services

**City divisions and TCHC only

BACKGROUND

Every vehicle needs to be serviced periodically, regardless of usage, in order to remain in a safe and reliable condition. Underutilized vehicles incur unnecessary costs and take up staff and resources that could be better used on other vehicles.

This analysis focuses on light duty City owned vehicles such as sedans, minivans, SUVs, and pickup trucks that are less specialized and more easily shareable.

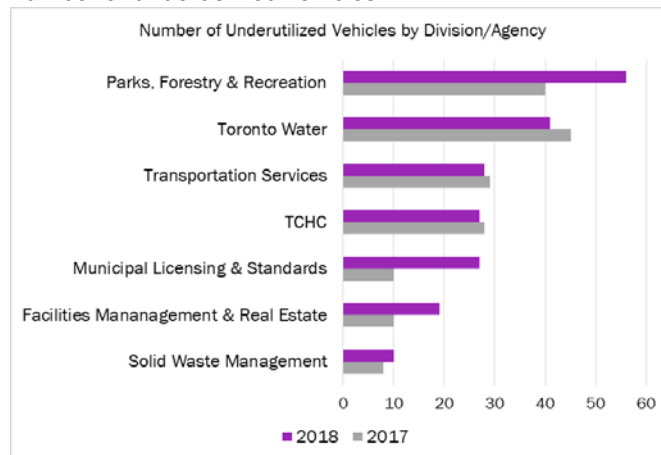
HOW RECOMMENDATIONS WILL BENEFIT THE CITY

This report makes three recommendations to strengthen corporate oversight of vehicle utilization, which will help reduce costs, promote inter-divisional cooperation, and free up maintenance resources.

WHAT WE FOUND

High Number of Underutilized Vehicles

Using an annual threshold of 5,000 km or 125 engine hours, we identified 230 vehicles in 2018 from 15 City divisions and one corporation that were underutilized. This represents 18 per cent of the fleet's light duty vehicles, up from 15 per cent in 2017. The City paid \$10 million to purchase these vehicles. Six divisions and one corporation, in particular, had a large percentage and number of underutilized vehicles.



High Amount of km Reimbursements

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

Stronger Corporate Oversight Required

The issue of underutilized vehicles is not new; in fact, it has been raised by the Auditor General on multiple occasions since 2004. Our observations indicate that the issue persists today.

Over the past several years, Fleet Services has taken steps to analyze and identify underutilized vehicles, and share them with the operating divisions. However, the final decision of what to do with these vehicles has always remained within each division.

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 options, where feasible.