

**Presentation to the Audit Committee  
on May 3, 2019, Agenda Items AU2.2 & AU2.3**

## **Fleet Services Operational Review – Phase One**

- Lengthy Downtime Requires Immediate Attention**
- Stronger Corporate Oversight Needed for Underutilized Vehicles**

Beverly Romeo-Beehler, CPA, CMA, B.B.A., JD, ICD.D, CFF  
Auditor General

Jane Ying, CPA, CMA, CIA, CGAP, MHSc  
Assistant Auditor General

Claire Mu, CPA, CFA, CISA, MFin, MMPA  
Senior Audit Manager

# **Underutilized Vehicles**

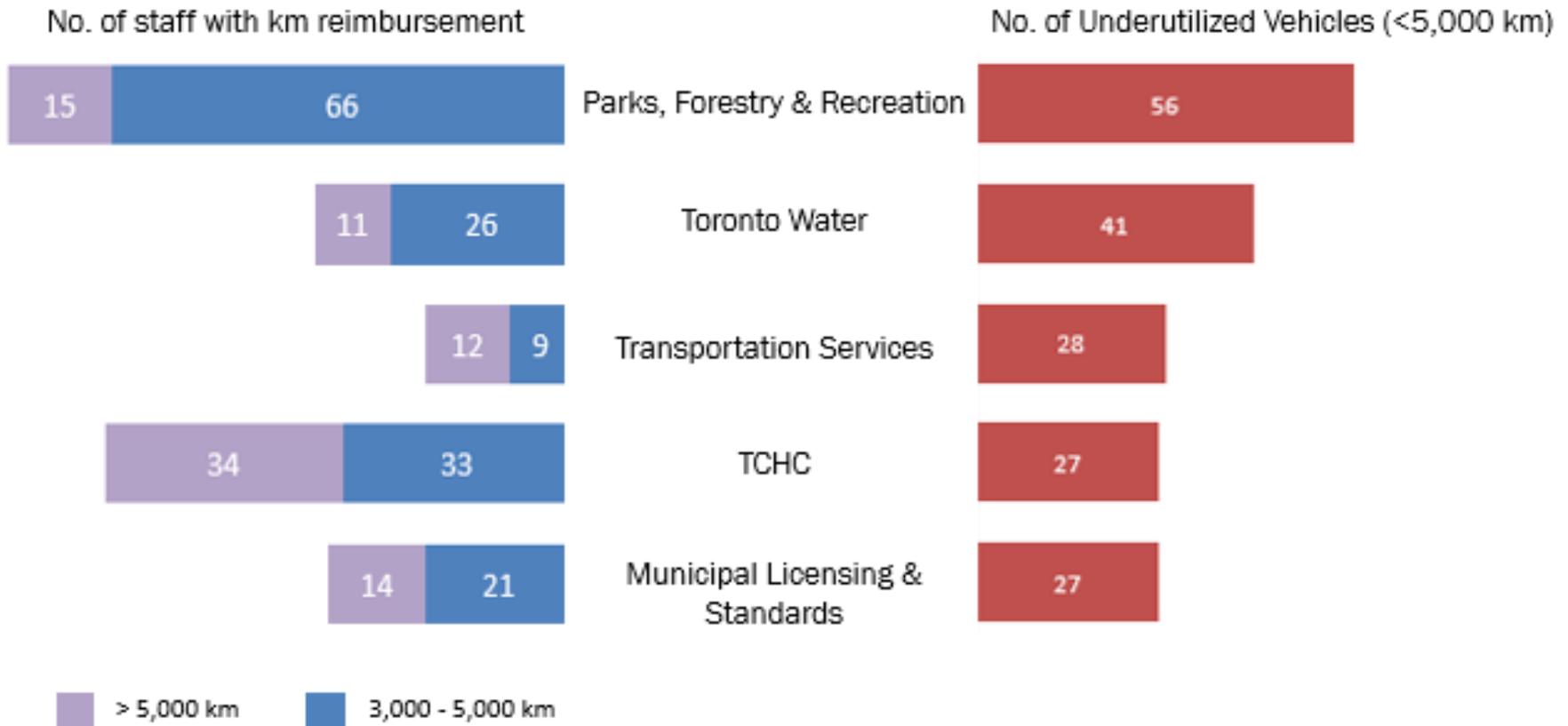
# Underutilized Vehicles

- 15 Divisions and TCHC had 183 underutilized vehicles in 2017 (15%) and increased to 230 (18%) in 2018
- These underutilized vehicles cost the City money to purchase and maintain:
  - Acquisition costs: \$10M
  - 2017 and 2018 maintenance cost: \$600K

# **Some Divisions with Underutilized Vehicles also Paid Substantial Kilometrage Reimbursements**

- City reimburses staff who use their personal vehicles for business at 54 cents per km. This totalled \$3.7M (including TCHC) in 2018
- The divisions and TCHC with a significant number of underutilized vehicles also paid substantial kilometrage reimbursements to their staff
  - 92 staff claimed over 5,000km, averaging \$3,600 each in 2018
  - Reimbursements from these divisions and TCHC totalled \$1.5M

# Top 5 Groups with Underutilized Vehicles and Staff Kilometrage Claim (2018)



# Underutilized Fleet Is A Persistent Issue

2004

- Fleet Operation Review – Phase One

2012

- Toronto Community Housing Corporation Fleet Management – Lack of Central Oversight Has Led to Control Deficiencies

2013

- Reliable Data is Needed for Effective Fleet Management

2015

- Review of Toronto Transit Commission Bus Maintenance and Shops Department, Phase Two: Non-Revenue Fleet and Equipment Management and Maintenance

# Underutilized Vehicles - Corporate Oversight Makes a Difference



# Opportunities for Stronger Oversight

- Vehicle sharing / pooling within divisions
- Vehicle sharing / pooling with other divisions
- Remove or reallocate underutilized vehicles
- Reduce underutilized vehicles through attrition

# **Lengthy Vehicle Downtime**

# City Vehicles and Examples by Weight

Fleet Services maintains 5,000 vehicles and equipment, worth \$330M

Vehicles and equipment by type:



Note: Vehicles and Equipment maintained by Fleet Services as of February 28, 2019

# Alternative Service Delivery

In October 2017, Fleet Services contracted out the maintenance and repairs of the City's light duty vehicles in order to:

- Develop repair specialty
- Reduce downtime
- Improve preventive maintenance vs. non-preventive maintenance ratio

# Who Services City Vehicles?

City  
Garages

- Medium and heavy duty vehicles
- Off-road vehicles and equipment
- Minor repairs for light duty vehicles

Contracted  
Vendors

- Light duty vehicles
- Specialized repairs
- Overflow from City garages

# Lengthy Vehicle Downtime

- 1 in 7 vehicles or pieces of equipment is out of service daily, which means \$68 million in assets is sitting idle
- Downtime by vehicle type (2018)

Light	Medium	Heavy
<ul style="list-style-type: none"><li>• Target: 6-8 days</li><li>• Actual: 22 days</li></ul>	<ul style="list-style-type: none"><li>• Target: 14-23 days</li><li>• Actual: 38 days</li></ul>	<ul style="list-style-type: none"><li>• Target: 31-48 days</li><li>• Actual: 51 days</li></ul>

# Frequent Parts Delays, August to December, 2018

Fill Rate	No. of Parts	Actual Fill Rate Based on No. of Parts*	Contracted Fill Rate
Within 1 Hour	9,023	21%	85%
Within 1-24 Hours	15,318	35%	10%
Within 24-48 Hours	2,195	5%	5%
Exceeding 48 Hours	17,051	39%	0%
Total	43,587	100%	100%

\* Calculated according to contract specifications based on M5 data provided by management

# High Percentage of Repeat Work with Heavy Duty Vehicles

	2017		2018	
Vehicle Type	Comebacks within 30 days	Comebacks within 60 days	Comebacks within 30 days	Comebacks within 60 days
Light Duty (contracted out)	2%	4%	3%	4-5%
Medium Duty	2-4%	4-7%	3-7%	5-11%
Heavy Duty (excl. Class 8)	8%	14%	7-10%	11-14%
Heavy Duty, Class 8	18%	25%	17%	24%

# Ineffective Warranty Administration for Aftermarket Parts & Labour

- Fleet claimed only 10% of parts that failed prematurely, and 0% of the associated labour costs
- If Fleet Services was able to successfully claim warranties for 80% of the parts and a portion of the labour costs, the City could have saved \$400K per year
- Lack of dedicated staff to review and track warranty claims

Thank you!

**AUDITOR  
GENERAL**  

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