



Fleet Services Follow-Up Audit

May 2013

CITY OF KILLEEN

A Report to the City
of Killeen Audit
Committee

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Report Summary

An internal audit of the Fleet Services Division in October of 2012 revealed a culture of employee theft, disregard of policies and procedures, and ultimately, gross mismanagement. The follow-up audit has reported significant improvement; however, there are areas that require additional improvement. These include inventory procedures and documentation, fuel management procedures, and auction/disposal procedures.

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GOVERNMENT AUDITING STANDARDS COMPLIANCE

This performance audit was conducted in accordance with Generally Accepted Government Auditing Standards. Those standards require that the audit be planned and performed to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives. I believe that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objectives.

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May 2013



**AUDIT REPORT
HIGHLIGHTS**

**Why This Audit Was
Conducted**

This audit was conducted in order to follow up on the findings noted in the October 2012 Fleet Services Audit.

What Was Recommended

It was recommended that Fleet Services follow the procedures in place and retain the necessary supporting documentation in regards to all aspects of the fleet services business. This will ensure that all transactions are supported appropriately, and that the staff is accountable for any deviation of policy.

Mayor and Council,

I am pleased to present this audit on Fleet Services.

BACKGROUND

- The Fleet Services division is tasked with maintaining all of the City's fleet, which is made up of more than 1,000 units. This includes:
 - tracking the purchase of any new fleet,
 - appropriately disposing of fleet and used auto parts, and
 - providing fuel for the City's fleet.
- Inventory is done annually and cyclically on parts and tools.
- Fleet is most often disposed of through an online or live auction facilitated by an outside vendor.

OBJECTIVE AND SCOPE

The objective of the audit was to determine whether the Fleet Services division implemented the necessary controls needed to safeguard the City's assets as recommended in the October 2012 Internal Audit of Fleet Services. The audit scope included Fleet Services activity between October 2012 and May 2013.

WHAT WAS FOUND

While significant improvement was noted since the 2012 internal audit, there were still some irregularities in procedures and implementation of procedures that are documented in this report.

Inventory testing revealed that the inventory reports were not accurate according to the actual count in 28% of the sampled parts.

There were several discrepancies regarding fuel delivery management. These were mostly due to the process not being followed through completely. There were also occasions where fuel was delivered to more than one unit; however, the fuel was charged (for billing purposes) to only one unit.

Regarding disposals, Certificates of Title/Origin are released by the City Secretary to Fleet Services staff prior to the auction taking place, which puts the unit at risk for misappropriation. Additionally, units are not consistently removed from active fleet upon disposal.

I appreciate the cooperation and assistance I received from the Fleet Services staff during this audit.

Amanda R. Wallace

Amanda R. Wallace, City Auditor

BACKGROUND

The Fleet Services division is tasked with maintaining all of the City's fleet, which is made up of more than 1,000 units. This includes tracking the purchase of any new fleet for the City, appropriately disposing of fleet and used auto parts, and providing fuel for the City's fleet. The general controls at Fleet Services were audited as well as the significant areas of business. The following is an overview of each of the significant audit areas.

The procedures in place regarding inventory require an annual inventory as well as random cyclical inventories throughout the year. The annual inventory is completed at or as close to September 30th as possible, and involves counting all parts and tools and comparing the actual counts to the inventory reports. The cyclical inventories are completed monthly, and involve counting a small sample of the parts and tools in inventory and comparing the actual counts to the inventory reports as well.

The Fleet Services division manages the City's fuel program and provides fuel to all of the City's fleet. The area of particular interest for the audit was the delivery of fuel to units that are affixed to their locations. The fuel that is used in these deliveries is billed to the respective departments after the transactions take place.

Regarding disposing of units that are no longer useful to the City, these are most often disposed of through an online or live auction facilitated by an outside vendor. The City's Purchasing division is the contact for these auctions which provides for a necessary separation of duties. In summary, the Fleet Services division provides a list of units to the Purchasing division that are no longer useful. This list is reviewed and submitted to the City Manager for approval, according to Article III, Division 2 of the City Code of Ordinances. The Fleet Services division must then request the Certificate of Title/Origin from the City Secretary prior to releasing an auctioned unit.

OBJECTIVE, SCOPE, AND METHODOLOGY

The Fleet Services Follow-Up Audit was conducted in order to follow up on the findings noted in the October 2012 Fleet Services Internal Audit. This audit was also included in the FY2013 Audit Plan, as presented to the City Council and the Audit Committee.

Objective

The objective of the audit was to determine whether the Fleet Services division implemented the necessary controls needed to safeguard the city's assets as recommended in the October 2012 Internal Audit of Fleet Services.

Scope

The audit scope included Fleet Services activity between October 2012 and May 2013.

Methodology

To accomplish the audit objective, the following steps were performed:

- Conducted interviews with Fleet Services staff and obtained information on policies and procedures as well as staff responsibilities.
- Obtained and tested data from the Fleet Services information system (CCG Faster) related to inventory, fuel, and equipment.
- Analyzed supporting documentation to determine whether the policies and procedures were adhered to.
- Analyzed policies to determine effectiveness.
- Considered fraud, waste, and abuse as related to the audit objective.

AUDIT RESULTS

While significant improvement was noted since the October 2012 Internal Audit of Fleet Services, there were still some irregularities in procedures and implementation of procedures that are documented in this report.

Inventory testing revealed that the inventory reports were not accurate according to the actual count in 28% of the sampled parts. There are items included in inventory that should be considered shop supplies and expensed upon purchase. Additionally, there are still a large number of parts that do not have a location assigned to them in CCG Faster. Assigning each part a location would alleviate the confusion during the annual and cyclical inventory counts and provide for a much more efficient process.

There were several discrepancies regarding fuel delivery management. These were mostly due to the process not being followed through completely. For instance, there were several occasions in which the Maintenance Technician delivering the fuel did not properly record the transaction on the Fleet Fuel Delivery Log, or he did not properly issue a receipt to the individual in receipt of the fuel. There were also occasions where fuel was delivered to more than one unit; however, the fuel was charged (for billing purposes) to only one unit.

Regarding disposals, Certificates of Title/Origin are released by the City Secretary to Fleet Services staff prior to the auction taking place, which puts the unit at risk for misappropriation. Additionally, units are not consistently removed from active fleet upon disposal. Concerning auctioned units, it is a Fleet policy to require a written and signed request from the winning bidder if the winning bidder wishes to have another individual retrieve their unit. There were two instances noted in the audit in which the auction file lacked the documentation supporting the release of a unit to an individual other than the winning bidder. In regards to the list of units that were considered "unaccounted for" in the October 2012 Internal Audit of Fleet Services, 15 of the 23 units have been accounted for. Fleet Services staff is researching the remaining 8 units.

Finding 1: 28% of parts tested were inaccurate compared to the CCG Faster inventory reports.

According to the audit results, 6 of the 21 parts that were tested had an actual count that was less than the inventory report, amounting to a 28% discrepancy rate. This discrepancy rate is unacceptable, and management must more effectively manage the inventory in order to ensure that parts and tool inventories are used properly and applied properly to work orders. Of the 21 tested parts, 3 of the parts should have been considered shop supplies and expensed upon purchase instead of recording them in inventory. These are items such as plastic bottle sprayers used for cleaning, battery protectant, and other cleaners. These cannot feasibly be individually charged to any one unit; therefore, they should be expensed as noted.

Finding 2: 327 parts do not have a location assigned to them.

327 of the parts listed in inventory do not have a location assigned to them, which makes it much more difficult to find them during annual or cyclical inventories. It also allows for parts and tools to be misappropriated more easily since they are difficult to find. These items should be assigned a location in order to allow for a more efficient inventory process and to ensure that the proper controls are in place to prevent misappropriation of assets. It was noted that many parts and tools that did not have locations assigned to them during the 2012 internal audit have been updated to include a location; therefore, there has been a significant level of improvement since the 2012 internal audit.

Finding 3: Used parts are accessible to all staff.

The policy for requesting a new part from Parts staff requires the Maintenance Technician to turn in the old part upon receiving the new part in a one-for-one swap. The old/used part is placed in a small bin outside the Parts room, which makes it easily accessible to all staff. This bin is emptied when needed into either the large scrap metal bin or the plastic waste bin. These large bins are locked with limited access. It would be ideal for the small used part bin to be located in the Parts room so that access is limited. This will deter dishonesty and ensure that staff is not placing the old/used part in the bin, and then later removing it and taking it home for personal use.

Finding 4: The Fuel Transaction Reports do not agree in all respects to the Fleet Fuel Delivery Log.

The policy for delivering fuel to the immobile units requires the Maintenance Technician delivering the fuel to fill out the Fleet Fuel Delivery Log completely to include the date of service, the unit being serviced, miles/hours at the time of service, department serviced, gallons used, the Operator's signature and ID#, and the Fleet Services employee's signature. The Operator in receipt of the fuel should also be issued a receipt by the Maintenance Technician. Then the Maintenance Technician takes the service truck back to Fleet Services and pumps the amount of fuel that was just used (and recorded in the log) back into the service tank. This fuel is charged to the unit that received the fuel, which is then billed to the appropriate department. In summary, the Fleet Fuel Delivery Log should agree to the Fuel Transaction Report for each unit receiving fuel, and should also agree to the receipt book. There were 10 discrepancies relating to the fuel delivery process, the majority of which involved the Maintenance Technician failing to follow the process through completely. It would be reasonable to utilize the City's print shop and have a custom pre-numbered receipt book printed for the fleet fuel delivery service. This can serve as the log and the receipt book in order to streamline the process and remove repetitive actions. The log/receipt book should be reviewed at least monthly by management.

Finding 5: Recycle transactions are not included on the Fleet Fuel Delivery Log.

The fuel delivered to the Recycling Center should be recorded on the Fleet Fuel Delivery Log as indicated in the Finding 4.

Finding 6: The Transfer Station fuel delivery process is flawed and there were multiple discrepancies between the Fuel Delivery Log and the Fuel Transaction Report.

The Transfer Station has a fuel tank attached to a truck that is used to deliver fuel to immobile units at the Transfer Station, much like the Fleet fuel delivery truck. The process used is similar to that of the Fleet fuel delivery truck in that the fuel dispensed into the immobile units is recorded on a log; however, a receipt is not issued due to impracticality in this case. The service truck goes to Fleet at least once every two days to replenish the service tank and apply the fuel to each unit appropriately for billing purposes. According to the audit results, there were several instances in which the Fuel Delivery Log did not agree to the Fuel Transaction Report. Some of the differences showed more fuel pumped than was recorded on the log, and some of them showed less fuel pumped than was recorded on the log. Additionally, in most cases all of the fuel was applied to a single unit for billing purposes, which causes tracking the actual fuel usage for each unit to be difficult and inaccurate. Solid Waste management should more closely review the appropriate reports in order to ensure that fuel usage is reasonable and that the appropriate documentation is maintained.

Finding 7: Auctioned/Disposed of units are not consistently removed from active fleet.

According to the audit results, there were several instances in which a unit was auctioned, which were substantiated with the appropriate auction documentation, but the unit was not removed from active fleet. This causes the equipment listing to be inaccurate, which affects future budgets and future needs assessments. In order to update the equipment master list, Fleet Services should provide a fleet list to each department. This will provide another, more important level of accountability. These lists should be reviewed at least annually at the department level and any discrepancies should be researched.

Finding 8: There were two auctioned units that were released to individuals other than the winning bidder without written consent from the winning bidder on file.

Fleet policy requires that, in order to release a unit to an individual other than the winning bidder, the winning bidder must provide written consent to the City. This written consent is kept on file with the other pertinent auction documentation relating to the unit. There were two instances in which a unit was released to someone other than the winning bidder with no written consent on file. It is imperative to follow the policy in place so that the City does not facilitate the theft of a legally purchased unit.

Finding 9: The City Secretary releases the Certificate of Title/Origin to Fleet Services upon request without requiring the necessary documentation to support its sale.

The City Secretary houses the Certificates of Title/Origin for all City fleet. The lack of a policy regarding this practice allows for Fleet Services to request Certificates of Title/Origin from the City Secretary prior to the auction taking place. During the time of the audit, Fleet Services had five Certificates of Title/Origin in their possession for units that had not yet been auctioned, and they were not secured properly. The policy should be updated to require that documentation supporting the sale of a unit be provided to the City Secretary prior to the release of the Certificate of Title/Origin.

Finding 10: Productivity varies dramatically among the Maintenance Technicians.

There are large variances in productivity among the Maintenance Technicians. One logged as many as 1,000 hours during the period audited while others logged less than 400 hours. Productivity should be monitored more closely by supervisors in order to ensure that staff is working efficiently and effectively.

Additional Observation: Staff is continuing research efforts to locate the 23 “unaccounted for” units noted in the 2012 Internal Audit of Fleet Services.

In regards to the list of units that were considered “unaccounted for” in the October 2012 Internal Audit of Fleet Services, 16 of the 23 units have been accounted for. Fleet Services staff continues their research efforts to locate the remaining 7 units.

RECOMMENDATIONS

The recommendations listed below are a result of the audit effort and are subject to the limitation of the scope of the audit. I believe that these recommendations provide reasonable approaches to help resolve the issues identified. I also believe that operational management is in a unique position to best understand their operations and may be able to identify more efficient and effective approaches, and I encourage them to do so when providing their responses to the recommendations. As such, I strongly recommend the following:

1. **Management should more effectively monitor and supervise the inventory in order to ensure that parts and tool inventories are used properly and applied properly to work orders. Items that cannot feasibly be charged to any one unit should be expensed in shop supplies at the time of purchase.**
2. **All inventory items should have an assigned location recorded on the inventory reports in order to provide for a more efficient inventory process and to ensure that the City's assets are properly safeguarded.**
3. **Access to used parts should be limited to Parts staff only.**
4. **Fleet Services should create a custom pre-numbered receipt book through the City's Print Shop, which can serve as the log and the receipt book. This will streamline the fuel delivery process and eliminate repetitive actions. The receipt book/log should agree to the Fuel Transaction Reports and should be reviewed at least monthly.**
5. **The fuel delivered to the Recycling Center should be recorded in the receipt book/log.**
6. **Solid Waste management should more closely review the appropriate reports in order to ensure that fuel usage is reasonable and that the appropriate documentation is maintained.**
7. **Fleet Services should work with all departments by providing an Equipment Master List to each department for review. This will provide another level of accountability for City equipment. These lists should be reviewed at least annually at the department level and any discrepancies should be researched.**
8. **Fleet Services staff should follow the policy in place regarding the release of auctioned units to individuals other than the winning bidders. The policy states that the winning bidder must provide written consent to the City in order for the City to release an auctioned unit to an individual other than the winning bidder.**
9. **The policy should be updated to require that documentation supporting the sale of a unit be provided to the City Secretary prior to the release of the Certificate of Title/Origin.**

10. Productivity should be monitored more closely by supervisors in order to ensure that staff is working efficiently and effectively.

See Appendix A for Management's Response to each recommendation.

MANAGEMENT RESPONSE



Interoffice Memorandum

MEMORANDUM FROM: Executive Director, Support Services

THRU: Assistant City Manager, Internal Services *AS*

THRU: City Manager *fm*

FOR: City Auditor

DATE: July 29, 2013

SUBJECT: Fleet Services Follow-Up Audit – Management Response (Appendix A)

Reference Audit (Draft) dtd May 2013 and City Auditor email dtd 101253 July 2013, SAB.

New leaders are changing the culture and improving maintenance operations in Fleet Services. In October 2012, KPD led this change by reestablishing property accountability and beginning to enforce maintenance standards. In April 2013, Support Services sustained this momentum by implementing security protocols and initiating maintenance systems and contract agreements to improve cross-department coordination and achieve resource efficiencies. These initiatives are summarized below.

1. Recommendation 1 & 2: Inventories

Management Response: The City hired a Director, Fleet Services on 5/2/2013 and a Shop Foreman on 7/11/2013 to provide increased oversight and supervision of maintenance technicians and shop operations. Fleet will implement a system effective October 1, 2013 to conduct monthly 10% inventories of parts and tools plus an annual 100% inventory at the end of each FY. Fleet will coordinate with the Purchasing Department and a newly hired Asset Technician to generate hand-receipts and component listings for technician toolboxes. Fleet is charging consumables (e.g., cleaners, lubricants) to a supply account in FY14 rather than invoicing departments or specific vehicles. This accounting mechanism will be sustained in the FY15 budget.

2. Recommendations 3: Parts storage/disposal

Management Response: See #1. Fleet is implementing internal controls and maintenance best practices that ensure parts are stored, secured, issued, and exchanged properly. (S: 10/01/2013)

3. Recommendations 4, 5 & 6: Fuel management

Management Response: Support Services briefed the city council on 8/6/2013 on the transition to Texas Fleet Fuel. TFF will manage on-site fuel inventory and pumps, off-site fuel usage, and reporting. This will result in improved fuel accountability and more useful reports and enable Fleet Division to improve oversight of fueling operations and trends analysis. It will also eliminate the need to leverage the Graphics Wizard 6000 machine, recently purchased for Printing Services, to produce numbered receipt booklets to track fuel use and delivery. Fleet will also coordinate with TFF to manage and track fuel delivered by the City's service truck.

4. Recommendation 7: Equipment Master List

Management Response: Fleet Division, the Asset Technician, and department directors are reviewing/updating the Master List. (S: 10/01/2013.) Fleet is generating a "Pacing Item" list containing critical pieces of equipment that "pace" the ability of city departments to accomplish their mission. (e.g., police cars, fire trucks, ambulances, garbage trucks.) This equipment will be managed as a maintenance and accountability priority. The Finance Department is coordinating/refining the Vehicle Replacement Program and will integrate planned savings for replacement/new vehicles in the FY15 budget.

5. Recommendations 8 & 9: Property disposal and auction processes

Management Response: Fleet Division and the Purchasing Department are coordinating live- and on-line auctions at the Killeen Special Events Center on 8/17/2013; the first live city auction since 2011. Auction forms will contain printed and signed names for both parties, a copy of the driver's license of the purchaser, the date assignment is made by the purchaser and the equipment is acquired, and the equipment information/ID. Fleet Division and the Purchasing Department are also generating procedures that ensure required Certificates of Title/Origin are coordinated with the City Secretary and processed in a timely manner.

6. Finding/Recommendation 10: Technician productivity

Management Response: See #1 and #4. Maintenance supervisors are already synchronizing work-flow and equipment priorities.

Maintenance operations in Fleet Services are improving and this audit helped identify areas for focused improvement. Support Services will continue to refine maintenance processes and controls to ensure accountability and resource efficiencies and to provide timely, quality support to Team Killeen.

POC this memo is the undersigned, smclennan@killeentexas.gov, or 254.501.7722.



Stu McLennan
Exec Dir, Support Services

CURRENT STATUS OF PRIOR YEAR AUDIT COMMENTS

1. The year-end inventories that have been done over the past several years have been inadequate since they did not include non-stocked items. Based on the audit results, the current counts are not accurate.

RECOMMENDATION: A comprehensive inventory should be done as soon as possible in order to determine the actual amount of inventory on hand.

CURRENT STATUS: Staff completed an inventory in November, 2012 and adjusted the inventory according to the actual results, with the exception of tires. Tires were counted, but the inventory reports were not adjusted to the actual count until May 2013.

2. During the year-end inventory process, it was common practice to adjust the inventory reports to match the count totals without researching the discrepancies. It was discovered during the audit that there were instances in which inventory items were adjusted based on an inaccurate count. The items were recounted during the audit, and it was discovered that the initial inventory report was accurate in those instances before they were adjusted by management.

RECOMMENDATION: Research all discrepancies in the inventory count. There should be justifications for adjusting any of the inventory items.

CURRENT STATUS: The inventory that was completed in November 2012 was done in order to correct the inaccurate inventory reports. To require justification for the required adjustments would not have been feasible as there was a culture of employee theft prior to the 2012 audit. In the future, there should be justification for any required adjustments.

3. The tire inventory was especially inadequate. They have been entered in non-stocked items for some time, which means that, based on common practice during year-end inventories, they had not been inventoried in years. Based on the results of the audit, 48 tires are unaccounted for.

RECOMMENDATION: As with the recommendation in Finding #1, a comprehensive inventory must be done immediately. Tires should be secured at all times.

CURRENT STATUS: A comprehensive inventory was completed in November 2012. Tires were secured at the time of the audit with the exception of the pallets of used tires located in an unused bay in the Fleet Services facility, awaiting auction. Staff is considering the acquisition of a CONEX unit in which the multitude of used tires that await auction can be stored.

4. The physical controls on the tires are inadequate. During the audit, there were tires placed in various locations throughout the fleet building as well as outside the building. There is a tire room at the facility that can be secured, and it is used for the majority of the new tires. There is also a small building for storing used tires while awaiting disposal.

RECOMMENDATION: The tire room should be used to secure all tires on hand. When tires are needed to complete a work order, the Maintenance Technician must request the tires from the Parts Assistants and turn in any used tires before receiving the new ones. Upon removing the new tires from the tire room, the tires must be immediately applied to the applicable work order. Any used tires removed from vehicles must be secured in the used tire building while awaiting disposal.

CURRENT STATUS: The tire room is used to secure all new tires. All used tires are stored in the used tire building or in the empty bay in the Fleet Services facility on pallets, and shrink-wrapped.

5. Outside vendors have access to the City of Killeen used tire building. This is a control risk in that the City cannot determine fault in the case of missing tires.

RECOMMENDATION: The used tire building should be secured and only accessible to the City of Killeen Fleet Services management (supervisors, foreman, and director).

CURRENT STATUS: The used tire building is secured and access is limited to Fleet Services management.

6. There are locks on the tool room doors, but they are not always secured. This allows too much access to the area.

RECOMMENDATION: The doors to the tool room should only be accessible to the Parts Assistants and management. Maintenance Technicians must request the use of tools that are secured in the tool room. A log must be kept upon checking in/out tools from the tool room.

CURRENT STATUS: The doors to the tool room remain locked and are only accessible to the Parts Assistants and management. A log is kept for checking in/out tools from the tool room.

7. Bulk oil is unsecured in large tanks. It is easily accessible, and causes difficulty in determining the current amount of oil on hand since the oil is not always applied to the work orders as it should be.

RECOMMENDATION: The bulk oil tanks should be locked/secured so that access is limited to only the Parts Assistants or management.

CURRENT STATUS: The bulk oil tanks are locked/secured at all times, and a log is maintained detailing the amount of oil used and the work order it is applied to for each transaction.

8. Currently, used parts are disposed of by the Maintenance Technicians. There is no oversight in this practice.

RECOMMENDATION: Used parts must be returned to the Parts Assistants upon requesting replacement parts. This one-for-one swap procedure will allow for better accountability, and will ensure that used parts are being disposed of properly.

CURRENT STATUS: Used parts are returned to the Parts Assistants upon request for replacement parts in a one-for-one swap procedure.

9. There are no inventories on the Maintenance Technicians' toolboxes; therefore, there is no accountability for tools.

RECOMMENDATION: There should be a standard issue for all toolboxes with an inventory list for each. The Parts Supervisor should keep track of these inventories, and should do random counts to ensure accountability. When a tool needs to be replaced, the Maintenance Technician must return the broken tool to the Parts Assistants or Parts Supervisor upon receiving a replacement tool.

CURRENT STATUS: Toolbox inventories have been completed for all Maintenance Technicians.

10. According to the Maintenance Technicians, it is a common practice to bring their own tools from home, which then get mixed with City of Killeen tools. This makes it difficult to determine which tools belong to the City of Killeen.

RECOMMENDATION: Personal tools should not be used. The City should provide the necessary tools to allow the Maintenance Technicians to perform their duties.

CURRENT STATUS: The City provides the necessary tools.

11. The service truck that is used to deliver fuel to units that cannot be removed from their specific locations is a major concern. A fuel analysis was completed during the audit on the fire truck at Skylark Airfield. The analysis was done over a period of several years, beginning November, 2004 through September, 2012. This unit uses a minimal amount of fuel each year, and is estimated to have used approximately 670 gallons during the period audited. The number of gallons of fuel charged to the Fire Department for fuel on this unit was approximately 3,400 gallons. Therefore, more than 2,700 gallons of fuel is unaccounted for.

RECOMMENDATION: The use of the service truck must be more closely supervised. The mileage used on the truck should be noted between each trip in order to determine reasonable use. The fuel charged to departments by the use of the service truck should be reviewed monthly so that any discrepancies can be resolved and addressed immediately.

CURRENT STATUS: The reports are not reviewed regularly. See current year Finding 4.

12. There is a log that is used for the service truck when fuel is delivered. However, the log is inaccurate. There is no oversight to ensure that the log is being used correctly.

RECOMMENDATION: This process must be supervised more closely. The log should be reviewed between each service call in order to ensure that the log is accurate. This will allow the Fleet Service management staff to determine reasonableness.

CURRENT STATUS: The log is not reviewed regularly, but it was noted that the log has been used more appropriately in comparison to the October 2012 audit. See current year Finding 4.

13. Equipment operators can override the fuel system by inserting the unit key multiple times. This allows the operators to use one fuel key for several units.

RECOMMENDATION: The fuel process should be more secure. Management should determine a solution to this issue so that fuel usage can be more accurately portrayed for each piece of equipment.

CURRENT STATUS: The upper limit on the number of times a person would have to enter the unit key in order to over-ride the system has been raised to 99. According to staff, there is not an option to remove the over-ride capability completely.

14. As explained in the background paragraph on “auctions”, miscellaneous items that are to be auctioned are stacked together on a pallet and shrink wrapped. There are no listings of the items that should be on the pallets. This practice allows for items to be removed and unnoticed.

RECOMMENDATION: Each miscellaneous pallet should have a comprehensive list of items kept on file. When the pallet is sold at auction, it should be reviewed against the list to ensure that items were not stolen.

CURRENT STATUS: According to supervisory staff, this recommendation will be implemented at the next auction that contains a miscellaneous pallet.

15. Currently, when a unit is auctioned, the unit must be retrieved from the Fleet Services facility by the winning bidder. If the buyer prefers to have someone retrieve the unit on his behalf, then he must provide written approval of such to Fleet Services staff. This policy is not always followed. There were several instances where a unit was released to an individual other than the buyer with no written permission from the buyer on file.

RECOMMENDATION: The policy in place must be followed. Units should only be released to the buyer or the buyer’s designee (by written permission).

CURRENT STATUS: See current year Finding 8.

16. There were several instances during the course of the audit that left some doubt as to whether supplementary equipment affixed to auctioned units was auctioned, retained, or stolen. One auctioned unit in particular had a toolbox stolen off of the unit between the time it was listed for auction and the time the unit was sold. Instead of filing a police report on this theft, Fleet Services simply purchased a new toolbox for the auctioned unit.

RECOMMENDATION: Equipment that is affixed to the unit being auctioned must either be removed and kept in service before the unit is approved for auction, or it should be auctioned with the unit. Management should keep a record of supplementary equipment affixed to units and should file a police report for any items that are stolen. This will ensure accountability for the supplementary equipment.

CURRENT STATUS: There was no information in this category to audit as no supplementary equipment has been auctioned since the October 2012 internal audit.

17. There are 23 units that have been removed from active fleet and placed in “auction” listings that have no supporting auction documentation. This is a major concern since these are vehicles/equipment that are unaccounted for.

RECOMMENDATION: These unaccounted for units must be researched and resolved as soon as possible. Proper documentation should be kept on file proving all disposals. The “auction” listings should be reconciled periodically to ensure that units are not being inaccurately listed as auctioned.

CURRENT STATUS: See Additional Observation on page 6.

18. There are several units that were auctioned, but were not removed from active fleet.

RECOMMENDATION: Units should be removed from active fleet and placed in the appropriate disposal listing when properly disposed of. This will ensure that the equipment listings are accurate.

CURRENT STATUS: See current year Finding 8.

19. Currently the City Secretary stores and manages all vehicle/equipment titles for all fleet owned by the City. She releases the titles to Fleet Services personnel or Purchasing personnel upon request, but does not require any supporting documentation proving disposition.

RECOMMENDATION: Fleet Services personnel must provide proof of sale/disposition to the City Secretary upon requesting the title. This will ensure proper disposition of City fleet.

CURRENT STATUS: See current year Finding 9.

20. Current policy requires that a leave request form be submitted and approved/disapproved (by signature) by a supervisor for all leave requests. According to the audit documentation, there are numerous instances in which leave was not approved by a supervisor.

RECOMMENDATION: All leave requests should be approved/disapproved by signature through the proper chain of command.

CURRENT STATUS: There were no findings noted in this category during this audit.

21. Current policy requires that an attendance control sheet be submitted for all compensatory time accrual and overtime accrual requests. These forms should be signed by a supervisor and a manager for all accrual requests. According to the audit documentation, there are numerous instances in which time accrual was not approved by a supervisor or a manager.

RECOMMENDATION: All time accruals should be approved/disapproved by signature through the proper chain of command.

CURRENT STATUS: There were no findings noted in this category during this audit.

22. Productivity reports show large variances in the number of hours logged between the Maintenance Technicians. Some logged as many as 1,500 hours during a one-year period, whereas others logged less than 500 hours during the same one-year period. This is due to poor supervision.

RECOMMENDATION: Staff must be properly supervised in order to ensure that all staff is working efficiently. Supervisors and Shop Foremen must stay involved in the work load of each Maintenance Technician and ensure that each one is performing his duties accordingly.

CURRENT STATUS: See current year Finding 10.

23. Currently supervisors spend the majority of their time in the administrative offices at Fleet Services rather than on the shop floor.

RECOMMENDATION: Reference recommendation in Finding #22 above. Supervisors and Shop Foremen should spend the majority of their workdays on the shop floor assisting technicians and ensuring that all staff is working efficiently.

CURRENT STATUS: Based on audit observations, supervisors spend approximately 50% of their time in the administration office, which is an improvement from the October 2012 internal audit.

24. When a work order is created, notes are entered by the creator based on the work that needs to be done on the unit. Currently, notes can be edited/deleted by all staff.

RECOMMENDATION: Staff should only be able to edit the notes that they enter themselves. Proper controls should be put in place to ensure this.

CURRENT STATUS: There were no findings noted in this category during this audit.

25. During the time of the audit, several non-supervisory level staff members had a key to the Fleet Services building. This would allow staff to enter the facility without a supervisor present.

RECOMMENDATION: The building should only be accessible to Management (supervisors, foreman, and director).

CURRENT STATUS: Access to the maintenance building is limited to Management (supervisors and director).

26. Facility access is unlimited since the facility gate remains open at all times. This provides all passersby access to the grounds. There are City of Killeen assets stored outside the building including fleet, large parts, and used tires.

RECOMMENDATION: Facility access should be limited by use of the gate that is in place currently or an alternate solution that will limit access.

CURRENT STATUS: Fleet Services staff is in the process of installing an automatic gate that will allow staff access to the fuel pumps after hours. In the interim, the gate remains locked after hours, but still accessible to those who need access to the fuel pumps.