
PERFORMANCE AUDIT OF THE FLEET OPERATIONS' VEHICLE ACQUISITION PROCESS

Fleet Operations Can Improve Efficiency
of Vehicle Acquisitions through
Formalized Agreements and by Using its
Enterprise Asset Management System
More Fully through Data Collection,
Analysis, and Appropriate Staffing

Office of the
City Auditor

City of San Diego



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THE CITY OF SAN DIEGO

September 27, 2018

Honorable Mayor, City Council, and Audit Committee Members
City of San Diego, California

Transmitted herewith is a performance audit report on the Fleet Operations' Vehicle Acquisition Process. This report was conducted in accordance with the City Auditor's Fiscal Year 2018 Audit Work Plan, and the report is presented in accordance with City Charter Section 39.2. The Results in Brief are presented on page 1. Audit Objectives, Scope, and Methodology are presented in Appendix B. Management's responses to our audit recommendations are presented after page 44 of this report.

We would like to thank staff from the Fleet Operations Department for their assistance and cooperation during this audit. All of their valuable time and efforts spent on providing us information is greatly appreciated. The audit staff members responsible for this audit report are Joe Picek, Sunny McLernon, Chris Kime, Danielle Knighten, and Kyle Elser.

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Results in Brief

The City of San Diego (City) Fleet Operations Department (Fleet Operations) manages the acquisition, maintenance, service, repairs, washing, fueling, replacement, and disposal of the fleet vehicles and motorized equipment used by City departments. These include vehicles and equipment such as sedans, light- and heavy-duty trucks, trailers, tractors, and miscellaneous motorized equipment. Fleet Operations works with individual City departments to purchase vehicles and motorized equipment needed to achieve their missions.

We conducted a performance audit focusing on opportunities to improve the efficiency of the acquisition process and Fleet Operations ability to meet City departments' needs. We had two findings, outlined below.

Finding 1 We found that Fleet Operations may be able to gain efficiencies in getting vehicles in-service more quickly if it tracked key steps in Assetworks FleetFocus Enterprise Asset Management system (FleetFocus EAM). Delayed acquisition can cost customer departments in the form of continued repair costs of vehicles that are being retired while waiting for new vehicles to be put in-service. Delayed acquisition can also result in customer frustration. We found that Fleet Operations does not have a process in place to routinely evaluate the timeliness of the acquisition process and the data it collects is not sufficient to evaluate delays in the acquisition process. Finally, we found that there are no formalized roles and responsibilities agreements between the City departments involved in the vehicle acquisition process and Fleet Operations.

Finding 2 Fleet management is a data-rich enterprise, generating trackable metrics including maintenance, utilization, fuel, and acquisitions. Fleet Operations uses FleetFocus EAM, which recently underwent a comprehensive update, as its fleet management software. However, Fleet Operations is not using the FleetFocus EAM system to its full potential. Fleet Operations has not fully implemented the modules it has purchased, and it lacks quality acquisition data to maximize the system's potential. Furthermore, Fleet Operations has not established policies and procedures to ensure reliable, accurate, and complete data entry and management.

We found that Fleet Operations can improve its acquisitions process through improved utilization of FleetFocus EAM. FleetFocus EAM provides the ability to bring data together in a consolidated manner by building custom reports, integrating vital information, and using technology to bring fleet best practices to every level of the organization. However, in order to leverage these capabilities to improve Fleet Operations' vehicle acquisition process, the department requires staff with critical skills to administer the FleetFocus EAM software and databases, establish policies and procedures for data entry and validation, and design FleetFocus EAM solutions to support management decisions.

Recommendations

We made a total of six recommendations to help improve the efficiency of the acquisition process and to help Fleet Operations meet City departments' needs. We recommended Fleet Operations set performance goals, establish policies and procedures to collect data on vehicle acquisition times for each phase, and investigate missed performance goals. We also recommended Fleet Operations increase accountability by establishing Service Level Agreements (SLAs) or other formal administrative agreements to define roles and responsibilities between Fleet Operations and other City departments involved in the acquisition process. Further, we recommend that Fleet Operations more fully utilize FleetFocus EAM. As part of this effort, Fleet Operations should collect data that is needed to evaluate the timeliness of the acquisition process. We also recommend that Fleet Operations develop policies and procedures for data collection and monitoring to ensure data accuracy, completeness, and validity. Finally, in order for Fleet Operations to more fully use FleetFocus EAM, we recommended that it work with the Personnel Department to develop a position to fill personnel needs related to FleetFocus EAM. The department agreed to implement all six recommendations.

Background

In accordance with the Office of the City Auditor's Fiscal Year 2018 (FY18) Audit Work Plan, we conducted a performance audit of the City of San Diego's (City) Fleet Operations Department's (Fleet Operations) vehicle acquisition process. The overall objective of this audit was to assess if the vehicle acquisition process is meeting the needs of City departments by assessing the efficiency and effectiveness of the vehicle acquisition process.

Fleet Operations manages the acquisition, maintenance, service, repair, washing, fueling, replacement, and disposal of the fleet vehicles and motorized equipment used by City departments. These include vehicles and equipment such as sedans, light- and heavy-duty trucks, trailers, tractors, and miscellaneous motorized equipment.

Comprised of an approximately 200-member team, Fleet Operations works with individual City departments to purchase vehicles and motorized equipment needed to help meet each department's mission. Fleet Operations ordered a total of approximately 400 vehicles and pieces of equipment during FY16 and FY17. Fleet Operations is also responsible for the disposition of retired vehicles and replacement of all department vehicles or motorized equipment that are unable to be cost-effectively repaired or meet City goals.

Department History

The City owns and maintains a fleet of approximately 4,200 pieces of equipment varying from air compressor trailers to fire trucks. These assets—described as “the lifeblood of department operations throughout the City” in a report to City Council—are critical to City departments' ability to carry out daily operations. However, previous consultant reports issued in February 2014 and April 2016 noted that Fleet Operations—formerly Fleet Services Division (Fleet Services)—had struggled to effectively provide maintenance, replacement, and overall management of the City's fleet.

In 2011, the Mayor's Office, in an effort to improve efficiencies, put the management of the City's fleet operations to bid via managed competition. The Fleet Services employee team won the bid, but due to a lengthy meet and confer process and other delays, efficiencies related to managed competition did not materialize as planned. However, some savings were gained in the FY13 Budget

by reducing staffing by 80.5 FTEs, outsourcing functions of the Parts Division, and eliminating underutilized facilities by consolidating work locations. But, according to the consultants' reviews, Fleet Services was still struggling to meet City fleet management needs.

In calendar year 2014 (CY14), the Huron Consulting Group issued a report (Huron Report) that addressed a variety of efficiency improvements throughout the City. The Huron Report identified several operational challenges facing the City's Fleet Services. Of note was the report's recurring finding that Fleet Services does not effectively use clear and objective metrics to manage its operations, calculate costs, and communicate information to customers.

In the Spring of 2015, the City transferred Fleet Services out of the Public Works Department and into the City's Internal Operations Branch. The move was intended to provide a direct focus of consistent and superior customer service to meet the expectations of the City's internal support functions. A full evaluation of the division by CST consulting began in May 2015, and a new Deputy Director was appointed in September 2015. The CST report was issued in April 2016 and covered many topics such as data validation, lifecycle analysis, fleet right sizing, capital planning, analytical staff, and current conditions of operations.¹

Staffing

In FY16, Fleet Operations added 27 new positions, including 20 shop positions and 7 administrative positions. One of these new positions was a Program Manager who oversees the department's administrative functions—which include vehicle acquisition and disposition. The Director of Fleet Operations indicated that since this Program Manager position has been filled, Fleet Operations can better focus on improving the acquisition process.

¹ Right sizing refers to the fleet management best practice of optimizing both vehicle size to its task and fleet size to minimize vehicle underutilization. Lifecycle analysis refers to the fleet management best practice of determining the age and/or mileage for a vehicle replacement that minimizes the total cost of ownership.

***Fleet Operations
Reorganization and
Staffing***

According to the FY18 Adopted Budget, the Fleet Services Division was reorganized in FY17 into the Fleet Operations Department. Fleet Operations reports that its mission is to: "Provide our customers, the employees of the City of San Diego, with comprehensive fleet management services by delivering environmentally-friendly, safe, and dependable vehicles, equipment, and fuel." The department lists goals, two of which relate to effectively providing vehicle acquisition services to the City departments:

Goal : Provide quality fleet services efficiently and economically:

- Provide excellent customer service;
- Improve communications to our customers; and
- Provide reliable vehicles.

Goal : Improve internal controls and accountability:

- Improve internal fleet operations information system; and
- Improve policies and procedures.

**Enterprise Asset
Management System**

Fleet Operations uses Assetworks FleetFocus Enterprise Asset Management system (FleetFocus EAM), which recently underwent a comprehensive update. FleetFocus EAM has the capability to manage vehicle assets, fuel, parts, labor, and vehicle utilization. However, at least two previous reviews by consultants determined that FleetFocus EAM is underutilized and has many data reliability issues, especially related to vehicle utilization.

***FleetFocus EAM Data is
Not Sufficiently Reliable***

There are several reasons that Fleet Operations has low confidence in much of the data. First, ongoing problems with FleetFocus EAM's interface with equipment have caused some data fields, the mileage data field in particular, to be recorded by the system improperly. Second, prior to the FY17 reorganization, Fleet Operations indicated that it did not consistently use FleetFocus EAM. Specifically, Fleet Operations did not enter reliable data for vehicle acquisition or lifecycle. Fleet Operations reports that prior to the reorganization, acquisition files were all hardcopy and may not have all acquisition information.

***CST Report
Recommendations***

Fleet Operations has been reviewed by CST consulting twice. For the first review, CST was a sub-contractor for Huron (this report is referred to as the Huron Report, and the review began in FY14). While for the second review, Fleet Operations was reviewed directly by CST. The report issued by CST in 2016 identified changes that Fleet Operations management had made to improve operations and improve staff morale. These achievements included the creation of a short-term capital plan, increase in supervisory staffing, and updates to tools and other diagnostic processes. The report also made recommendations that are intended to be implemented moving forward. The recommendations covered four main program areas, with one being fleet asset management—which includes processes and operations related to vehicle acquisition.

Specifically, the CST report recommended that Fleet Operations clean up data and update FleetFocus EAM to meet the data collection needs of the department. Accurate and complete data is vital for Fleet Operations to accurately assess assignment fees and predict true costs of vehicles. Further, accurate and complete data is needed for planning lifecycles and acquisition lead times. The recommendations also included updating lifecycles using the capital plan, and then moving forward, updating lifecycles as FleetFocus EAM data becomes available. The report also recommends that Fleet Operations collect accurate FleetFocus EAM data so that it can be used for updated lifecycles and right sizing efforts.

The CST report noted that Fleet Operations lacks data validation and analytical staff. CST indicated that data validation is needed for Fleet Operations to have useable and meaningful data that can be used in planning and prediction of almost all aspects of Fleet Operations' duties. CST noted that the need for data validation was evident in both the data inconsistency in FleetFocus EAM as well as the lack of analytics necessary to make short- and long-term decisions. CST also noted a lack of business analytical staff expertise within Fleet Operations' staffing. CST indicated that the lack of analytical staff led directly to contracting with CST to develop a capital plan. CST concluded that two business analytic positions were needed—one position that would serve as the FleetFocus EAM "champion" and one position that would use data mining for developing analytical models needed to support Fleet Operations management.

Vehicle Acquisition Process

Currently, three staff are mainly responsible for placing orders and ensuring that vehicle specification and other information is collected, funds are transferred, approvals are granted, and orders are placed. After delivery, one additional staff member is responsible for performing a vehicle inspection, City decal placement, and additional up-fitting, as required. However, additional departments and outside vendors are responsible for some specialized up-fitting, such as communication radio and GPS installation.

In this audit, we reviewed the acquisition process in three phases:

1. Start Vehicle Purchase Process to Order Placed;
2. Order Placed to Vehicle Delivery; and
3. Vehicle Delivery to In-Service.

Key decision points in the first phase of acquisition include: Fleet Operations starts the purchase process; Decision to retire or hold vehicle based on condition and fleet needs; Customer approval of outlay form; Fleet Financial Manager approval of funds; Comptroller's Office approval; and Purchasing & Contracting Department approval.²

The second phase of the acquisition process starts once a purchase order is created and an order is placed. This phase runs until the order is delivered to the City (typically to Fleet Operations). Some purchases may involve more than one manufacturer and subsequent up-fitting from a third-party vendor.

The third phase of acquisition—Vehicle Delivery to In-Service—includes initial inspection when a vehicle is delivered to Fleet Operations, City decal placement, radio installation, lighting wiring, GPS installation, Orpak installation, and any additional up-fitting or specialty fabrication, if needed.³

² The outlay form provides order specification and cost information for vehicle orders.

³ Orpak is the system that captures fuel usage by vehicle and limits fuel to only the City's fleet.

Audit Results

Finding 1: Fleet Operations can make its vehicle acquisition process more efficient, and should collect more data to evaluate the timeliness of the process

The City of San Diego (City) Fleet Operations Department (Fleet Operations) may be able to get vehicles in-service more quickly by improving internal efficiencies, and by improving communication with City departments and vendors responsible for up-fitting. As further discussed in Finding 2, we reviewed a sample of vehicle acquisitions from FY16 and FY17 and found that data was not sufficiently reliable to identify a comprehensive timeline and specific delays in the acquisition process. However, using various sources, we were able to calculate that once a vehicle is purchased and delivered to the City, it took Fleet Operations an average of 84 days in FY16 and 57 days in FY17 to get the sampled vehicles in-service.

Delayed acquisition can cost customer departments in the form of continued repair costs of vehicles that are being retired while waiting for new vehicles to be put in-service. Delayed acquisition can also result in customer frustration. We found that Fleet Operations does not have a process in place to routinely evaluate the timeliness of the acquisition process and the data it collects is not sufficient to evaluate delays in the acquisition process. Finally, we found that there are no formalized roles and responsibilities agreements between many of the City departments involved in the vehicle acquisition process and Fleet Operations.

We recommend Fleet Operations set performance goals, establish policies and procedures to collect data on vehicle acquisition times for each phase, and investigate missed performance goals. We also recommend Fleet Operations increase accountability by establishing Service Level Agreements (SLAs) or other formal administrative agreements to define roles and responsibilities between Fleet Operations and other City departments involved in the acquisition process.

What We Found Fleet Operations Does Not Have an Efficient Process for Bringing Vehicles In-Service

Fleet Operations Takes On Average About Two Months to Put a Vehicle In-Service Once It Is Delivered to the City

We reviewed a sample of vehicle acquisitions from fiscal year 2016 (FY16) and FY17 to calculate total acquisition time. To determine total acquisition time, we examined a judgmental sample of purchase orders from FY16 and FY17 and reviewed the vehicles acquired via the purchase orders.⁴ As further discussed in the Background and in Finding 2, the data in the FleetFocus Enterprise Asset Management system (FleetFocus EAM) is not sufficiently reliable. Therefore, in order to do our analysis and identify key dates, we used data in FleetFocus EAM, along with relevant data in SAP and other documents such as emails, outlay forms, quotes, and other information in the hardcopy vehicle files. However, due to lack of available data from all sources related to the beginning phases of vehicle acquisition, we focused much of our analysis on the last phase of the acquisition process.

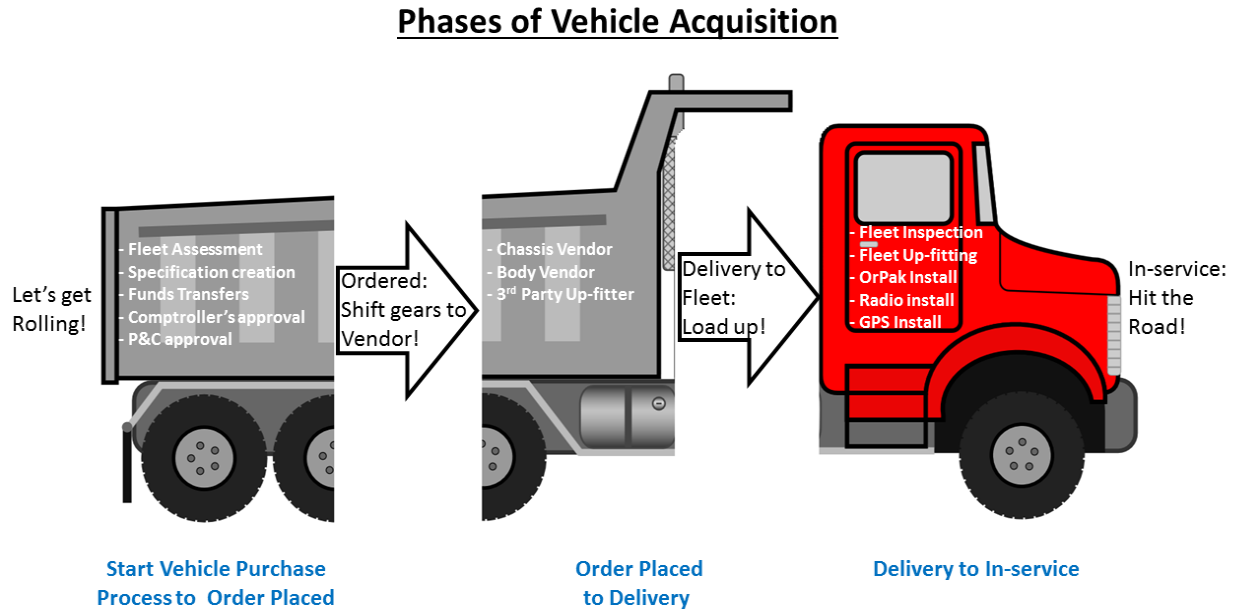
To perform our analysis, we broke the acquisition process into three phases, with each phase containing multiple key dates. As shown in Exhibit 1, the three phases of the acquisition process that we identified for testing were:

1. Start Vehicle Purchase Process to Order Placed;
2. Order Placed to Vehicle Delivery; and
3. Vehicle Delivery to In-Service.

⁴ We used a judgmental sample of 23 purchase orders from both FY16 and FY17. The sample was intended to select orders that were placed by several departments and include a variety of vehicle types. In total we reviewed the acquisition of 64 vehicles.

Exhibit 1:

Phases of Acquisition and Key Steps

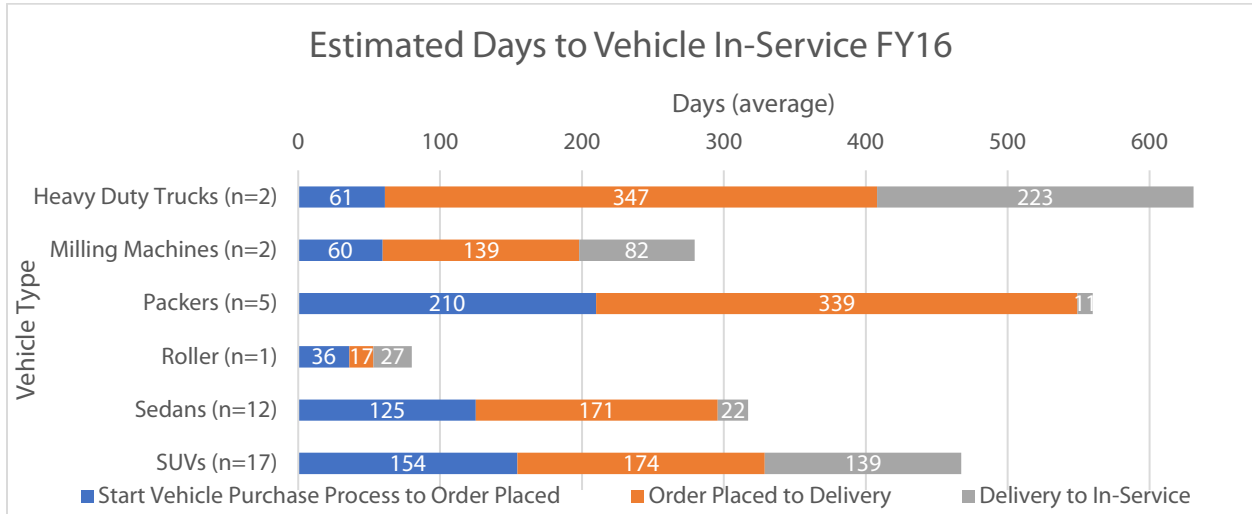


Source: Auditor generated based on interviews and review of transaction documents.

Fleet Operations acquires many types of motive equipment, ranging from mowers to fire trucks. The type of vehicle can have a large impact on the acquisition timeline. **Exhibit 2** shows timelines for 1) Start Vehicle Purchase Process; 2) Order Placed to Vehicle Delivery; and 3) Vehicle Delivery to In-Service, for FY16, and **Exhibit 3** shows timelines for FY17. These exhibits are broken down by vehicle type to show the impact vehicle type has on acquisition timelines.

Exhibit 2:

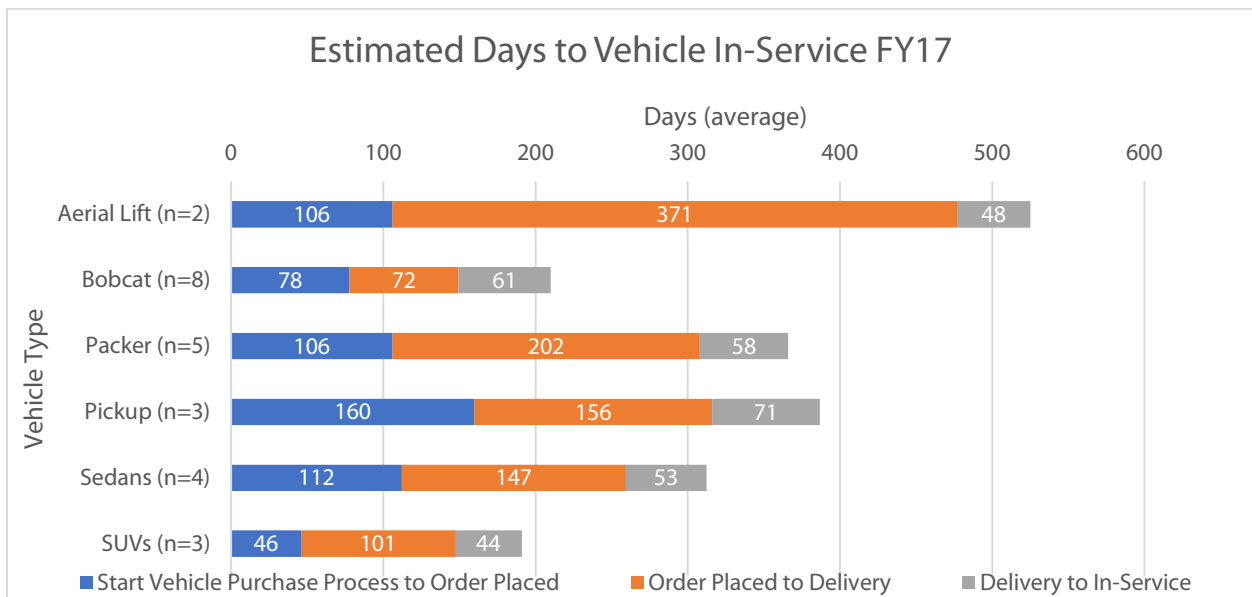
Vehicle Acquisition Timelines for FY16 Sample



Source: Auditor generated based on data in FleetFocus EAM, SAP, and vehicle files.

Exhibit 3:

Vehicle Acquisition Timelines for FY17 Sample



Source: Auditor generated based on data in FleetFocus EAM, SAP, and vehicle files.

The first phase—Start Vehicle Purchase Process to Order Placed—should be interpreted cautiously because evidence for the decision to purchase varied by vehicle and may not always be directly comparable. For instance, we recorded the Start Vehicle Purchase Process date based on the first evidence we found that a decision to make a purchase was made. In some cases, this date was based on an email between Fleet Operations and another City department. In other instances, the date was based on a quote date. However, if a quote date was the first evidence we could find that the purchasing process of a new vehicle was starting, it is likely that a quote came days or even weeks after the decision to purchase was made. Therefore, for vehicles which we recorded the Start Vehicle Purchase Process date as a quote date or contract date, it is likely that the acquisition process actually began well before that date. Therefore, the data for the first phase of the acquisition process is not detailed enough to know if durations are representative of actual timelines.

Fleet Operations indicated that it started to record vehicle “birth record” data and status of acquisition process in FleetFocus EAM in calendar year 2018 (CY18). We discussed with Fleet Operations the option of using the “birth record” data as the start date of the vehicle purchasing process. Fleet Operations indicated that the “birth record” date would not be an accurate reflection of the start of the vehicle purchasing process. However, FleetFocus EAM provides several other possible options for tracking the start of vehicle acquisitions. The Equipment Planning module, discussed further in Finding 2, provides tracking for planned and actual start and completion dates, as well as events and approvals throughout the acquisition process. It is also possible to query FleetFocus EAM for the “DATE_ADDED” field in the equipment master data. However, utilizing this data requires well-defined policies and procedures for when to create a new equipment item in FleetFocus EAM.

In our sample, we generally found that the longest period of the acquisition process was the second phase—Order Placed to Vehicle Delivery—for each vehicle type. The overall average time for this middle phase was 194 days in FY16 and 147 days in FY17. This phase can include orders being filled from one or more manufacturers, as well as up-fitting from other vendors. We found limited tracking data within the Order Placed to Vehicle Delivery phase in the form of Expected Delivery dates in FleetFocus EAM, although Fleet Operations reported that it receives periodic updates from some up-fitters and pursues updates from others.

We also found that the overall average time from Vehicle Delivery to In-Service was 84 days in FY16 and 57 days in FY17. Fleet Operations indicated that it has been making efforts to decrease the total Vehicle Delivery to In-Service time for new vehicles. Fleet Operations provided us a small dataset to evaluate the Vehicle Delivery to In-Service timeliness of vehicles received in FY18. We reviewed the list of vehicles and found that the average Vehicle Delivery to In-Service time for this set of vehicles was 33 days.⁵

This third phase of acquisition—Vehicle Delivery to In-Service—includes initial inspection when a vehicle is delivered to Fleet Operations, City decal placement, radio installation, lighting wiring, GPS installation, Orpak installation, and any additional up-fitting or specialty fabrication, if needed. Although our analysis included reviewing work orders and additional comments in the work order screens of FleetFocus EAM, we did not find clear and reliable data indicating the time and duration of each of these key steps within this last phase of acquisition. Therefore, it was not possible to systematically analyze the efficiency of the final up-fitting process. **Exhibit 4** identifies potential key steps within the final phase of acquisition.

Exhibit 4:

Steps in Third Phase of Acquisition: Vehicle Delivery to In-Service

Key Steps in the Last Phase of Vehicle Acquisition
Initial Inspection by Fleet Operation
City Decal Placement
Orpak Installation
Specialty fabrication by Fleet Operations*
GPS Installation**
Radio/Laptop Install & Lighting Wiring
Specialty Fabrications by Wireless Communications*
Review for Recalls
Vehicle In-Service

*Specialty fabrications by Fleet Operations and Wireless Communications are not standard processes, but are performed as needed.

**Performed by a vendor that is contracted with the City.

Source: Auditor generated based on FleetFocus EAM work orders and interviews.

⁵ This average Order Placed to Vehicle Delivery time is a decrease from our FY17 sample. However, it is important to note that this was an additional dataset selected by Fleet Operations and reviewed at the end of fieldwork to show accomplishments made by the department.

We interviewed relevant parties about the process of final up-fitting to try to determine key steps that may be slowing down this third phase of acquisition. According to Fleet Operations, initial inspection is typically performed upon the vehicle being delivered to Fleet Operations from the up-fitting vendor or the vehicle manufacturer. After the initial inspection, many of the key steps listed in **Exhibit 4** can be performed in any order. However, we found that Fleet Operations does not track specific information on how long it takes for certain tasks, such as GPS installation, to be performed. We reviewed FleetFocus EAM work orders and comments within the work order system. Since GPS installation is performed by a vendor rather than by a Fleet Operations staff, FleetFocus EAM does not currently have a specific task code for GPS installation. Further, for the sample we reviewed, there was no information available to help us determine how many days the vendor was taking to install the GPS system after it had been notified that the equipment was ready for installation. However, Fleet Operations staff indicated that the vendor could take one to three weeks per vehicle batch.⁶

The Wireless Communications Division within the Department of Information Technology (Wireless Communications) is responsible for installing City radios, laptops, and other communication devices for City vehicles. Work performed at Wireless Communications does not have a task code in FleetFocus EAM, nor is there a record of work that we could locate to identify how long vehicles were at Wireless Communications. Wireless Communications indicated that its up-fitting task timeframes varied due to multiple factors. For example, vehicle class and type impacts how long the tasks will take. Wireless Communications stated that certain jobs, such as black and white patrol cars, are quick installs and would take one staff member less than one day to complete, if they have no other competing priorities. However, other vehicles require more time, with some very complicated jobs taking up to a month.

Wireless Communications stated there are other factors that affect its installation timelines. For instance, San Diego Police Department (SDPD) and San Diego Fire-Rescue Department (Fire-Rescue) vehicles generally have priority for completion. This can

⁶The GPS installer generally comes out to install the GPS units when a batch or group of cars are ready for GPS installation.

delay other customer departments' vehicles. Further, Wireless Communications reported that lack of coordination with customer departments can also slow Wireless Communications' timelines. Coordination varies by department, with some departments—typically departments that order vehicles on a regular basis, such as SDDP and Fire-Rescue—exercising a great deal of effort to coordinate with and update Wireless Communications about radios or other equipment needs or any specialized up-fittings. However, departments with less frequent vehicle acquisitions and radio installation are sometimes unaware of Wireless Communications' role in preparing for up-fitting.

Radios and up-fittings installation are ordered by the customer departments, and according to Wireless Communications should be ordered when the vehicles are ordered to ensure that all needed installation equipment is available when the vehicles are delivered to Wireless Communications. However, according to Wireless Communications, it sometimes must contact departments to inquire if there are any upcoming vehicle orders and deliveries. Otherwise, vehicles are delivered to the City and the radios are not on hand to be installed—thus delaying installation until parts are ordered and received.

The Final Up-Fitting Process is Not Tracked in a Way that Allows Analysis of How Long Each Step Takes

Fleet Operations does not currently track certain post-delivery acquisition activities that are performed outside of Fleet Operations in FleetFocus EAM. For instance, Fleet Operations does not enter task IDs into FleetFocus EAM for tasks related to GPS installation or work performed by Wireless Communications. Without tracking the specific tasks and timelines, it is not possible to determine how long it takes for a vehicle to be fitted with GPS, or how long it takes for the radio and lighting wiring to be installed. Further, there are no timelines set for these processes. Instead, Fleet Operations informs both the GPS vendor and Wireless Communications when vehicles are ready for GPS or radio installation, and they in turn notify Fleet Operations when the installation is complete.

We also found that for tasks performed in-house that are recorded, Fleet Operations does not clearly track timeliness for each task related to up-fitting vehicles to prepare them to be placed in-service. For instance, we reviewed an F-350 vehicle's in-service process. This vehicle is listed as a 4x2 Ford Super Duty truck with utility tool boxes, traffic advisor and, strobe lighting

installed. FleetFocus EAM lists that the vehicle was delivered to the City on August 4, 2017 and put into service on November 13, 2017. There were six work order entries in FleetFocus EAM during that time period—but each entry contained the same text—without providing detail on what specific tasks were performed. A general example of the text in the notes would be similar to:

11/08/2017 06:07 10/09/2017 INSPECTED, FUELED, WEIGHED VEHICLE AND FILLED OUT SPEC SHEET AND ATTACHED TO FILE

-- 11/03/2017 15:01

-- APPLIES TO TASK 06-15 --

11/04/17 INSTALLED STROBE LIGHTS (SIDE REAR AND FRONT) AND INSTALLED AND INSTALLED TRAFFIC ADVISOR. CHECKED LIGHTS -LIGHTS WORKING AS DESIGNED

-- 10/09/2017 12:49 -

-- APPLIES TO TASK 12-01 --

10/09/2017 INSPECTED, FUELED AND WEIGHED VEHICLE

It is not clear how many working days each task took to be completed or why there was a delay in getting the vehicle in-service.⁷ Also, the dates in the work order notes conflicted with the dates of the task codes making it difficult to analyze why the vehicle took more than three months to place in-service by just using the data in FleetFocus EAM.

Responsibilities and Accountability Between Departments Are Not Clearly Defined

When Fleet Operations was Fleet Services, it entered into Service Level Agreements (SLAs) with certain City departments (Fleet Operations states the SLAs were last in effect in FY11). The purpose of the SLAs were to define the responsibilities of Fleet Operations and the customer departments. The stated goals of the SLAs included creating a responsive and accountable relationship, establishing fleet standardization, and creating replacement criteria. The SLAs addressed vehicle acquisitions, specifications, and the up-fitting process. In addition to discussing cost, the SLAs established performance criteria for Fleet Operations, such as a 30-day timeframe for most up-fitting, and a 24-hour timeframe for notifying customer departments of the completion of up-fitting. The SLAs also briefly covered ordering radios and installing radios and noted that Wireless

⁷ Fleet Operations does record labor hours. We are indicating that we could not determine the total business days each step in this last phase of acquisition took to complete.

Communications was also committed to installing radios within the 30-day period.

Fleet Operations has not up-dated or renewed these SLAs for several years. We discussed with Fleet Operations updating and reinstating the SLAs. As noted previously, SLAs can provide documented roles and responsibilities for departments involved in the vehicle acquisition process, providing a way to hold parties accountable. They also provide a mechanism to establish performance metrics such as total acquisition time or up-fitting time.

Fleet Operations stated that it did intend to create a role defining document but felt that SLAs were laborious to create and that they do not provide enough accountability. Fleet Operations instead indicated that it intends to create a Citywide Administrative Regulation that would address roles and responsibilities of departments involved in the acquisition process.

What Should Have Occurred

Fleet Operations Should Increase Data Collection, Coordination, and Oversight to Provide More Efficient Service

Fleet Operations Should Monitor and Evaluate Timelines for Efficiency

In FY17, Fleet Operations set a goal to provide high quality customer service to all customer departments, which would include getting new vehicles in-service in a timely manner. Specifically, in the FY18 Budget, one of Fleet Operations' goals was to provide quality fleet services efficiently and economically and to provide reliable vehicles [to customer departments]. Meeting this goal requires providing new and replacement vehicles in a timely manner. Further, based on fleet industry journals and industry association guidance that we reviewed, industry best practices identify process improvements such as implementing key performance measures at all stages of the acquisition process. Fleet Management best practices includes the creation of metrics to measure progress in the up-fitting process. The metrics used to track, monitor, and assess the success or deficiencies in the up-fitting processes typically focus on compliance with specifications and on-time delivery.

In order to meet its own goal and to be able to evaluate its service, Fleet Operations should be collecting appropriate data of all steps related to vehicle acquisition to monitor and evaluate timelines related to vehicle acquisition. Data that would help Fleet Operations monitor and evaluate its acquisition timeliness would include:

- Start Vehicle Purchase Process Date
- Order Placed Date
- Estimated Vehicle Delivery Date (and any updated dates)
- Vehicle Delivery Date
- Initial Vehicle Inspection Date
- In-Service Date

In addition, Fleet Operations should collect the following up-fitting task data:

- Date and description of up-fitting fabrication work start and completion (if necessary);
- Date of decal placement start and completion;
- Date of Orpak notification and completion;
- Date of GPS notification and completion; and
- Date of Wireless Communications delivery and completion.

Fleet Operations could use this type of data to regularly monitor key steps in the acquisition process, to identify potential delays (wasted time/non-productive time) in the process, and to work toward resolving any identified delays.

In order to use its data to make business decisions and to track or monitor timeliness, Fleet Operations will need to document a Start Vehicle Purchase Process date so that it can track total acquisition time. We discussed this with Fleet Operations and it stated that it currently does not have such a start date that it could use for tracking timeliness. Additionally, Fleet Operations expressed concerns about recording the level of detail of up-fitting activities discussed above within FleetFocus EAM because doing so would require significant staff time.

However, FleetFocus EAM offers planning tools that are currently not fully utilized. Specifically, the Equipment Planning module contains a planning screen that could assist the department in tracking certain information such as the Start Vehicle Purchase Process date and the Order Placed date. The existing Equipment screen provides a mechanism for collecting data such as Expected Delivery date, Vehicle Delivery date and In-Service date, and the existing Work Order module provides a way to track work performed—including up-fitting work done prior to vehicles being in-service.

Fleet Operations said that it would be more practical if it tracked and monitored total Vehicle Delivery to In-Service time, rather than tracking detailed steps involved in the total up-fitting process. At a minimum, Fleet Operations should set reasonable performance goals for total acquisition time including up-fitting time. Further, it should establish policies and procedures to collect data needed to measure total acquisition time including up-fitting time. These policies and procedures should include steps that would require investigating when performance goals are not met.

Fleet Operations Should Take Steps to Define Roles, and Improve Communications and Accountability

Internal control activity guidance states that organizations should develop control activities that contribute to the mitigation of risks and provide clarity around roles and responsibilities, which promotes consistency in business practices and operations. Fleet Operations should have roles and responsibilities defined with customer departments—such as San Diego Police Department, San Diego Fire-Rescue Department, Environmental Services Department, Transportation and Storm Water Department, Public Utilities Department, and any other City department that cannot meet their operational needs without service vehicles and equipment.

If Uncorrected, What Could Occur

Lengthy Vehicle Acquisition Can Cost Departments and Does Not Meet Fleet Operations' Internal Goals

Vehicle Acquisition Delays Can Result in Additional Repair Costs and Idle Assets

The goal of the acquisition process should include replacing aging assets and avoiding idle assets. When acquisition of replacement vehicles is delayed, customer departments still must pay maintenance and repair costs for vehicles waiting to be replaced if they have mechanical failures. We found some instances where customer departments incurred repair costs—plus any lost

productivity while the vehicle was being repaired—after a replacement vehicle was ordered but before it was put in-service.

For instance, during our sample testing we reviewed the purchase of heavy duty equipment needed to replace old equipment. The preliminary steps prior to ordering the equipment took about three months and the equipment was delivered to the City seven months later according to the FleetFocus EAM equipment history. However, the up-fitting process took about two additional months. During the two months it took to get the equipment into service, the equipment that it was replacing was repaired multiple times, with an approximate total cost to the customer department of \$5,800. Further, each mechanical failure and repair meant that equipment was not in service, which likely affected the customer department's operations.

Without Clear Roles, Responsibilities, and Accountability, Customer Departments May Become Frustrated

In addition to increased repair costs for the customer department, long wait times and lack of communication about the status of the acquisition can cause customer dissatisfaction. In Fall of 2017, we spoke to a few customer divisions/departments about the vehicle acquisition process. Two of the three divisions/departments that we spoke with expressed frustration with some vehicle acquisitions. One division we spoke with indicated that they had an extensive backlog of unreplaced vehicles and unfilled new vehicle requests. Because of this vehicle shortage, the division reported that it had to rent vehicles to meet its service needs and keep its personnel working.

The division also indicated that difficulties in the vehicle acquisition process have required extensive staff time to track and follow-up on orders. The division feels that these tracking and follow-up duties should not be its responsibility, but the responsibility of Fleet Operations. Fleet Operations indicated that in order to increase communications with certain departments, in FY18 it instituted a monthly meeting with high volume divisions to discuss fleet needs and order status.

Conversely, we also met with a public safety department that has a large City fleet. The staff responsible for the department's fleet indicated a high level of satisfaction with vehicle acquisitions. The department staff also indicated that their management works closely with their designated Fleet Manager to anticipate upcoming needs and coordinate all stages of the acquisition process.

Why This Occurred Fleet Operations is Not Adequately Tracking and Monitoring Acquisition Time

Fleet Operations Has Not Developed a Process to Monitor Acquisition Timelines Fleet Operations currently does not have a formalized process to routinely analyze the vehicle acquisition process to identify how long acquisitions are taking. Further, Fleet Operations lacks a process narrative for vehicle acquisitions or a process narrative for data collection or input related to acquisitions. As a result, Fleet Operations also lacks key performance indicators and tracking information for key steps in the acquisition process.

Fleet Operations FleetFocus EAM data is not sufficiently reliable because it does not have adequate controls in place. Further, without complete and accurate data, Fleet Operations cannot automate reports on acquisition timelines to evaluate if timelines are reasonable. There are no policies and procedures in place to determine who is supposed to enter what data and when. Furthermore, there are no policies and procedures in place to review data entry for accuracy. Although Fleet Operations reports that it is working to improve data quality, these efforts are dependent on a few individuals with institutional knowledge to enter the information consistently. As a result, while the data quality may be improving, progress depends entirely on individuals' informal agreements, communication, and efforts until the practices are formalized in established policies and procedures.

Fleet Operations reported that although it has made efforts to improve data and data input, its current staff priorities are to keep operations moving forward to meet customer departments' needs. Although Fleet Operations' management emphasized that they intend to develop policies and procedures for data entry, they have not had staff availability to properly devote the time needed to establish the policies and procedures. However, they have made efforts to improve data entry by limiting certain acquisition data entry to two people, and by establishing agreed upon data formats. However, according to Fleet Operations, if time allows, management does review data for accuracy. Further, operational priorities have also prevented the department from establishing a process of regular assessment and monitoring of the different phases of vehicle acquisition to determine if average timelines, or timelines by vehicle type, are reasonable.

Another reason that Fleet Operations has not developed proper controls for data input into the FleetFocus EAM system is because Fleet Operations does not currently have staff with the appropriate skill sets to fully utilize the FleetFocus EAM and develop adequate controls and monitoring practices for acquisition timelines. It will be difficult for Fleet Operations to truly develop comprehensive practices for adequate and valid data entry without staff with the appropriate skill sets to fully understand how to use FleetFocus EAM in a way to best support operations. For instance, Fleet Operations is not collecting the correct data in a format that allows analysis and measurement of total acquisition time. The best way to correct this would be to have someone who understands the FleetFocus EAM relational dataset and the complex technical and analytical capabilities of the enterprise asset management system to formalize policies and procedures related to data entry to correct this problem. This would help to allow the Citywide function of vehicle acquisition timelines to be measured and evaluated, as well as identify any delays in the process (See Finding 2).

Fleet Operations Has Not Developed a Formal Agreement Defining Roles and Timelines for All Stakeholders in the Acquisition and Up-Fitting Process

There are no formalized roles and responsibilities agreements between Fleet Operations and customer departments involved in the vehicle acquisition process. There are multiple vendors and departments that play a part in ordering a vehicle and preparing it to go in-service as part of the City's fleet. In order for vehicle acquisitions to be timely, all parties must be available and responsive. Prior to FY16, SLAs were in place between Fleet Operations (then Fleet Services Division) and certain City departments. The purpose of the SLAs was to define the responsibilities of Fleet Operations and the customer departments. Without formalized coordination and communication between all decision makers, vehicle acquisition timelines can be delayed and accountability may be difficult to achieve.

When a vehicle is deemed as needing to be replaced, or a new vehicle (non-replacement vehicle) is ordered, certain up-front decisions must be made before quotes can be obtained. Fleet Operations has stated that it is trying to standardize the fleet, so certain decisions, such as vehicle and engine type may be decided by Fleet Operations, with some departmental input. However, these decisions and responsibilities are not formalized in a roles and responsibilities document.

As previously noted, activities such as up-fitting by Fleet Operations, including decal placement, Orpak installation, indicator lighting, or other up-fitting, vendor installed GPS, or the City's Wireless Communications up-fitting are not tracked in FleetFocus EAM in a way that easy shows timeliness or delays in these processes. However, there are also currently no performance standards set for these processes. Even if FleetFocus EAM was programmed to measure the timeliness of the work performed by Fleet Operations up-fitting, the GPS installation vendor, or Wireless Communications up-fitting, there are currently no performance indicators or other service expectations for these services. A formalized City Administrative Regulation can define roles and responsibilities, and also provide a measure of accountability by establishing performance indicators for timeliness.

Further, coordination between customer departments, Fleet Operations, and the City's Wireless Communications could be improved through a role defining document. For instance, Wireless Communications reported that the shop sometimes needs to track down information on arriving vehicles. Staff stated that because communication from customer departments is not always timely, Wireless Communication is sometimes unprepared to perform installation of equipment. Staff reported that this can lead to delays as the shop needs to order equipment and wait for it to arrive. Defined roles and responsibilities and lines of communication can assist with improving communication and accountability by clearly defining expectations and the process.

During our audit of the fleet acquisition process we found that in the period reviewed, Fleet Operations did not track all acquisition activities that are needed to assess the timeliness of the total acquisition process. Further, we identified that Fleet Operations does not currently have an enforceable roles and responsibilities agreement. To address these issues, we are making the following recommendations to Fleet Operations with the intent of making the acquisition process more efficient.

Recommendation #1

The Fleet Operations Department should set performance goals for acquisition time including up-fitting time based on vehicle class. (Priority 2)

Recommendation #2

The Fleet Operations Department (Fleet Operations) should track and monitor total acquisition time including up-fitting time (Vehicle Delivery to In-Service), for all vehicles and equipment. At a minimum, Fleet Operations should establish policies and procedures to collect data needed to measure total acquisition time, including up-fitting time. These policies and procedures should include steps that would require investigating when performance goals are not met. In order to evaluate the timeliness of these processes, Fleet Operations should collect (at a minimum) the following data:

- Start Vehicle Purchase Process Date;
- Order Placed Date;
- Estimated Delivery Date;
- Vehicle Delivery Date (and any updated delivery dates);
- Initial Inspection Date; and
- In-Service Date. (Priority 2)

Recommendation #3

The Fleet Operations Department should establish Service Level Agreements or a City Administrative Regulation to define roles and responsibilities for City departments involved in the vehicle acquisition process. (Priority 3)

Finding 2: Fleet Operations needs to improve controls over data entry and fully utilize its business software to provide effective business information for vehicle acquisition decisions and customer service

Fleet management is a data-rich enterprise, generating trackable metrics including maintenance, utilization, fuel, and acquisitions. The Fleet Operations Department (Fleet Operations) uses the FleetFocus Enterprise Asset Management System (FleetFocus EAM) for its maintenance and acquisitions operations. However, Fleet Operations is not using the system to its full potential. Fleet Operations has not fully implemented the modules it has purchased, and it is lacking quality data to maximize the system's potential. Furthermore, Fleet Operations has not established policies and procedures to ensure reliable, accurate, and complete data entry and management.

We found that Fleet Operations can improve its acquisitions process through improved utilization of FleetFocus EAM. FleetFocus EAM can assist Fleet Operations in making replacement and acquisition decisions, acquisitions tracking, and customer communications. FleetFocus EAM provides the ability to bring data together in a consolidated manner by building custom reports and integrating vital information. However, in order to leverage these capabilities to improve Fleet Operations' vehicle acquisition process, the department requires specialized staff with critical skills to administer the FleetFocus EAM software and databases, establish policies and procedures on data entry and validation, and design FleetFocus EAM solutions to support management decisions.

We recommend that Fleet Operations more fully utilize FleetFocus EAM. As part of this effort, Fleet Operations should collect data that is needed to evaluate the timeliness of the acquisition process. We also recommend that Fleet Operations develop policies and procedures for data collection and monitoring to ensure data accuracy, completeness, and validity. In order for Fleet Operations to more fully use FleetFocus EAM, we recommended that it work with the Personnel Department to develop a position to fill personnel needs related to FleetFocus EAM.

What We Found Fleet Operations Does Not Fully Utilize Its Asset Management System, Nor Does It Have Policies to Ensure that Data Related to Vehicle Acquisition Is Input Correctly, Timely, and in a Standardized Format.

Fleet Operations Does Not Use All FleetFocus EAM Systems That It Has Purchased, Even Though Doing So Could Improve Business Processes Fleet Operations uses FleetFocus, a comprehensive, browser-based Enterprise Asset Management Software suite (FleetFocus EAM). Fleet Operations has purchased 16 FleetFocus EAM modules but only implemented 9 of these modules. Of the 7 unused modules, 4 could provide improvements in the vehicle acquisition process if fully utilized. Greater utilization of FleetFocus EAM could improve acquisition and replacement decisions and planning, communicate deadlines and status with customer departments, and aid in status and timeliness tracking.

In 2016, Fleet Operations' consultant, CST, recommended that Fleet Operations update FleetFocus EAM to include new functionality. Fleet Operations spent about \$300,000 in FY16 and FY17 for FleetFocus EAM licensing and system upgrades.

Although Fleet Operations updated the FleetFocus EAM system, there are still 7 unused modules, of which 4 could improve acquisition efficiencies, as shown in **Exhibit 5**. The Notifications and Customer Access modules can provide immediate relief to some of the coordination and customer satisfaction problems addressed in Finding 1. The Equipment Planning module can aid Fleet Operations in tracking the acquisitions process, and in combination with the Customer Portal, can improve communications of customer needs. The Replacement Modeling module can improve Fleet Operations' vehicle replacement decisions, but it cannot be implemented until data reliability improves.

Exhibit 5:

Owned but Not Implemented Modules for Improving Acquisitions

Module	Benefit to Acquisitions Process
Notifications	<ul style="list-style-type: none"> • Allows for communication with relevant parties, including automating certain notifications. • Updates department of changes in vehicle ordering status, and alerts Fleet Operations to delays at any stage of the acquisitions process.
Customer Access	<ul style="list-style-type: none"> • Allows operators or department representatives to access information about equipment and administer pertinent department level information related to equipment. • Assists in keeping departments informed and tracking of vehicle status. • Can assist in keeping Fleet Operations informed of department needs.
Equipment Planning	<ul style="list-style-type: none"> • Facilitates project tracking related to acquisitions. • Helps organizations manage the workflow (requests, approvals) associated with acquiring new equipment. • Can be used to “push” notifications to customers. • Supports templates to standardize purchasing. • Acquisitions and fabrication activities can be grouped as projects for project tracking.⁸
Replacement Modelling	<ul style="list-style-type: none"> • Allows for individual equipment analysis to minimize lifecycle costs. • Projects costs and usage, including the probability of major repairs, using historical data for similar units. • Allows Fleet to improve its vehicle acquisitions planning.⁹

Source: Auditor generated based on analysis of FleetFocus EAM documents and interviews with Fleet Operations staff.

To Review the Acquisition Process, We Used Data in FleetFocus EAM, SAP, and Vehicle Files

For the period we reviewed, FY16 and FY17, very little information related to preliminary steps of vehicle acquisition—such as dates related to making the decision to order new vehicles—were recorded in FleetFocus EAM. According to Fleet Operations, prior to placing an order, vehicles should have an outlay form indicating:

⁸ Fleet Operations expressed concern that more detailed tracking of acquisitions would be time intensive due to the need to enter milestone information for each individual equipment ID. Project level tracking may help streamline this process.

⁹ Fleet Operations has expressed concern with the quality of its historical data, which would affect the ability of this module to produce useful predictions until data reliability improves.

- Type of vehicle;
- Required features; and
- Budgeting information/fund transfer information.

If the new vehicle is a replacement, there should also be an assessment of the retiring vehicle. Fleet Operations also stated that all vehicles requiring additional funds—including unlike replacements and new additions—should also have a funds transfer request. However, we did not find that such records were kept in FleetFocus EAM, and in many cases, could not find such records in hardcopy vehicle files either. We examined other records, including SAP and vehicle files to identify key dates in the acquisitions process, and in some cases to validate dates in FleetFocus EAM. The earliest consistently available date found in at least one of the three sources was the purchase order date. However, if we use purchase order date as the start of a vehicle acquisition timeline, this does not capture data and timeframes of discussion and decisions made between Fleet Operations and the customer department—thus providing no data and timelines for all efforts related to vehicle acquisition performed prior to the purchase order being issued. For instance, in our review we typically did not find data such as the date a vehicle was determined to be replaced. Nor did we find information related to dates or discussions with customer departments about specifications for replacement vehicles.

Fleet Operations Does Not Have Standard Procedures for Data Controls

Data within FleetFocus EAM cannot always be relied upon to determine acquisition timelines. Dates for purchase order, delivery and in-service are not sufficiently reliable, and dates for starting the vehicle acquisition process and detailed steps within the acquisitions process, such as decals, Orpak, and GPS installations are not maintained within the data fields. FleetFocus EAM data is incomplete, inaccurate, and insufficiently detailed to provide intelligence for business decisions related to acquisitions. Additionally, efforts to improve data reliability are not formalized in policies and procedures; instead, Fleet Operations relies on the institutional knowledge of a few individuals in the acquisitions process.

Exhibit 6:

FleetFocus EAM Data Reliability Testing for Sample

<i>Field</i>	Data for Vehicles purchased in FY 16	Data for Vehicles purchased in FY 17	Impact on Data Usability
<i>Start Vehicle Purchase Process Date</i> ¹⁰	Not Complete	Not Complete	Fleet Operations cannot determine when the acquisition process for new fleet began, and therefore cannot measure the total time acquisition requires.
<i>Order Placed Date</i>	Not Sufficiently Reliable ¹¹	Sufficiently Reliable	Fleet Operations cannot rely on FleetFocus EAM to assess the start date of an order because the dates in the EAM system are not reliably correct.
<i>Vehicle Delivery Date</i>	Not Sufficiently Reliable	Not Sufficiently Reliable	Fleet Operations cannot rely on FleetFocus EAM to assess the delivery date of an order because the dates in the EAM system are not or may not be reliably correct.
<i>In-Service Date</i>	Not Sufficiently Reliable	Not Sufficiently Reliable	Fleet Operations cannot rely on FleetFocus EAM to assess the date Fleet Operations puts a vehicle in-service (customer department takes possession) because the data fields are not sufficiently reliable.

Source: Auditor generated from FleetFocus EAM data compared to SAP and vehicle files.

Additionally, data is not sufficiently detailed or accurate to identify delays in the acquisition process. For instance, when a vehicle is delivered to Fleet Operations, it must be fitted with the Orpak, City decals, and other up-fittings, including GPS, radio installation, and sometimes lighting and siren wiring. However, there is not a defined policy instructing how to input data related to work orders and work times into the asset management system. Therefore, FleetFocus EAM does not provide an adequate and reliable timeline of when each of these steps took place, or how long each process took.

¹⁰ Fleet Operations stated that it does not currently create or use a date in FleetFocus EAM that could be considered the Start Vehicle Purchase Process date.

¹¹ Government Accountability Office 09-680G Assessing Data Reliability of Computer-Processed Data defines “not sufficiently reliable data” as having significant errors or incompleteness in some or all key data elements, and that using the data would probably lead to an incorrect or unintentional message. Although the term “not reliable” does cover incompleteness, in instances where incomplete data was the cause of data to be deemed not reliable, we classified this as “not complete” in order to highlight areas where data needs to be consistently gathered.

Fleet Operations does not have policies or procedures to control for input errors or to ensure timely data input. Fleet Operations reported that data reliability efforts generally rely on improvements undertaken by individuals in the acquisitions process and ad hoc reviews performed by management, as time allows. However, these improvements are not formalized, may not occur regularly, and depend on the institutional knowledge of these individuals. Fleet Operations does not have adequate monitoring in place to ensure that data errors are caught and corrected. Although Fleet Operations is aware of its data issues, due to time constraints, it currently addresses them as they arise in other business functions rather than engaging in active monitoring and data validation.

Issues with FleetFocus EAM data are not new. Data issues have existed for many years and have been documented in previous consultant reports. In FY14, Huron identified FleetFocus EAM data reliability and utilization as risk areas. Again, in FY16, CST produced a consultant report to improve operations and, among other things, made recommendations related to data clean up.

The FY16 CST consultant report also noted that FleetFocus EAM was neglected. FleetFocus EAM is an asset management system with capabilities to track functions related to maintenance, work orders, operating expenses for fuel, as well as tracking and billing for equipment usage, replacement analysis, equipment planning, production planning/management, and GPS integration to support fleet functions Citywide. However, Fleet Operations does not have staff resources to fully use the asset management system. The CST consultant report mentioned above was initiated by the City with the intent to help Fleet Operations meet the customer departments' needs. The report found that Fleet Operations did not have the analytical staff to support the size of the City's fleet. It indicated that this lack of analytic staff was the cause for the inconsistent data entry into FleetFocus EAM, and was the cause for the lack of analysis needed to make short- and long-term decisions.¹² The CST consultant recommended that Fleet Operations hire a Business System Analyst to act as a business systems champion to support the management team. Fleet Operations requested the reclassification of an existing Information Systems Analyst position to Business Systems Analyst

¹² The CST report indicated that the lack of a Business Systems Analyst was also the reason Fleet Operations had to hire CST to perform operational fleet analyses such as lifecycle, right sizing, capital planning and resource analysis.

in FY18. However, the Personnel Department determined that the Senior Management Analyst position was the appropriate classification for the duties described by the department.

The Personnel Department reported that Fleet Operations filled the Senior Management Analyst position on April 21, 2018. This classification's job duties include: conduct budgetary, fiscal, organizational, and administrative studies and assignments and specialized management research; make complex Citywide revenue analyses and forecasts; evaluate and determine work unit time standards, output measures, staffing requirements, and material and equipment usage levels for the most difficult and complex functions; and prepare in-depth reports of studies conducted. However, this classification has not satisfied Fleet Operations' business system needs, because it does not meet the other critical duties required for a business systems champion such as technology expertise, data management, business systems administration, developing and implementing business system solutions, and planning integration of hardware and software updates.

What Should Have Occurred

Fleet Operations Should Fully Utilize Its System and Should Have Controls for Data Quality

Fleet Operations Should Utilize the Asset Management System Modules Related to Vehicle Acquisition That It Has Acquired Already

Fleet Operations has a goal to provide high quality customer services, which include timely acquisitions and quality communication with customer departments. Fleet Operations should be more fully utilizing FleetFocus EAM to achieve this goal. As noted previously, FleetFocus EAM is a comprehensive fleet management software that the City has already purchased, and recently spent about \$300,000 to upgrade. Used properly, FleetFocus EAM can provide Fleet Operations "a fully integrated asset and maintenance planning and operations" management system. FleetFocus EAM can help the department to strategically manage its acquisition program to "improve fleet size and configuration" and improve its equipment replacement programs by using actual cost and performance data. Further, more fully using FleetFocus EAM would allow Fleet Operations to perform greater vendor oversight, estimate replacement needs and delivery times more effectively, and automate communications with departments to keep them informed of the status of their acquisitions.

Internal control guidance states that organizations should select and develop control activities over technology to support the achievement of objectives.¹³ It also states that communication should enable an organization to share relevant and quality information internally and externally. External communication enables management to obtain and share information about risks, regularity matters, changes in circumstance, customer satisfaction and other relevant information. In order for technology to support business functions, knowledgeable and capable staff need to be managing the asset management system. The Huron Report, completed in FY14 recommended that the FleetFocus EAM system be utilized as the primary data repository for all fleet ownership costs. It also noted that the data needed to be trustworthy and available to departments to use to make decisions. Then again in FY16, the CST report "recognized a lack of Fleet Business Analyst expertise among division staff." The report stated that the lack of expertise was "very evident in both the inconsistency of data in Fleet Focus, as well as the lack of analysis necessary to make both short-and long-term decisions."

***Fleet Operations Should
Have Controls Over Data
Reliability***

Fleet Operations should have internal controls in place to ensure data accuracy, completeness, validity, and usability. Accurate and complete data is vital for Fleet Operations to be able to accurately assess assignment fees and predict total lifecycle costs of vehicles. Further, accurate data is needed for planning such as lifecycles and acquisition lead times. Fleet Operations should have formalized data input and validation processes to improve data accuracy and completeness within FleetFocus EAM.

Control activities are those actions that help ensure that responses to assessed risks, as well as other management directives, are carried out properly. Control activities include taking steps to help ensure the quality of the business organization data. Internal control guidance states that an organization should establish relevant technology control activities through management selecting and developing controls which are designed and implemented to ensure the

¹³ Committee of Sponsoring Organizations (COSO) Internal Control-Integrated Framework provides "leadership through comprehensive frameworks and guidance on internal control, enterprise risk management, and fraud deterrence designed to improve organizational performance and oversight and to reduce the extent of fraud in organizations."

completeness, accuracy, and availability of data processing. Business process controls over data accuracy, completeness, and validity all limit risk and help contribute to a stronger control environment. Additionally, internal control guidance requires policies and procedures to outline expectations and determine how policies will be put into place. The guidance states that monitoring (in this case, monitoring of data quality) should be included in the control activities as a way to evaluate and, if needed, communicate deficiencies—such as poor data quality.

**If Uncorrected, What
Could Occur**

Fleet Operations Does Not Utilize All FleetFocus EAM Acquisition Functions Available and Has Unreliable Data

**Fleet Operations Cannot
Accurately Evaluate
Length of the
Acquisition Process,
Does Not Always
Communicate Updates
with Customer
Departments, and
Cannot Always Rely on
Its Data**

Because Fleet Operations does not fully utilize all FleetFocus EAM capabilities, the department cannot analyze important business functions related to acquisitions. Furthermore, because FleetFocus EAM data is not always complete or sufficiently reliable, nor does it include certain pertinent information, Fleet Operations cannot rely on FleetFocus EAM for analyzing important business functions related to acquisitions. As a result, Fleet Operations cannot determine if it is meeting customer departments' needs in a timely manner, or accurately determine if it is meeting its goal of providing good customer service.

Because Fleet Operations does not utilize all FleetFocus EAM functionality available to it and does not collect data related to the first steps of the acquisition process, Fleet Operations cannot determine if its acquisition process timeline—the time from the decision to replace a vehicle to the time the new vehicle is delivered and placed in-service—is reasonable. Without the ability to monitor acquisition time, Fleet Operations will have a hard time evaluating its customer service and determining if its process is improving.

The effect of Fleet Operations not having the business asset management system staff to administer FleetFocus EAM is that it cannot fully use the system modules that the City has already purchased for Fleet Operations. Without utilizing this asset management system, the City is underutilizing the resources recently invested in the system—approximately \$300,000 in upgrades and yearly licensing costs. Further, delaying implementation is preventing its operations from identifying areas for process efficiencies.

The effects of Fleet Operations not fully utilizing FleetFocus EAM go beyond being able to accurately measure acquisition timelines. Some customer divisions that we spoke with in the Fall of 2017 expressed frustration with the vehicle acquisition process and indicated that vehicle acquisitions take too much of their department's time because staff must spend significant time tracking vehicle orders. Another division reported that it often did not know the status of its vehicle acquisitions.

Why This Occurred

Fleet Operations Does Not Fully Utilize FleetFocus EAM Because It Lacks a Designated System Analyst and Related Policies and Procedures

Fleet Operations Needs a Business Systems Administrator to Enable It to Fully Utilize Its Business System

We identified at least four owned but not implemented modules that may improve the vehicle acquisition process. However, Fleet Operations is unable to fully utilize the FleetFocus EAM system including these modules because it lacks staff with the specialized skills to act as a system champion. Although Fleet Operations updated FleetFocus EAM in accordance with the CST report's recommendations, Fleet Operations is still unable to fully utilize this business system because it does not have the staff with qualifications necessary to use the full functionality of FleetFocus EAM.

Fleet Operations obtained budgetary approval for a business systems analyst position in FY18 to fully manage the FleetFocus EAM system. This position was to reclassify an existing Information Systems Analyst as a Business Systems Analyst. However, the Personnel Department did not approve the position for a Business Systems Analyst. Instead it classified the position as a Senior Management Analyst to perform the duties and responsibilities described by the department. This position requires staff abilities to analyze business processes and design, develop, and implement business solutions, develop reports and key performance measures, but it does not require the information systems expertise necessary to act as a systems champion.

In order to fully manage FleetFocus EAM, Fleet Operations needs staff with the ability to understand the FleetFocus EAM relational database modules and to program the system to perform Fleet Operations' critical acquisition functions and produce analytical reports that will help Fleet Operations be more efficient. To utilize the EAM system that the City has already paid for, Fleet Operations needs a skilled EAM systems and business operations expert that is dedicated to the technical and analytical duties of managing and programming the asset management system, which would include writing specifications, analyzing business operations, and data management.

We spoke with the Personnel Department regarding this position and Fleet Operations' needs. The Personnel Department pointed out that the classification series of Business Systems Analyst is specific to SAP knowledge and skill sets and that this classification series would not attract the type of candidates that Fleet Operations would need. It also noted that the existing job specification for the classification cannot be modified as this would alter the intent of the classification series. However, the Personnel Department is open to further discussing Fleet Operations' position needs and recruitment strategies.

Fleet Operations Needs to Develop and Implement Policies and Procedures Over Its IT Business System Data Input, Access, and Accuracy Monitoring

Fleet Operations has not developed any policies related to data entry or data entry access to ensure that data is input into FleetFocus EAM in a timely and accurate manner, or in a data format that is consistent and usable. Policies related to data entry, data access and data format should be designed to ensure that the data collection for FleetFocus EAM will allow Fleet Operations to analyze data and monitor business operations related to vehicle acquisition.

In its efforts to create better data, Fleet Operations has established an informal process for inputting certain data, such as equipment "birth records." Key staff have authority to create these records through a defined process, however, this process is not yet documented in official policy.

As we discussed, FleetFocus EAM is a comprehensive enterprise asset management software suite. Currently, Fleet Operations is not using all modules that it owns, and the modules that it is using are not being used to the fullest benefit to the City. Greater utilization of FleetFocus EAM could improve vehicle acquisition.

In order to fully manage FleetFocus EAM, Fleet Operations needs staff with the ability to manage the relational database modules and to program the system to perform Fleet Operations critical acquisition functions. Additionally, Fleet Operations is lacking needed policies related to data entry to ensure accurate and consistent data. We developed the following recommendations intended to address these areas.

Recommendation #4

Fleet Operations Department (Fleet Operations) should evaluate and implement solutions for project tracking, customer communications, and acquisition planning by utilizing FleetFocus EAM to the greatest extent possible. As part of the implementation, Fleet Operations should collect more specific data so that it can be used to evaluate acquisition process operations. Fleet Operations should ensure that key steps of the acquisition process are entered into FleetFocus EAM in a standardized way so that it can monitor acquisition and up-fitting timelines. (Priority 3)

Recommendation #5

The Fleet Operations Department (Fleet Operations) should work with the Personnel Department to develop an additional position to fill its FleetFocus EAM personnel needs. This position should be experienced with relational database modules and have the skills needed to program the FleetFocus EAM system to perform critical reporting functions and produce analytical reports that will help Fleet Operations have the information it needs to become more efficient. This position should utilize FleetFocus EAM's capabilities to perform analysis of fleet data for capital planning, utilization, and lifecycles. This position should be dedicated to the technical and analytical duties of managing and programming the system, which would include writing specifications, analyzing business operations, developing and implementing business system solutions, and data management. (Priority 2)

Recommendation #6

The Fleet Operations Department should develop policies and procedures for FleetFocus EAM data collection to ensure data accuracy, completeness, validity, and timely entry. The policies should include a data monitoring component. (Priority 3)

Other Pertinent Information

Milling Machines During the FY16 Performance Audit of the Street Preservation Ordinance, Transportation & Storm Water – Streets Division (Streets Division) managers reported that the Streets Division did not have a milling machine dedicated to emergency water excavation street resurfacing. Streets Division management agreed to the recommendation to obtain the machine and Streets Division indicated that the purchase of the equipment was funded in the FY16 adopted budget. In addition to the new milling machine added to Streets Division, a replacement milling machine for Public Utilities Department – Water Construction and Maintenance Division (WCM) was also ordered. Although the vehicle acquisitions process for the milling machines took over nine months from agreement to purchase to in-service, this was not unusual when compared to other vehicle acquisitions examined in this audit.

We reviewed hardcopy vehicle files as well as SAP and FleetFocus EAM data to examine the acquisition process. Although the data was not complete, and we identified some missing documents, we found sufficient evidence to produce the following timeline.

Exhibit 7:

Timeline of Milling Machine Purchase

3/3/2016	City management agrees to purchase of milling machine in response to Performance Audit of Street Preservation Ordinance
3/26/2016	Quote received
4/7/2016	Sole Source Request
5/27/2016	First machine purchase order issued
6/7/2016	Second machine purchase order issued
9/9/2016	Planned Delivery Date of both machines
10/18/2016	Actual Delivery Date of both machines
1/3/2017	In-service Date of WCM Division machine
1/17/2017	In-service Date of Streets Division machine

Source: Auditor generated based on hardcopy vehicle files, SAP, and FleetFocus EAM.

The milling machines took 133 and 144 days from the purchase order dates to be delivered. Although the machines were delivered more than a month after the indicated "Planned Delivery Date," they were delivered within the timeline of 120 – 150 days specified in the Nixon-Egli quote. Each milling machine cost \$577,962. Streets Division management described a shortage of a milling machine in the Street Preservation Ordinance audit report and the Fleet Focus EAM equipment records list one of the new machines as replacing equipment item 2006 Wirtgen W1200FT.

Due to the nature of the equipment, previous contracts, and the urgency of the request, Fleet Operations requested a sole source procurement for the W120CFI on April 7, 2016.¹⁴ Nixon-Egli, the only dealer for Wirtgen in Southern California, offered the same discount as was previously offered through an expired cooperative purchase agreement. Although this was a sole source purchase, the City did use the terms of the cooperative purchase agreement. Although the milling machines took nearly five months to be delivered after the order date, this delivery was within the quote's delivery timeframe. The time from delivery to in-service is comparable to that of other vehicle acquisitions we examined, and the total time from decision to purchase to in-service is less than many of the other vehicle acquisitions we examined.

¹⁴ At the time of the purchase, the department was named Fleet Services and was organized in a different operation center of the City.

Conclusion

The City's Fleet Operations Department (Fleet Operations) is responsible for purchasing and maintaining the City's fleet of about 4,200 vehicles and pieces of equipment. The fleet is critical to the operations of many of the City's departments. As an internal operations department, it is important for Fleet Operations to meet its goal of providing consistent and superior customer service.

We identified areas that could have a positive impact on Fleet Operations' acquisition process and developed recommendations to address these areas. In order to ensure that Fleet Operations can measure its level of customer service related to vehicle acquisitions, we made recommendations for establishing performance goals and collecting data to monitor achievement of those goals. We also recommended that the department clearly define roles and responsibilities in the acquisition process to help prevent customer frustration or delays in acquisitions.

Finally, we reviewed the current use and limitations of Fleet Operations' asset management system, FleetFocus EAM. We noted in this report that with the right staff, the department could more fully use the system it has already invested resources in. We believe this would also result in gained efficiencies for the department.

Recommendations

- Recommendation #1** The Fleet Operations Department should set performance goals for acquisition time including up-fitting time based on vehicle class. (Priority 2)
- Recommendation #2** The Fleet Operations Department (Fleet Operations) should track and monitor total acquisition time including up-fitting time (Vehicle Delivery to In-Service), for all vehicles and equipment. At a minimum, Fleet Operations should establish policies and procedures to collect data needed to measure total acquisition time, including up-fitting time. These policies and procedures should include steps that would require investigating when performance goals are not met. In order to evaluate the timeliness of these processes, Fleet Operations should collect (at a minimum) the following data:
- Start Vehicle Purchase Process Date;
 - Order Placed Date;
 - Estimated Delivery Date;
 - Vehicle Delivery Date (and any updated delivery dates);
 - Initial Inspection Date; and
 - In-Service Date. (Priority 2)
- Recommendation #3** The Fleet Operations Department should establish Service Level Agreements or a City Administrative Regulation to define roles and responsibilities for City departments involved in the vehicle acquisition process. (Priority 3)
- Recommendation #4** Fleet Operations Department (Fleet Operations) should evaluate and implement solutions for project tracking, customer communications, and acquisition planning by utilizing FleetFocus EAM to the greatest extent possible. As part of the implementation, Fleet Operations should collect more specific data so that it can be used to evaluate acquisition process operations. Fleet Operations should ensure that key steps of the acquisition process are entered into FleetFocus EAM in a standardized way so that it can monitor acquisition and up-fitting timelines. (Priority 3)

Recommendation #5

The Fleet Operations Department (Fleet Operations) should work with the Personnel Department to develop an additional position to fill its FleetFocus EAM personnel needs. This position should be experienced with relational database modules and have the skills needed to program the FleetFocus EAM system to perform critical reporting functions and produce analytical reports that will help Fleet Operations have the information it needs to become more efficient. This position should utilize FleetFocus EAM's capabilities to perform analysis of fleet data for capital planning, utilization, and lifecycles. This position should be dedicated to the technical and analytical duties of managing and programming the system, which would include writing specifications, analyzing business operations, developing and implementing business system solutions, and data management. (Priority 2)

Recommendation #6

The Fleet Operations Department should develop policies and procedures for FleetFocus EAM data collection to ensure data accuracy, completeness, validity, and timely entry. The policies should include a data monitoring component. (Priority 3)

Appendix A: Definition of Audit Recommendation Priorities

DEFINITIONS OF PRIORITY 1, 2, AND 3 AUDIT RECOMMENDATIONS

The Office of the City Auditor maintains a priority classification scheme for audit recommendations based on the importance of each recommendation to the City, as described in the table below. While the City Auditor is responsible for providing a priority classification for recommendations, it is the City Administration's responsibility to establish a target date to implement each recommendation taking into consideration its priority. The City Auditor requests that target dates be included in the Administration's official response to the audit findings and recommendations.

Priority Class ¹⁵	Description
1	Fraud or serious violations are being committed. Significant fiscal and/or equivalent non-fiscal losses are occurring. Costly and/or detrimental operational inefficiencies are taking place. A significant internal control weakness has been identified.
2	The potential for incurring significant fiscal and/or equivalent non-fiscal losses exists. The potential for costly and/or detrimental operational inefficiencies exists. The potential for strengthening or improving internal controls exists.
3	Operation or administrative process will be improved.

¹⁵The City Auditor is responsible for assigning audit recommendation priority class numbers. A recommendation which clearly fits the description for more than one priority class shall be assigned the higher priority.

Appendix B: Objectives, Scope, and Methodology

Objectives In accordance with the Office of the City Auditor's Fiscal Year 2018 (FY18) Audit Work Plan and an audit request made by Councilmember Sherman, we conducted a performance audit of the City of San Diego's Fleet Operations Department's vehicle acquisition process. The overall objective of this audit was to assess whether Fleet Operations was meeting the needs of the City.

Scope and Methodology To assess the efficiency and effectiveness of the vehicle acquisition process, we conducted an extensive preliminary review and scoping phase. Specifically, we:

- Reviewed budget history and organization changes;
- Reviewed previous Fleet Operations consultant reports and relevant City reports;
- Performed field observations of "job walk throughs" for up-fitting;
- Met with customer departments to obtain their feedback on vehicle acquisition;
- Reviewed various industry association papers and articles related to fleet operations; and
- Accessed FleetFocus EAM data to review information kept in the system.

To ascertain if the vehicle acquisition process was meeting the needs of the City, we reviewed the acquisitions of two milling machines purchased in FY16 which were mentioned in the audit request. In addition, we reviewed a sample of vehicle acquisitions to evaluate the process, timeliness, and acquisition timelines. To obtain our sample, we reviewed purchase order data in the FleetFocus EAM system for FY16 and FY17. We judgmentally selected a sample of purchase orders to trace the acquisition process from decision to purchase to vehicle in-service. This sample was designed to document and review operational processes for a variety of vehicle types for a cross-section of departments. In addition to reviewing the acquisition process and timelines for each vehicle in our sample, we also performed steps to provide reasonable assurance that the vehicles were received by the City.

Data Reliability Testing As noted in Finding 2, we reviewed acquisition data reliability. We asked Fleet Operations for its policies and procedures related to FleetFocus EAM data entry, validity, and data monitoring, but Fleet Operations reported that it does not have formalized policies and procedures. Additionally, we reviewed two past consultant reports that concluded data in FleetFocus EAM was not reliable. We interviewed key personnel responsible for acquisition decisions and data entry. Fleet Operations reported that FleetFocus EAM data—particularly historical data—is unreliable. We also chose key steps in the acquisition process and reviewed the FleetFocus EAM data in our judgmental sample of 64 vehicles' acquisition timelines for accuracy and reliability by comparing the information in the FleetFocus EAM system to SAP data and hardcopy vehicle files. Additionally, we compared the FleetFocus EAM data with other documents, such as emails and invoices, to determine accuracy. As a result of these activities and based on the Government Accountability Office guidance, we concluded that key acquisition data in FleetFocus EAM was not sufficiently reliable due to errors or incompleteness. Therefore, we used evidence from other sources for our analyses of acquisition timeliness.

Internal Controls Testing Our internal controls testing was limited to controls related to establishment and monitoring of acquisition timelines, policies and procedures necessary to support Fleet Operations goal of providing high level customer service, controls related to establishing clear and defined roles and responsibilities for City departments involved in the vehicle acquisition process, and internal controls related to timely communication. We also reviewed management's efforts to retain staffing to align with operational objectives and management's actions to address identified shortcomings. In addition, we assessed the controls activities over Fleet Operations' technology system.

Compliance Statement We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on the audit objectives.



THE CITY OF SAN DIEGO

MEMORANDUM

DATE: September 24, 2018

TO: Eduardo Luna, City Auditor, Office of the City Auditor

FROM: Alia Khouri, Director, Fleet Operations Department *HK*
via Ronald H. Villa, Acting Assistant Chief Operating Officer *RH Villa*

SUBJECT: Management's Response to the Fleet Operations Department Vehicle Acquisition Process Audit

The purpose of this memorandum is to provide Management's responses to the recommendations contained in the Office of the City Auditor's Performance Audit of the Fleet Operations Department Vehicle Acquisition Process.

RECOMMENDATION #1: *The Fleet Operations Department should set performance goals for acquisition time including up-fitting time based on vehicle class. (Priority 2)*

MANAGEMENT RESPONSE: Management agrees with the recommendation. The Fleet Operations Department (Department) established performance goals for vehicle acquisitions in fiscal year 2018. The main goal is to order all vehicles slated for replacement for a given fiscal year within the respective fiscal year. Department up-fitting goals have also been established for Department up-fitting which occurs between *delivery* and *in-service* and are as follows:

- Two Weeks – Light Duty Vehicles, and Non-Self-Propelled Equipment (i.e. trailers, wood chippers)
- Four Weeks – Heavy Duty & Specialty/Severe Duty Vehicles and Equipment

To monitor these performance targets the Department implemented the input and tracking of key dates into the Fleet Focus EAM system (Fleet Focus) and a report summarizing the information.

The key dates now required to be input are the *purchase order (PO) date*, *anticipated delivery date*, and the *anticipated in-service date*. The *actual in-service date* was a required field previously however the date was often unreliable. Inputting these key dates and reviewing via the summary report allows the Department to monitor the acquisition performance goals. A residual benefit of the monitoring is identifying data entry errors.

These improvements began in fiscal year 2018 and have continued to be enhanced as the Department incrementally increases its knowledge of the functionality of Fleet Focus. The

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audit findings and recommendation further support the importance of these enhancements and the Department will continue to make acquisition performance goals a priority.

Target Implementation Date: June 30, 2019

RECOMMENDATION #2: *The Fleet Operations Department (Fleet Operations) should track and monitor total acquisition time including up-fitting time (Vehicle Delivery to In-Service), for all vehicles and equipment. At a minimum, Fleet Operations should establish policies and procedures to collect data needed to measure total acquisition time, including up-fitting time. These policies and procedures should include steps that would require investigating when performance goals are not met. In order to evaluate the timeliness of these processes, Fleet Operations should collect (at a minimum) the following data: (Priority 2)*

- *Start Vehicle Purchase Process Date;*
- *Order Placed Date;*
- *Estimated Delivery Date;*
- *Vehicle Delivery Date (and any updated delivery dates);*
- *Initial Inspection Date;*
- *In-Service date.*

MANAGEMENT RESPONSE: Management agrees with the recommendation. As discussed in Recommendation #1, the Department has implemented data entry and monitoring of specific key dates of the acquisition process and the audit findings and recommendations further support the enhancements the Department has implemented thus far. Tracking and monitoring additional dates within the acquisition process to assist in identifying specific areas of deficiency may be a helpful tool; however, the Department needs to identify the value of staff resources performing a large amount of daily data entry of the numerous steps within the acquisition process against utilizing staff resources to perform other higher priority acquisition duties.

Further, the Department requires staff to perform the critically needed system management functions. This knowledge and specific skill set is necessary prior to creating policies and procedures as well as the most efficient model for data entry and monitoring in Fleet Focus. As outlined in recommendation #5, the Department will hire a candidate to perform the critically needed system management functions in support of Fleet Focus.

Target Implementation Date: June 30, 2020

RECOMMENDATION #3: *The Fleet Operations Department should establish Service Level Agreements or a City Administrative Regulation to define roles and responsibilities for City departments involved in the vehicle acquisition process. (Priority 3)*

MANAGEMENT RESPONSE: Management agrees with the recommendation. The Department will engage with stakeholders and establish a new City Administrative Regulation that defines the roles and responsibilities of the Department and their customers.

Target Implementation Date: June 30, 2020

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RECOMMENDATION #4: *Fleet Operations Department (Fleet Operations) should evaluate and implement solutions for project tracking, customer communications, and acquisition planning by utilizing Fleet Focus EAM System to the greatest extent possible. As part of the implementation, Fleet Operations should collect more specific data so that can be used to evaluate acquisition process operations. It should ensure that key steps of the acquisition process are entered in to Fleet Focus EAM in a standardized way so that it can monitor acquisition and up-fitting timelines. (Priority 3)*

MANAGEMENT RESPONSE: Management agrees with the recommendation. Expanding and maximizing the functionality of Fleet Focus is a priority of the Department and is in alignment with a core goal of being a data driven operation. System evaluation, testing, as well as stakeholder engagement is a key aspect of efficient use of any system. It is the intent of the Department to utilize Fleet Focus to the fullest and most efficient extent possible; providing a benefit to both the Department and its customers and ultimately City of San Diego residents. The Department will hire a candidate to perform the critically needed system management functions in support of Fleet Focus as outlined in recommendation #5 below.

Target Implementation Date: June 30, 2020

RECOMMENDATION #5: *The Fleet Operations Department (Fleet Operations) should work with the Personnel Department to develop an additional position to fill its Fleet Focus EAM personnel needs. This position should be experienced with relational database modules and have the skills needed to program the Fleet Focus EAM system to perform critical reporting functions and produce analytical reports that will help Fleet Operations have the information it needs to become more efficient. This position should utilize Fleet Focus EAM's capabilities to perform analysis of fleet data for capital planning, utilization, and life cycles. This position should be dedicated to the technical and analytical duties of managing and programming the system, which would include writing specifications, analyzing business operations, developing and implementing business system solutions, and data management. (Priority 2)*

MANAGEMENT RESPONSE: Management agrees with the recommendation. This position is essential to fully utilizing Fleet Focus. The audit findings further support the importance of this position as most of the recommendations require the duties of this position to fully implement the recommendations. The Department will work with the Personnel Department to develop the position and ultimately hire a candidate to perform the critically needed system management functions in support of Fleet Focus.

Target Implementation Date: December 31, 2018

RECOMMENDATION #6: *The Fleet Operations Department should develop policies and procedures for Fleet Focus EAM data collection to ensure data accuracy, completeness, validity, and timely entry. The policies should include a data monitoring component. (Priority 3)*

MANAGEMENT RESPONSE: Management agrees with the recommendation. The Department will pursue all options to hire a candidate to perform the duties outlined in this recommendation. System evaluation and testing to determine functionality which aligns with existing City processes while providing maximum benefit is necessary prior to development of policies and procedures for Fleet Focus. As mentioned in recommendations 2, 4 & 5, the

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Department will hire a candidate to perform the critically needed system management functions in support of Fleet Focus.

Target Implementation Date: June 30, 2020

Sincerely,



Alia Khouri
Director

cc: Aimee Faucett, Chief of Staff, Office of the Mayor
Kris Michell, Chief Operating Officer
Stacey LoMedico, Assistant Chief Operating Officer
Rolando Charvel, Chief Financial Officer
Tracy McCraner, City Comptroller and Financial Management Department Director
Julio Canizal, Director, Risk Management
Katie Keach, Director, Communications Department
Darrin Schwabe, Interim Director, Human Resources Department
Kris McFadden, Director, Transportation and Storm& Water
Douglas Edwards, Personnel Director
Kyle Elser, Assistant City Auditor
Bradley Hawthorne, Deputy Director, Fleet Operations Department
Matthew Cleary, Program Manager, Fleet Operations Department
Jessica Lawrence, Director of Finance Policy and Council Affairs, Office of the Mayor
Lee Friedman, Infrastructure Policy Manager, Office of the Mayor
Chris Kime, Principal Performance Auditor, Office of the City Auditor



THE CITY OF SAN DIEGO

MEMORANDUM

DATE: September 24, 2018

TO: Eduardo Luna, City Auditor

FROM: Douglas Edwards, Personnel Director

SUBJECT: Management Response to the Performance Audit of the Fleet Operations' Vehicle Acquisition Process

The Personnel Department has reviewed the City Auditor's recommendation pertaining to the Personnel Department in the audit report of the Fleet Operations' Vehicle Acquisition Process. Below is the Personnel Department's response to the Audit recommendation.

Recommendation #5: The Fleet Operations Department (Fleet Operations) should work with the Personnel Department to develop an additional position to fill its FleetFocus EAM personnel needs.

Management Response: Agree with Recommendation.

The Personnel Department will continue to work with the Fleet Operations Department to address their position needs.

Target Completion Date: December 31, 2018

A handwritten signature in black ink, appearing to read "Douglas Edwards".

Douglas Edwards
Personnel Director

DE:th