



## Chesterfield County, Virginia Internal Audit

10021 Iron Bridge Road – P.O. Box 40 – Chesterfield, VA 23832  
Phone: (804) 748-1240 – Fax: (804) 768-9346 – Internet: chesterfield.gov

**GREG L. AKERS**  
Director

**DATE:** January 24, 2017

**TO:** Joseph P. Casey, Ph.D.  
County Administrator

James Lane, Ph. D.  
School Superintendent

**FROM:** Greg L. Akers  
Director of Internal Audit

**SUBJECT:** Vehicle Utilization Audit

The Office of Internal Audit completed an audit of Vehicle Utilization, and the final report is attached.

We would like to thank Clay Bowles and his staff for their cooperation and assistance during this audit.

Attachment

Copy: Scott Zaremba, Deputy County Administrator  
Clay Bowles, Director of General Services  
Jeffery Jeter, Automotive Fleet Manager  
Nita Mensia-Joseph, Chief Operations Officer  
Patsy Brown, Director of Accounting



Providing a FIRST CHOICE  
Community through  
Excellence in Public Service

Chesterfield County  
Internal Audit  
Department

---

Greg L. Akers, Director  
Matthew Dini, Audit Manager  
Stephanie Bookheimer, Staff Auditor  
Michelle Heckel, Senior Auditor  
Lora Holland, Senior Auditor  
Christopher Meade, Senior Auditor  
Nikiesha Roney, Staff Auditor  
Steve Sanderson, Senior Auditor  
Richard Slate, Staff Auditor  
Annette Stinson, Administrative Assistant

---

# Vehicle Utilization Audit

---

January 24, 2017

|                                      |   |
|--------------------------------------|---|
| HIGHLIGHTS/OVERVIEW                  | 1 |
| INTRODUCTION                         | 2 |
| FINDINGS/RECOMMENDATIONS             |   |
| <a href="#">Commendations</a>        | 4 |
| <a href="#">Low Mileage Vehicles</a> | 5 |
| <a href="#">Commuter Vehicles</a>    | 7 |

# Highlights

Internal Audit Report to the Board of Supervisors/School Board

## Why We Did This Review

Internal Audit conducted this review as part of our FY15 audit plan approved by the County Administrator and School Board Superintendent.

The audit focused on FY14 and the current operating environment. We reviewed the Fleet Vehicle Utilization Study and Commuter Vehicle Review for County and School vehicles. Our objectives were:

- Verify the accuracy of Fleet data necessary to conduct the Utilization Study.
- Ensure the Fleet Steering Committee is in compliance with its charter and policy 5-1.
- Evaluate reporting of low-mileage vehicles.
- Evaluate reporting of commuter vehicles.
- Report results to County Administrator and School Superintendent.

## What We Recommend

Evaluate process improvements to capture ongoing vehicle information required for monitoring policy compliance.



For more information, please contact Greg L. Akers, at 804-748-1240 or akersg@chesterfield.gov

# Vehicle Utilization



## What We Found

### Commendations

We commend Fleet Management for completing the annual commuter review and ensuring accurate data was provided to the Fleet Steering Committee for the Vehicle Utilization Study. The data quality was a significant improvement over previous efforts. The data was also expanded to identify vehicles as low mileage or mileage criteria exempt. A vehicle is considered mileage criteria exempt if the vehicle does not meet the minimum mileage criteria (7,500 annual miles) but is still required to effectively meet a departmental mission.

We also noted that the County has adopted strategies to convert certain permanently assigned commuter vehicles to a rotating on-call basis which has reduced the overall number of commuting vehicles.

We commend Schools for participating in the commuter review and utilization study.

### Low Mileage Vehicles

The FY14 Vehicle Utilization Study classified 33 out of 2,514 total vehicles in the County's fleet as low mileage and not in a mileage exempt category. We tested 10 County and 3 School vehicles noting mileage and vehicle information was accurately reported, and vehicle business need is reasonable based on assigned departments' function. However, County department leadership did not provide written justifications as recommended by policy for 9 vehicles. The School division did not have a policy or procedure requiring justification for 3 low mileage vehicles for the period tested.

The FY14 Fleet Vehicle Utilization Study included 119 vehicles that were added to the mileage exempt list in FY15. We tested 20 of these vehicles noting departments provided supporting documentation to justify the vehicle as mileage exempt.

### Commuter Vehicles

The Commuter Vehicle Review, issued December 30, 2014, noted 257 vehicles (100 County, 157 Schools) with commuting privileges. The report includes rotating, on-call, and permanently assigned vehicles with a brief justification for position need.

We reviewed reported justifications for 20 County and 20 School vehicles on the annual commuter vehicle review. We noted for the 20 County vehicles detailed department justifications were not available for 9 and 5 were incomplete. The School division did not have a policy or procedure requiring justification for the 20 School vehicles at the time.

Fleet assembles the annual commuter review and the biennial vehicle utilization study by exchanging spreadsheets with departments by email. The process is cumbersome and only provides a snapshot of information at a point in time. We recommend considering opportunities to improve the data acquisition process.

### Actions Taken

County Administrative Policy 5-1, Vehicle Operation, was amended on May 25, 2016 to clarify the justification process for non-exempt low-mileage vehicles.

The School Board implemented Policy 5432 on July 1, 2016, for vehicle use, including commuting authorization. Schools have evaluated commuting necessity, converted certain commuting vehicles to a rotating on call basis, and reduced permanently assigned commuting vehicles to 19.

Management concurred with 2 of 2 recommendations to be implemented by December 29, 2016.

We appreciate the cooperation received from management and staff while conducting this audit.

## **INTRODUCTION**

### **BACKGROUND**

Fleet Management is part of the General Services Department. It is an Internal Service Fund, which means it must generate adequate revenues to meet its expenses by charging its customers for services provided. Fleet Services provides automotive maintenance, repairs, and inspections; vehicle acquisition and disposal; automotive parts procurement; 24-hour fuel and emergency road services; motor pool rental; vehicle leasing; manufacturer warranty and recall repairs; preparation of vehicle specifications for procurement; Division of Motor Vehicles titling, registration, and license services for County vehicles; and billing and accounting for services provided. Fleet Management also develops a report on commuting vehicles each year.

The County's Fleet Steering Committee (FSC) is a planning oriented team that provides advice and guidance to Fleet Management regarding strategic direction, development and prioritization of initiatives, and countywide fleet management issues in support of the County's strategic plan. The FSC is responsible for commissioning a vehicle utilization study every two years. The FSC uses the study to identify and categorize vehicles as low mileage or mileage criteria exempt. A vehicle is considered mileage criteria exempt if the vehicle does not meet the minimum mileage criteria (7,500 annual miles) but is still required in order to effectively meet a departmental mission. The FSC also identifies alternatives to improve utilization such as sharing vehicles across departments or use of mileage reimbursements, pool vehicles or rental vehicles.

The FY14 Vehicle Utilization Study identified a fleet of 2,514 vehicles (1,575 County, 939 Schools). The vehicles had an average age of 7.61 years and an average odometer reading of 92,142 miles. The Commuting Vehicle report listed 257 commuting vehicles with 219 (62 County, 157 Schools) of these permanently assigned to a position or individual. The remainder are vehicles that are rotated or on-call.

### **OBJECTIVES**

Objectives of the audit were to:

- Verify the accuracy of the Fleet data necessary to conduct the utilization study.
- Ensure the FSC is in compliance with its charter and County Administrative Policy 5-1: General Services -Vehicle Operation.
- Evaluate reporting of low mileage vehicles.
- Evaluate reporting of commuter vehicles.
- Report results to the County Administrator and School Superintendent.

## SCOPE

Our audit work covered FY14 and the current operating environment.

We considered the following code, policies, and procedures during our audit:

|  |  |
|--|--|
| General Services 5-1: Fleet Management –<br>Issued 5/15/2012 | General Services 5-1: Fleet Management –<br>Issued 5/25/2016   |
| Fleet Steering Committee Charter                             | School Board Policy 5432: Employees<br>Assigned a CCPS Vehicle for Work-Day Use<br>and Vehicle Commuting Authorization |

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 our audit objectives. Richard Slate, Staff Auditor, performed the audit work. Chesterfield County Internal Audit is a department within the organization of Chesterfield County/Schools.

## METHODOLOGY

Detailed information regarding the methodology can be found in the individual findings listed in the report. Our methodology included review of vehicle fleet operations with compliance to County Administrative Procedures for the Fleet Vehicle Utilization Study and Commuter Vehicle Review.

## INTERNAL CONTROL CONCLUSION

According to Government Auditing Standards, internal controls, in the broadest sense, encompass the agency's plan, policies, procedures, methods, and processes adopted by management to meet its mission, goals, and objectives. Internal controls include the processes for planning, organizing, directing, and controlling program operations. It also includes systems for measuring, reporting, and monitoring program performance. An effective control structure is one that provides reasonable assurance regarding:

- Efficiency and effectiveness of operations;
- Accurate financial reporting; and
- Compliance with laws and regulations.

Based on the results and findings of the audit test work, auditors concluded that internal controls were in place and there were minimal findings to question their ability to assist management in meeting its mission, goals, and objectives. Recommendations specific to improving these controls can be found in detail further in the audit report.

## CLOSING

We would like to thank Fleet Management and staff for their cooperation and assistance during the course of this audit.

## FINDINGS, RECOMMENDATIONS, RESPONSES

### Commendations

(Point Sheet C-1.1)

#### **CRITERIA:**

Vehicle data must be complete and accurate in order to perform reliable and effective analyses of vehicle utilization.

#### **CONDITION(S):**

The FY14 Fleet Vehicle Utilization Study identified a vehicle fleet of 2,514 vehicles (1,575 County, 939 Schools). We tested reported information for 40 vehicles across 12 departments noting mileage and vehicle information was accurately reported.

#### **CAUSE(S):**

Fleet Management ensured accurate data was provided to the FSC during preparation of the Vehicle Utilization Study.

#### **EFFECT(S):**

Accurate vehicle usage data ensures the FSC can perform a valid Fleet Vehicle Utilization Study. The Study assists the County in achieving its goal of effectively and efficiently managing public assets.

#### **COMMENDATION(S):**

We commend Fleet Management for ensuring accurate data was provided for the Vehicle Utilization Study.

## FINDINGS, RECOMMENDATIONS, RESPONSES

### Low Mileage Vehicles

(Point Sheet C-1.2)

#### **CRITERIA:**

County Administrative Policy (CAP) 5-1: General Services – Vehicle Operation requires department leadership provide a written justification to the appropriate Deputy County Administrator, Constitutional Officer or Public Safety Chief during the budget submission process for any vehicles with less than 7,500 annual miles. Vehicles required to effectively meet a departmental need may be categorized as mileage exempt and do not require this annual justification. Based on data provided by departments, the Fleet Steering Committee (FSC) is responsible for identifying and categorizing which vehicles are eligible for the mileage exempt status.

#### **CONDITION(S):**

The FY14 Fleet Vehicle Utilization Study classified 33 vehicles, across 8 departments, as low mileage and not in a mileage exempt category. These 33 vehicles had an average age of 8 years and an average of 4,600 annual miles. We tested reported information and justifications for 10 County and 3 School vehicles noting:

- Mileage and vehicle information was accurately reported.
- Vehicle business need is reasonable based on assigned departments' function. However, department leadership did not provide written justifications during the following budget submission process for 12 vehicles.
- In lieu of a justification, 1 vehicle was surrendered.

The FY14 Fleet Vehicle Utilization Study identified 119 vehicles the FSC approved to be added to the mileage exempt list in FY15. We tested reported information for 20 of these vehicles noting:

- Each department provided supporting documentation for the exemption code categorization used to justify the vehicle as mileage exempt.
- Fleet assigned the incorrect exemption code for 2 mileage exempt vehicles.

#### **CAUSE(S):**

- Management did not require department leadership to provide written justifications for low mileage vehicles.
- The School Board did not have a related policy requiring low mileage vehicle justifications.
- Exemption codes were input incorrectly into the fleet utilization study.

#### **EFFECT(S):**

- Non-compliance with CAP 5-1 prevents County management from properly evaluating resources allocated to the County's vehicle fleet.
- Not having a policy limits School management from actively managing fleet operations.
- Incorrect mileage exempt vehicle coding does not provide accurate use description for reports.

## FINDINGS, RECOMMENDATIONS, RESPONSES

### **Low Mileage Vehicles** (Point Sheet C-1.2 Continued)

#### **ACTION(S) TAKEN:**

CAP 5-1 was amended on May 25, 2016 and requires the FSC provide a list of low mileage vehicles which do not meet the exemption criteria to the County Administrator for follow up with the appropriate Deputy County Administrator, Public Safety Chief, and Sheriff.

School Board implemented Policy 5432, Employees Assigned a CCPS Vehicle for Work-Day Use and Vehicle Commuting Authorization, on July 1, 2016. Policy 5432 sets forth standards by which vehicles owned by Chesterfield County Public Schools are assigned to employees for their use during the regular work day, driven outside of the County, and driven to an employee's residence on an overnight basis. Policy 5432 also incorporates CAP 5-1 for anything not explicitly covered in the School Board policy.

#### **COMMENDATION(S):**

We commend:

- Fleet Management for accurately reporting mileage and vehicle information.
- Department leadership for providing supporting documentation for the exemption code categorization used to justify the vehicle as mileage exempt.

#### **RECOMMENDATION(S):**

1. We recommend Fleet Management accurately document the mileage exemption code of mileage exempt vehicles in future vehicle utilization studies.

#### **MANAGEMENT'S RESPONSE(S):**

1. *Concur. Jeff Jeter, Fleet Manager is responsible for implementing 12/29/16. As part of completing the report, Fleet assigned the incorrect exemption code for 2 mileage exempt vehicles. This appears to have simply been human error during the data entry/information keying process.*

## FINDINGS, RECOMMENDATIONS, RESPONSES

### Commuter Vehicles

(Point Sheet C-1.3)

#### **CRITERIA:**

Many positions require an assigned vehicle for job specific purposes. Certain positions have permanent commuting vehicles based on on-call duties or employment agreements. Positions with periodic on-call duty may use a commuting vehicle on a rotating basis. In addition, certain trades may have an expectation of an assigned work vehicle. The County has an established process to report and evaluate commuting vehicle need based on position responsibilities. Starting FY15, Schools implemented similar reporting for their commuting vehicles.

County Administrative Policy (CAP) 5-1: General Services – Vehicle Operation states the following:

- A commuting vehicle is county-owned and has been approved for an employee in a specific position to perform job-related responsibilities and to commute to work and home. This includes all vehicles used for such purposes on a continuous or on a rotating basis.
- At least annually, department Directors review commuting vehicles to ensure there is a continued job function need. Departments submit an annual report of commuting vehicles by October 15 for approval by the applicable Deputy County Administrator, Public Safety Chief or Constitutional Officer. Who in turn will approve or amend them and forward the lists to the County Administrator for review and copy the Fleet Manager. Fleet Management then summarizes the Departments' results into an overall listing of commuter vehicles for the County Administrator's review.
- The appropriate Department Director, Fire Deputy Chief, Police Lieutenant Colonel, or Sheriff's Chief Deputy document justification for:
  - Positions' business need for an assigned commuting vehicle.
  - The expected number of times the employee will be called out after hours.
  - The actual number of times the position was called out after hours during the prior fiscal year.
  - The number of locations to which the vehicle may respond (other than the normal reporting location).
  - Any special tools or equipment carried in the vehicle. This should include items stored in the vehicle as well as radios or lights installed in the vehicle.
  - Whether the vehicle is a taxable benefit to the employee or tax exempt under IRS rules.

## FINDINGS, RECOMMENDATIONS, RESPONSES

### Commuter Vehicles

(Point Sheet C-1.3 Continued)

- All sworn Police Department employees who reside in Chesterfield County are issued commuting vehicles and are exempt from additional justification reporting. However, sworn employees residing outside the County and all civilian employees with commuting vehicles are subject to written justification requirements noted above.
- The justification should be provided to the Deputy County Administrator, Public Safety Chief, Police Chief, Fire Chief, and Sheriff. For any vehicle that commutes outside the county, the written justification shall be forwarded to the County Administrator for approval.
- Unless a county vehicle is a qualified non-personal use vehicle, the value of an employee's personal use is considered a taxable fringe benefit. Accounting's payroll section will notify employees in November each year of how this tax liability will be calculated.

#### **CONDITION(S):**

Fleet exchanges spreadsheets with departments by email to assemble the annual commuter review and the biennial vehicle utilization study. While all departments responded to Fleet's requests, the process is cumbersome and only provides a snapshot of information at a point in time.

The Commuter Vehicle Review, issued December 30, 2014, noted 257 vehicles (100 County, 157 Schools) with commuting privileges. The report includes rotating, on-call, and permanently assigned vehicles with a brief justification for position need. Schools participated in the annual commuter review for the first time in FY15.

The County's 100 vehicles include 62 permanently assigned and 38 used on a rotating on-call basis. All 157 School vehicles were reported as permanently assigned to positions with a job specific on-call justification. We noted the annual commuter review does not identify vehicles commuting outside of the County for required reporting to the County Administrator.

We attempted to compare department reported justifications for 20 County and 20 School vehicles on the annual commuter vehicle review to the detailed department justification for positions with a commuter vehicle (i.e. when the vehicle was first acquired). We noted:

- For the 20 County vehicles selected for testing:
  - 6 met the requirement.
  - Detailed department justifications were:
    - § Not available for 9 vehicles across 3 departments.
    - § Missing certain criteria for 5 vehicles across 3 departments.
- Detailed department justifications were not available for the 20 School vehicles.
- Accounting's Payroll section independently contacts various Department Directors to identify employees with County commuting vehicles to evaluate taxability. However, Fleet does not provide Accounting with a copy of the annual commuter review to ensure all reported commuter vehicles are being evaluated for taxability.

## FINDINGS, RECOMMENDATIONS, RESPONSES

### Commuter Vehicles

(Point Sheet C-1.3 Continued)

#### **CAUSE(S):**

- The existing fleet management system does not fully incorporate policy compliance requirements.
- The School Board did not have a related policy requiring detailed justifications for positions assigned a commuter vehicle.
- Departments did not always maintain detailed justifications for positions assigned a commuter vehicle.
- There is no procedure for Departments to identify vehicles that commute outside of the County when annually reporting commuter vehicles.
- Fleet does not provide Accounting with a list of reported commuter vehicles to evaluate for taxability.

#### **EFFECT(S):**

- Current reporting processes require periodic email and spreadsheet exchanges between Fleet and departments which is cumbersome and time consuming.
- Not having a policy limits School management from actively managing commuting privileges.
- Without detailed justifications for positions assigned a commuter vehicle, it is difficult to actively manage commuting privileges.
- The commuter review does not identify vehicles commuting outside the County that require County Administrator approval.
- Accounting may not be aware of all employees with a commuter vehicle to evaluate taxability.

#### **ACTION(S) TAKEN:**

School Board implemented Policy 5432, Employees Assigned a CCPS Vehicle for Work-Day Use and Vehicle Commuting Authorization, on July 1, 2016. Policy 5432 sets forth standards by which vehicles owned by Chesterfield County Public Schools are assigned to employees for their use during the regular work day, driven outside of the County, and driven to an employee's residence on an overnight basis. Policy 5432 also incorporates CAP 5-1 for anything not explicitly covered in the School Board policy. In the future, this will help provide more complete information for management's review. Schools have already evaluated commuting necessity, converted certain commuting vehicles to a rotating on call basis, and reduced permanently assigned commuting vehicles to 19.

CAP 5-1, updated effective May 25, 2016, requires departments to provide additional justification criteria for the annual commuter review. This will help provide more complete information for management's review

Fleet Management notified County and School departments of the updates to CAP 5-1.

## FINDINGS, RECOMMENDATIONS, RESPONSES

### Commuter Vehicles

(Point Sheet C-1.3 Continued)

#### ACTION(S) TAKEN CONTINUED:

Fleet Management added an additional requirement to the annual commuter vehicle review to identify vehicles that commute outside the County, which require the County Administrator's approval.

Fleet Management provided Accounting with a copy of the annual commuter review, issued December 30, 2016, to assist with Accounting's evaluation of taxability.

#### COMMENDATION(S):

We commend:

- Fleet for completing the annual commuter vehicle review and for ensuring all departments responded to its request for vehicle information.
- Fleet for requesting relevant information for decision makers regarding vehicle commuting status.
- Schools for participating in the annual commuter review and utilization study.
- County departments for adopting strategies to convert certain permanently assigned commuter vehicles to a rotating on-call basis to reduce the overall number of commuting vehicles.

#### RECOMMENDATION(S):

We recommend:

2. Fleet and the FSC evaluate process improvements to maintain ongoing vehicle information across departments including any required utilization and commuter data.

#### MANAGEMENT'S RESPONSE(S):

2. *Concur. Jeff Jeter, Fleet Manager is responsible for implementing 12/19/16. General Services/Fleet Management has worked to refine and improve the process for completing the required commuter and utilization reports over the past two reporting cycles. Improvement has been seen as responding departments become more accustomed to tracking and providing the required information. We will continue to explore process improvements to streamline the completion of these new reports.*