



OFFICE OF INTERNAL AUDIT

REPORT TO THE BOARD OF SUPERVISORS

Fleet Management

Follow-up to Audit Report 09-01

May 2010

Lori Stripling, Internal Audit Officer
Jason Konrad, Internal Audit Analyst

The Office of Internal Audit has completed a follow-up review of our Audit of Fleet Management, which was finalized in February 2009.

As a result of our follow-up review, we found Fleet management has made progress in implementing recommendations included in our February 2009 audit report.

Notable achievement has occurred in the following areas, pursuant to audit recommendations:

- Establishment of a formal Vehicle Administration Policy addressing Take-Home Vehicles
- Development of procedures and standard forms for documenting after hour vehicle use and on-call emergency assignments
- Establishment of a motor pool
- Reduction in the reported number of assigned take-home vehicles
- Reduction in the number of fuel cards issued to employees and improved monitoring of fuel card use
- Increase in the use of GPS monitoring

Based on our review, further improvements are needed, as indicated below:

- Management should ensure proper monitoring and enforcement of the Vehicle Administration and Vehicle and Equipment Operation policies
- Management should formalize current draft vehicle policies (e.g. vehicle utilization and replacement; vehicle and equipment specifications; acquisition and modifications; motor pool) and consider combining into one comprehensive vehicle use policy
- Management should ensure allocation of adequate resources to properly administer the motor vehicle pool, monitor fuel purchases, and review/analyze vehicle usage and preventative maintenance reports
- Elected officials, management and department heads, with employees assigned take-home vehicles, should ensure Human Resources is promptly provided with any necessary information for complying with IRS rules and regulations

The following matrix provides details of management's reported progress and Internal Audit's assessment, based on follow-up audit procedures performed. We would like to thank the Fleet Management Department for their assistance during our follow-up review.

Lori Stripling
Pinal County Internal Audit Officer

**Audit of Fleet Management
Management's Response and Action Plan
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<p>1. The County Manager should establish a comprehensive vehicle policy or set of policies providing guidelines, requirements and criteria for vehicle purchase, allocation, utilization and retirement.</p>	<p>Yes</p>	<p>Fleet Services is developing a comprehensive vehicle policy that will include requirements, criteria for vehicle purchase, allocation, utilization and retirement.</p>	<p>5/27/09</p>	<p>Fleet Services Director</p>	<p>Policy in draft format. New target date of 05/31/2010</p>	<p>Partially Complete</p> <p>Fleet has recently submitted various <u>proposed policies to HR, for review and distribution to County Officials for comment.</u> The draft policies address vehicle utilization and replacement; vehicle and equipment specifications; acquisition and modifications; and a motor pool vehicle policy.</p> <p>A separate Vehicle Administration Policy was approved by the Board of Supervisors (BOS) on 3/4/09 addressing Take Home Vehicles.</p>

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<p>2. The Fleet Services Director should establish, administer, and maintain vehicle pool(s), which will allow employees to “check out” a vehicle, as needed, for conducting authorized County-related business.</p>	Yes	Fleet Services has 15 vehicles dedicated to a motor pool at the present time and is developing the proper usage policies and procedures.	2/27/09	Fleet Services Director	A 15-vehicle motor pool is established. Policy in draft format. New target date of 05/31/2010.	<p>Partially Complete</p> <p>Fleet has established a motor pool consisting of 15 vehicles. They have <u>submitted a proposed policy</u>, for administration of the pool, to HR for review and distribution to County Officials for comment.</p>
<p>3. The County Manager should ensure provision of adequate resources to administer the vehicle pool(s), including adequate parking space in key locations, as well as personnel needed to manage and document vehicle use and provide vehicle delivery and pickup.</p>	Yes	Fleet Services will administer the Motor pool usage and will also ensure through the County Management that adequate resources are provided. Proper documentation will be developed to ensure accurate record keeping. The RTA computer system has these capabilities in the motor pool module when fully implemented.	5/27/09	Fleet Services Director	Met w/ Janette regarding budgeting & labor costs. Have request drafted for Service Writer in FY 10/11 budget. This position would manage the motor pool.	<p>Partially Complete</p> <p>Fleet has proposed a new position (Service Writer) to manage the motor pool; however, funding may not be available in FY 10-11.</p>

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<p>4. The Fleet Services Director should ensure low mileage or underutilized vehicles and heavy equipment (as defined by new established policy guidelines) are reallocated, assigned to a vehicle pool or auctioned, to conserve resources and ensure maximum utilization of County vehicles in operation.</p>	Yes	<p>Fleet Services has reviewed the vehicle usage of 25 Departments and is finalizing the process. The process will be ongoing to ensure that when the new guidelines are established they will be followed by the departments using vehicles and equipment. Usage reports will be conducted in order to monitor and ensure maximum utilization of County Vehicles. Underutilized vehicles and equipment will be considered for auction or used in a motor pool.</p>	9/1/2010	Fleet Services Director	<p>Policy in draft format. Swaps anticipate to be completed by 06/30/2010.</p>	<p>Partially Complete</p> <p>A number of County vehicles have been reallocated to conserve resources and ensure maximum utilization.</p> <p>Managing For Results (MFR) Administrative Program includes a measurement for the number of vehicles operated 10,000+ miles annually (excludes certain administrative and special purpose vehicles).</p> <p>Fleet has submitted a proposed vehicle use policy to HR, for review and distribution to County Officials for comment.</p>

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<p>5. The County Manager should establish specific, restrictive criteria for justifying, approving and documenting need and assignment of take-home vehicles in a new comprehensive vehicle policy or set of policies.</p>	Yes	County Manager is in the process of finalizing this policy for Board of Supervisors approval.	2/27/09	Fleet Services Director	Completed and Adopted by the Board of Supervisors on 3/4/09.	<p>Complete</p> <p>Vehicle Administration Policy 3.97</p> <p>Monitoring and enforcement is recommended.</p>
<p>6. The County Manager should establish a requirement for all County offices and departments, as applicable, to create and implement emergency on-call schedules.</p>	Yes	This is part of the Take Home Vehicle Policy.	2/27/09	ACM, Department Directors & Elected Officials.	Completed and Adopted by the Board of Supervisors on 3/4/09.	<p>Complete</p> <p>Vehicle Administration Policy 3.97</p> <p>Monitoring and enforcement is recommended.</p>
<p>7. The County Manager should ensure departments limit assignment of emergency take-home vehicles to only those employees currently on-call and required to respond to emergencies outside regular work hours.</p>	Yes	This is part of the Take Home Vehicle Policy.	2/27/09	ACM, Department Directors & Elected Officials.	Completed and Adopted by the Board of Supervisors on 3/4/09.	<p>Complete</p> <p>Vehicle Administration Policy 3.97</p> <p>Monitoring and enforcement is recommended.</p>

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<p>8. The County Manager should require departments to limit on-call emergency assignments, when possible, to employees living within close proximity to County facilities.</p>	<p>No</p>	<p>Pinal County encourages all employees to live in Pinal County. However, today's competitive market to hire and retain qualified employees requires flexibility in the workplace. This flexibility is further covered in policy relating to telecommunicating, working at home, etc.</p>	<p>2/27/09</p>	<p>ACM, Department Directors & Elected Officials.</p>	<p>N/A</p>	<p>N/A</p> <p>Management did not concur with this recommendation. No follow up procedures performed.</p>
<p>9. The County Manager should establish a County-wide requirement that each employee assigned a take-home vehicle maintain a log of all after hours use and mileage.</p>	<p>Yes</p>	<p>This is part of the Take Home Vehicle Policy.</p>	<p>2/27/09</p>	<p>ACM, Department Directors & Elected Officials.</p>	<p>Completed and Adopted by the Board of Supervisors on 3/4/09.</p> <p>Question from Audit was who is responsible for enforcing policy and reviewing logs.</p>	<p>Complete</p> <p>Vehicle Administration policy 3.97</p> <p>Monitoring and enforcement is recommended.</p>

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<p>10. The County Manager should require that all offices and departments review employees' after hours logs at least semi-annually and perform a re-evaluation of take-home vehicle needs.</p>	Yes	Included in Take Home Vehicle Policy.	2/27/09	ACM, Department Directors & Elected Officials.	<p>Completed and Adopted by the Board of Supervisors on 3/4/09.</p> <p>Question from Audit was who is responsible for enforcing policy and reviewing logs.</p>	<p>Complete</p> <p>Vehicle Administration policy 3.97</p> <p>Monitoring and enforcement is recommended.</p>
<p>11. The County Manager should require departments and offices to ensure all employees utilizing take-home vehicles are properly authorized and accounted for, to ensure the value of each employee's personal use of a county vehicle is appropriately included in his/her taxable income, according to IRS rules and regulations.</p>	Yes	Included in Take Home Vehicle Policy.	2/27/09	ACM, Department Directors & Elected Officials.	<p>Completed and Adopted by the Board of Supervisors on 3/4/09.</p> <p>Question from Audit was who is responsible for enforcing policy and reviewing logs.</p>	<p>Complete</p> <p>Vehicle Administration policy 3.97</p> <p>Monitoring and enforcement is recommended.</p>

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<p>12. The County Manager should ensure that employees currently using County vehicles for undocumented and unauthorized daily commuting between the Florence and Casa Grande County complexes cease this practice immediately.</p>	Yes	Included in Take Home Vehicle Policy.	2/27/09	ACM, Department Directors & Elected Officials.	<p>Completed and Adopted by the Board of Supervisors on 3/4/09.</p> <p>Question from Audit was who is responsible for enforcing policy and reviewing logs.</p>	<p>Complete</p> <p>Audit conducted physical observations at the Casa Grande County complex before and after normal working hours, and noted no instances of unauthorized commuting to/from this facility.</p>
<p>13. The Finance Department should perform a prompt review of current methodology used to determine the value of each employee's personal use of a County vehicle. Revise methodology, as needed, to fully comply with IRS rules and regulations.</p>	Yes	This is part of the Take Home Vehicle Policy.	3/31/09	Victoria Prins (Subsequently assigned to Human Resources)	<p>Completed and Adopted by the Board of Supervisors on 3/4/09.</p> <p>Question from Audit was who is responsible for enforcing policy and reviewing logs.</p>	<p>Complete</p> <p>Vehicle Administration policy 3.97</p> <p>Monitoring and enforcement is recommended.</p>

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<p>14. The County Manager should require that at least annually all County offices and departments provide Finance with a current inventory and justification of all take-home vehicle assignments.</p>	Yes	This is part of the Take Home Vehicle Policy.	2/27/09	ACM, Department Directors & Elected Officials.	<p>Completed and Adopted by the Board of Supervisors on 3/4/09.</p> <p>Question from Audit was who is responsible for enforcing policy and reviewing logs.</p>	<p>Complete</p> <p>Vehicle Administration policy 3.97</p> <p>Monitoring and enforcement is recommended.</p>
<p>15. Upon adoption and implementation of the County's new comprehensive vehicle policy or policies, discontinue all current assignment of take-home vehicles that do not clearly and consistently meet established criteria. Reallocate the vehicles for other uses, including the County's vehicle pool(s)</p>	Yes	This is part of the Take Home Vehicle Policy.	2/27/09	ACM, Department Directors & Elected Officials.	<p>Completed and Adopted by the Board of Supervisors on 3/4/09.</p> <p>Question from Audit was who is responsible for enforcing policy and reviewing logs.</p>	<p>Complete</p> <p>Vehicle Administration Policy 3.97</p> <p>According to documents provided, the number of take-home vehicles has been significantly reduced since issuance of our audit report in February 2009.</p>

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<p>16. The County Manager and/or PCSO should consider conducting a review and analysis to determine the feasibility and potential cost benefit of retaining some PCSO vehicles in service for more than one shift and officer during a 24-hour period, as opposed to assigning one vehicle to one officer for only one shift daily.</p>	Yes	<p>County Management Staff will discuss this recommendation with the Sheriff's Office.</p> <p>In process, not completed</p>	10/2009	ACM, Department Directors & Elected Officials.	<p>County Manager has reviewed recommendation and will review with PCSO to see if this is workable for the PCSO Dept.</p> <p>Check w/ Manny in regards to status of meeting w/ Sheriff Babeu about</p>	Not Started
<p>17. The County Manager should include in the new County-wide vehicle policy or policies specific guidelines and criteria for new vehicle purchases, such as allowable makes, models and trim lines. Variances from the specified guidelines should be approved by the County Manager and Board of Supervisors.</p>	Yes	<p>Fleet Services Director has authority to approve any variances when ordering new vehicles and equipment. This process is currently in place but no written policies have been developed.</p> <p>In process</p>	09/2009	Fleet Services Director	<p>Policy in draft format. New target date of 05/31/2010.</p>	<p>Partially Complete</p> <p><u>Fleet has submitted a proposed policy</u> to HR for review and distribution to County Officials for comment.</p> <p>Monitoring and enforcement is recommended, upon approval of formal policy.</p>

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<p>18. Until implementation of a new comprehensive vehicle policy and completion of a thorough review of current utilization, the County Manager should consider establishing a freeze on new vehicle purchases.</p>	Yes	Vehicle purchases will be within criteria set by Fleet Services.	4/28/09	Fleet Services Director	<p>The utilization study of county vehicles phase one has been completed with a reduction of new vehicle purchases.</p> <p>Policy in draft format. New target date of 05/31/2010.</p>	<p>Partially Complete</p> <p><u>Fleet has submitted a proposed policy</u> to HR for review and distribution to County Officials for comment.</p>

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<p>19. The Fleet Services Director should ensure preventive maintenance schedules/reports from RTA for the PCSO and PW vehicles are reviewed and evaluated regularly, to identify past due tasks and ensure these County vehicles are consistently maintained in good working condition.</p>	Yes	<p>This will be part of the Preventive Maintenance Program being developed by Fleet Services. The RTA system will generate the reports necessary to maintain the fleet to its most efficient level.</p>	5/28/09	Fleet Services Director	<p>The RTA computer system generates this report on the vehicles with past due dates. The monitoring of the system has not been developed. This task shall be one of the primary job duties of the Service Writer that will be requested in next year's budget.</p> <p>New target date of 06/30/2010. Position being requested in budget.</p>	<p>Partially Complete</p> <p>Until the Service Writer position is approved, or if it is disapproved, Fleet should allocate adequate current resources for identifying past due maintenance tasks and ensuring County vehicles are maintained in good condition.</p> <p>Fleet requested a new position (Service Writer); however, funding may not be available in FY 10-11.</p>

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<p>20. The Fleet Services Director should establish procedures to ensure only relevant, useful task codes are established in RTA, and the established codes are used consistently to record all work completed.</p>	Yes	<p>Fleet Services is developing cost codes pertaining to the work performed on the proper vehicles and equipment. These codes are mission critical when reports are produced for cost effective measurements.</p>	6/2009	Fleet Services Director	<p>The Vehicle Maintenance Reporting Standard (VMRS), referred to as job codes, contains descriptions and estimated hours for repairs and services performed in the shop. This is part of the RTA system.</p> <p>COMPLETE!</p>	<p>Complete</p> <p>PM Inspection Report By Vehicle indicated consistent use of task codes.</p>
<p>21. The Fleet Services Director should ensure only labor costs directly related to vehicles used in highway construction and improvements are paid from HURF funding.</p>	Yes	<p>Fleet Services will monitor all expenses& labor charges to ensure that they have been allocated to the proper user depts. This will be on going for cost effective measures.</p>	3/2009	Fleet Services Director	<p>Ongoing process</p> <p>Continuing to monitor.</p>	<p>Complete</p> <p>Audit reviewed a sample of employee time sheets and concluded that Fleet personnel are ensuring proper allocation of labor costs to HURF.</p>

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<p>22. The Fleet Services Director should ensure all fleet services expenses, including labor, are properly allocated to the appropriate user departments.</p>	Yes	<p>Fleet Services computer system will generate reports to ensure that all county vehicles maintained by Fleet will be tracked properly and that all expenses are allocated to the correct depts. Fleet Services Director will monitor reports.</p>	3/2009	Fleet Services, Budget & Research	Current practice.	<p>Complete</p> <p>Audit reviewed a sample of invoices and concluded that Fleet expenses are appropriately allocated to user departments.</p>
<p>23. The County Manager should require a careful review and identification of total annual costs for vehicle repair and maintenance county-wide.</p>	Yes	<p>Fleet Services will review annual costs on repair and maintenance of vehicles and equipment that it is currently servicing. The costs reports generated by RTA will be reviewed on a quarterly basis to generate the annual report of costs. This will be implemented before the expansion of servicing other Depts.</p>	9/01/2010	Fleet Services, Budget & Research.	<p>Fleet Services will work with Budget & Research Dept. to review and make recommendations.</p> <p>Monthly meetings set up w/ PCSO & PW to review expenses and offer suggestions.</p>	<p>No Assessment at this time.</p> <p>The Original Target Date is beyond the date of this report.</p>

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<p>24. Upon careful review and identification of the County's annual cost to repair and maintain all County vehicles and equipment, the County Manager should conduct a comprehensive study and cost benefit analysis of alternative operating models for vehicle management, including:</p> <p>a. Expansion of current Fleet Services to include all County vehicles and equipment – Establishment of an Internal Service Fund</p> <p>b. Managed Competition or outsourcing fleet management</p> <p>c. Continuation of current operating model</p>	No	<p>Fleet Services and Budget & Research Departments will conduct a manpower study to compare the ratio of equipment and vehicles to its existing manpower. The study will determine the cost of expanding services to more depts. Budget & Research will also use as part of their analysis two previous reports on Fleet Services.</p>	9/01/2010	<p>Fleet Services, Budget & Research.</p>	<p>In contact w/ Janette in regards to consultant.</p>	<p>No Assessment at this time.</p> <p>Although Management did not initially concur with the recommendation, a target date of 9-1-2010 was established for implementation.</p> <p>The Original Target Date is beyond the date of this report.</p>

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<p>25. If the current operating model is continued, in which each department (other than PW and PCSO) is responsible for the repair and maintenance of its assigned vehicles, the County Manager should establish in policy the specific guidelines and requirements for adequate and timely vehicle maintenance, repairs and inspections, as well as requirements for complete and accurate documentation.</p>	Yes	<p>In order for this to be effective Fleet Services would have to evaluate every vehicle county wide to determine the condition and what servicing is required. On the completion of the evaluation guide lines would have to be established that would meet the manufactures specifications. The final step would be record keeping of the services performed as well as who performed the service.</p>	3/30/09	Fleet Services Director	<p>This issue has not been addressed at this time. This will be part of the analysis conducted by Budget & Research.</p> <p>Policy in draft.</p>	<p>No Assessment at this Time.</p> <p>This is related to recommendation #24 with an original target date of 9/01/2010.</p>

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<p>26. If the current operating model is continued, the County Manager should consider assigning responsibility to Fleet Services for centralized management, oversight and documentation of repairs and maintenance performed on all County vehicles.</p>	<p>Yes</p>	<p>Fleet Services should be responsible for the oversight and documentation of repairs and maintenance performed on all County vehicles be taken into consideration for such a plan to be successful. There are no vehicle logs at this time, Fleet's computer system can log and track, all of which is required for the County if we transition to this module. With the new RTA System, Fleet will be able to track expenses on all vehicles they maintain. These costs should be considered before moving forward with Fleet maintaining all County vehicles.</p>	<p>5/30/09</p>	<p>Fleet Services Director</p>	<p>This will be completed as part of Item 24.</p>	<p>No Assessment at this Time. This is related to recommendation #24 with an original target date of 9/01/2010.</p>

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<p>27. The Risk Manager should review and ensure County policy, regarding requirement for drug and alcohol testing following vehicle accidents, is in compliance with all federal, state and local laws.</p>	Yes	County Policy 6.80	7/1/09	Jack Flindt	Complete	<p>Complete</p> <p>Policy 6.80 Vehicle and Equipment Operation</p>
<p>28. If current policy, regarding drug and alcohol testing related to vehicle accidents, is not in compliance with all federal, state and local laws, the Risk Manager should revise policy as necessary to achieve compliance.</p>	Yes	In compliance.	7/1/09	Jack Flindt	Complete	<p>Complete</p> <p>Policy 6.80 Vehicle and Equipment Operation</p>

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<p>29. If current policy, regarding drug and alcohol testing related to vehicle accidents, is determined to be in compliance with all federal, state and local laws, the Risk Manager should document and report to his supervisor all instances in which proper drug and alcohol testing, as prescribed by County policy, is not ordered or completed.</p>	Yes	In place.	7/1/09	Jack Flindt	Complete	<p>Complete</p> <p>Policy 6.80 Vehicle and Equipment Operation</p>
<p>30. The County Manager should ensure policy 6.80 is enforced and establish specific consequences for management non-compliance, such as including in performance evaluation.</p>	Yes	In place.	7/1/09	Jack Flindt	Complete	<p>Policy in place</p> <p>Monitoring and enforcement should be ongoing.</p>

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<p>31. The County Manager should consider including in County policy Fleet's current requirement of receipt of an accident report, prior to making vehicle collision repairs.</p>	Yes	<p>The current practice that Fleet has initiated is that every damage or accident on a vehicle or equipment will have an accident report filed with risk Management and Fleet Services before any repairs are performed or parts are ordered. This should apply to all Departments, even the ones that Fleet currently is responsible for. The Departments that Fleet is not responsible for should follow the same practice. Fleet is only at this time responsible for coordinating the repairs on PCSO and Public Works vehicles and equipment.</p>	July 1, 2009	Fleet Services Director	<p>Fleet Services has taken an active role in enforcing this task before any repair activity takes place.</p> <p>Policy in draft format. New target date of 05/31/2010.</p>	<p>Partially Complete</p> <p><u>Fleet has submitted a proposed policy</u> to HR for review and distribution to County Officials for comment.</p>
<p>32. The County Manager should ensure County policy specifically prohibits driving a County vehicle for any reason after consuming any amount of alcohol or drugs that may impair one's ability to drive.</p>	Yes	Part of County Policy 6.80.	July 1, 2009	Jack Flindt	Complete	Complete

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<p>33. The Fleet Services Director should ensure that an annual evaluation of fuel card usage is completed, and that cards remaining inactive for six months or more are promptly canceled and retrieved from the employees.</p>	No	<p>Fleet Services currently monitors fuel cards issued to County employees for all departments. This practice has been successful because of the watchful eye of Fleet Services. Fleet will initiate a plan of cards not used within 180 days and cards will be cancelled. This process will involve the Department Head and will have a definite reduction in cards.</p>	02/27/09	Assistant County Manager	<p>All fuel cards not assigned to a vehicle on 1/9/09 to be eliminated at the end of February, 2009. Three hundred fifty one (351) cards have been canceled since January, 2009.</p> <p>Current practice.</p>	<p>Complete</p> <p>Management should also consider establishing a written fuel card policy.</p>
<p>34. The County Manager and/or Fleet Services Director should ensure adequate resources are allocated to the active monitoring of the Voyager system, to ensure timely identification of theft or fraud, and to ensure appropriate and allowable use of County fuel cards.</p>	Yes	<p>In order to ensure the monitoring, timely identification of theft, and the appropriate and allowable use of County fuel cards, a full-time position is required for this and monitoring the GPS System.</p>	July 1, 2009	Fleet Services Directors	<p>The Fuel Clerk position is to ensure appropriate fuel card usage.</p> <p>Requesting Acct Clerk I position in FY 10/11 budget to reclassify Jerika Brannon from Co-op Student. New target date of 06/30/2010.</p>	<p>Partially Complete</p> <p>Position reclassification requested; however, funding may not be available in FY 10-11.</p>

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<p>35. The County Manager and/or the Fleet Services Director should consider further expansion of the use of GPS tracking devices, as future equipment costs and County resources allow, for purposes of deterring vehicle misuse and identifying employee theft and fraud in a timely manner.</p>	Yes	Fleet Services will work with Risk Management and AZ Counties Insurance Pool to expand the use of the GPS devices.	July 1, 2009	Jack Flindt	Completed. Risk Manager has secured more GPS devises for County vehicles.	Complete