



HARFORD COUNTY, MARYLAND

Office of the County Auditor

AUDIT OF FLEET MAINTENANCE MANAGEMENT

Report Number:
2023-A-07

Report Date:
04/14/2023

Council Members and County Executive Cassilly:

In accordance with Section 213 of the Harford County Charter, we have performed an audit of Fleet Maintenance Management for the period of 1/1/2021 through 9/30/2022. This audit was conducted as part of the County Auditor's risk-based Annual Audit Plan approved by the County Council for FY2023.

The objective of this audit was to determine if the Fleet Maintenance Contract was properly monitored, costs were billed in accordance with the contract, preventative maintenance was performed timely and to confirm controls over vehicle acquisition and disposal. The scope was limited to vehicles titled to and insured by Harford County and did not include vehicles owned by any of the County's component units. The results of the audit, our findings, and recommendations for improvement are detailed in this report.

We would like to thank the members of management for their cooperation during the audit; they have been provided an opportunity to respond to this report; the response provided follow the Issues and Corrective Actions.

Sincerely,

Chrystal Brooks, CPA

Chrystal Brooks
County Auditor

CONCLUSIONS

Our conclusion, based on the evidence obtained, is that the Fleet Maintenance Contract is properly monitored, and costs billed accordingly but training within user departments can be improved to ensure preventative maintenance is performed timely and vehicle usage is subject to management oversight. This assessment is based on the strengths and weaknesses identified for the operational objectives below.

Business Process Objective	Assessment ⁱ
Contractual maintenance and repair costs are properly coded and tracked.	Effective
Preventative maintenance is performed on schedule.	Generally Effective
Vehicle usage is appropriately monitored.	Not Effective

ISSUES AND CORRECTIVE ACTIONS

2023-A-07.01 Vehicle Usage Not Routinely Monitored

Fleet Management assigns vehicles to departments as needed and provides monthly reports on preventative maintenance schedules and fuel usage to the department liaisons for review. The user departments are responsible for the assignment and monitoring of the vehicles assigned to them. Per the Harford County Government Fleet Procedure Manual, "Department/Agency liaisons are required to monitor the assignment and use of County owned vehicles within their agency on a regular basis." In addition, employees are required to document use of vehicles on a "per-trip" basis using checklists created by Risk Management. These checklists are to be submitted to the department liaisons weekly. Routine monitoring of vehicle usage within departments can help prevent unauthorized use of vehicles and lower the cost of fuel consumption.

During our testing, we found that some departments were not routinely monitoring their vehicle usage or could not provide documentation of those reviews. In some cases, fleet liaisons have been newly assigned but have not received training yet. Without evidence of reviews occurring, it is impossible to know if vehicles are being used only for the execution of official County business.

Departments should ensure required vehicle checklists are being completed and reviewed regularly to confirm usage complies with County guidelines. In addition, Fleet liaisons might benefit from refresher training on their job duties.

2023-A-07.02 Preventative Maintenance Performed Late

Routine vehicle maintenance is necessary to ensure fleet vehicles remain in safe operating conditions and are consistently available for use by the County to meet the needs of the public. The preventive maintenance schedule for each type and class of vehicle within the Fleet inventory is tracked in the CCG application. Fleet Liaisons are notified by First Vehicle Services (FVS) when their vehicles are due for maintenance so they can schedule appointments. Scheduled maintenance appointments are normally completed the same day, limiting the down time of the vehicle. The FVS mechanic performs the required maintenance and fills out the preventative maintenance sweeper form to document the inspection. A Preventative Maintenance Report is run monthly to identify any vehicles that missed standard preventative maintenance so Fleet Management can ensure those vehicles are rescheduled for service as needed.

We selected a sample of vehicles from the Master Equipment Inventory List and reviewed their preventative maintenance schedules. We then tested those vehicles' work orders to confirm the work performed agreed with their respective maintenance schedules. We reviewed preventative maintenance records for 29 vehicles and noted that while required services were ultimately completed in all cases, for 6 vehicles, at least one maintenance service was completed late, occurring more than 60 days after the due date.

When maintenance appointments are late or overdue, the Fleet Division contacts fleet users with reminders to reschedule/reschedule their appointments. Three of these vehicles are used by Harford Community College and those delays were during pandemic related closures.

We recommend management retrain Fleet Liaisons regarding preventative maintenance scheduling requirements.

MANAGEMENT RESPONSE

Management agrees with the assessment of this audit and has met with our provider of maintenance to establish processes going forward. Virtual meetings/training to provide ample opportunity for all Fleet Liaisons to be trained or refreshed on the importance of adherence to the preventive maintenance program. Review with fleet liaisons the guidelines relative to vehicle and equipment usage policies and procedures that are stated in the Fleet Management Manual. The purpose of this will be to ensure that County employees are utilizing County assets for purposes related to county business only. Provide training to improve understanding the following reports currently being distributed – fuel reports, PM reports and billing reports. Review and reinforce Fleet Liaison responsibilities.

Fleet Management will also, on as needed basis, provide pertinent updates for cabinet meetings through the procurement director to the respective department directors, as well as reaching out by phone and email to non-Harford County agencies such as HCPL and HCC to communicate important information.

Virtual trainings will be held in May and June 2023.

BACKGROUND, OBJECTIVES, SCOPE AND METHODOLOGY

The Fleet Management Division is responsible for providing oversight and administration of the County's contract with First Vehicle Services, as well as maintenance of the County's inventory of more than 1,100 automobiles, trucks and heavy equipment. The Division also oversees the County's fuel management system and fueling locations.

Harford County completed construction of a new Fleet Maintenance Facility in 2022. The new facility is responsible for everything from routine upkeep to major repairs for all County owned vehicles, including those used at the Landfill, ambulances owned by the County, and all of the vehicles assigned to the Sheriff's Office and Detention Center. In addition, the facility is shared by the Harford County Public School system. The mechanics on-site are provided through the County's contract with First Vehicle Services (FVS). FVS is responsible for performing all scheduled preventative maintenance (Target Costs) and repairs (Non-Target Costs) for which it bills the County monthly.

The audit approach focused on testing the key controls that address management's objectives. Our audit procedures included interviewing personnel, observation and testing as described in the table below.

Process / Control Objective	Scope of Review
First Vehicle Services Contract Billing	
Non-Target invoices are supported by corresponding work orders	<ul style="list-style-type: none">For a sample of FVS Non-Target cost invoices, confirm they are supported by work orders
Work orders are appropriately coded and tracked for billing purposes	For a sample of work orders, confirm: <ul style="list-style-type: none">Work order was appropriately classified as Target or Non-TargetBilled amount agrees to work orderNon-Target work orders received approval from management prior to completion of work
Non-Target cost work orders are pre-authorized	

Process / Control Objective	Scope of Review
Preventative Maintenance	
Vehicles receive preventative maintenance in accordance with pre-established schedules	<ul style="list-style-type: none">For a sample of vehicles, confirm the completed work orders agree with their respective preventative maintenance schedules
Monitoring of Vehicle Usage	
Vehicle usage is monitored by departments to ensure conduct meets County policies	<ul style="list-style-type: none">For a sample of departments, review vehicle sign-out logs for evidence of management review (<i>Note: Documentation was not available to complete this procedure as noted in finding 2023-A-07.01 above. The testing was augmented with the procedures below.</i>)Review fuel transactions for unusual activity and use trendsFor a sample of vehicles, confirm they are located on County property

Areas for improvement are described in the Issues and Corrective Actions section of this report.

Harford County management is responsible for establishing and maintaining effective internal controls. Internal control is a process designed to provide reasonable assurance that objectives pertaining to the reliability of financial records, effectiveness and efficiency of operations including safeguarding of assets and compliance with applicable laws, rules and regulations are achieved. Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected.

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.

Report Distribution:	Audit Team:
Mr. Kevin Greenwell, Director of Procurement	Chrystal Brooks
Mr. Warren Patrick, Fleet Administrator	CPA, CIA, CGAP, CISA, CGFM, CRMA
Ms. Tiffany Fitzpatrick, Fleet Manager	<i>County Auditor</i>
Mr. Robert McCord, Director of Administration	Sarah Self, CIA, CGAP
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ⁱ Definitions

Effective: The design and effectiveness of the internal control environment address key risks. The business unit complies with external laws and regulations, and internal policies, procedures and guidelines. Business processes are managed effectively resulting in achievement of expected outcomes.

Generally Effective: The design and/or effectiveness of the internal control environment generally address key risks; however, the number and severity of findings relative to the size and scope of the business unit being audited indicate that some minor areas of weakness in the control environment need to be addressed. Isolated instances of non-compliance with external laws and regulations, and internal policies, procedures and guidelines may exist. Business processes may not be managed effectively in all areas resulting in reduced achievement of expected outcomes.

Not Effective: The design and/or effectiveness of the internal control environment does not address key risks. Non-compliance or historical patterns of non-compliance with key regulatory requirements and internal policies, procedures and guidelines exist which expose the audited entity to financial, reputational, and operational risks. Business processes are not managed effectively and expected outcomes are not achieved.