

**OFFICE OF THE COUNCIL AUDITOR**  
Suite 200, St. James Building



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Special Report #632

Honorable Members of the City Council  
City of Jacksonville

On September 11, 2006, the Council Auditor's Office received a fraud alert email on our website. The person who sent the email was a City employee who expressed concern that he was asked to sign a blank work sheet (work order form) for tire repairs to his City vehicle at the Fleet Management Division's tire shop. His concern was that the Fleet Management employee receiving the form could add parts or labor onto the form that may not have been used or performed. On November 20, 2006, the same person sent an email expressing concern that the company contracted by Fleet Management to perform oil changes was performing oil changes at more frequent intervals than dictated by the contract.

We reviewed Fleet Management's Standard Operating Procedures and records related to tire repair and replacement and preventive maintenance intervals. We flowcharted the tire repair and replacement process. We reviewed a sample of 35 repair order tickets from Fiscal Year 2005-2006 for customer signatures acknowledging that the work was performed, although we were unable to determine whether the repair order tickets were signed before or after the work was performed. We reviewed Fleet Management's tire disposal contract and its oil change and lubrication contract. We reviewed a sample of 39 vehicles from various City agencies to compare the vehicle's actual preventive maintenance schedule to Fleet Management's Policies and Procedures for preventive maintenance. We are providing this special written report in accordance with Ordinance Code Section 102.102. This report does not represent an audit or attestation conducted pursuant to Government Auditing Standards.

**Background on Tire Repair and Replacement**

Per Fleet Management, there are three ways to get tires replaced or repaired on City vehicles. The first way is to go to the Fleet Management tire shop and request service. The second way is to receive tire service from one of Fleet Management's other shops such as the safety inspection shop. For example, if a vehicle is at the safety inspection shop and the shop discovers that the vehicle is also in need of tires, then the shop will replace the tires. The third way is for the vehicle operator to go to one of the commercial vendors under contract with Fleet Management to provide tire services. Our review of 35 repair order tickets for tire replacement/repair revealed the following:

**Finding #1**

Seven out of thirty-five worksheets reviewed did not have a customer signature verifying that the parts indicated were used and service was performed. We noted that Fleet Management's Standard Operating Procedures do not contain a requirement that the customer sign tire worksheets acknowledging the work performed. We also verified through discussions with Fleet Management employees that customers are

sometimes asked to sign a blank worksheet. An example given by Fleet Management is when the employee does not wait while the repairs are made because his shift is over.

**Recommendation for Finding #1**

We recommend that Fleet Management add a requirement to its' Standard Operating Procedures that all worksheets must be signed by the customer and that the customer must sign the worksheet after the work is performed, when the vehicle is picked up.

**Fleet's Response for Tire Repair and Replacement**

**Action Plan for Finding #1 and #3:** Fleet will incorporate the recommendation for Finding #1 and #3 in the Standard Operating Procedures for Tire Services operation that all worksheets must be signed by the customer once the service is rendered, and no vehicle will be released to the customer until the worksheet is properly signed. The original signed worksheet will then be used to create the repair order for billing and no work order will be created without the supporting document (original signed worksheet).

**Finding #2**

Fleet Management does not keep an accurate record of the type and number of tires removed for disposal. This issue was also a finding in the Council Auditor's Office audit of Fleet Management Division dated May 18, 2004 (Report # 592).

**Recommendation for Finding #2**

Fleet Management should account for the number and type of tires disposed of as part of its overall tire inventory record keeping. We recommend that Fleet Management account for the number and type of tires disposed of and require the tire disposal contractor to sign for the tires, certifying the number and type of tires removed per the tire disposal contract.

**Fleet's Response for Tire Repair and Replacement**

**Action Plan for Finding #2:** Fleet will incorporate tire disposal as part of the Tire Inventory System. The disposal inventory will be accomplished by maintaining a "Tire Disposal Log" in which all tires issued for that day should match the number of tires being disposed of by the contract vendor (Scrap) minus the used tires (reissue) and recap capable tires that will be put in the tire inventory. Tires that are picked up by the contract vendor will require a signature from the vendor. The log will be broken into two types of tires: automotive & light truck, and heavy truck tires. The "Tire Disposal Log" will be maintained by the tire supervisor on a daily basis and will be reviewed by the superintendent on a monthly basis.

**Finding #3**

We found that Fleet Management billed the Jacksonville Fire Rescue Department (JFRD) twice for the same tires. Repair order #3681-0011-09 and repair order #3681-0011-10 were found to be duplicates. As a result of this, JFRD was overcharged \$2,352.93. Our review found that the duplicate charge occurred because Fleet Management processed repair order #3681-0011-10 without the supporting worksheet (which was correctly attached to repair order #3681-0011-09).

**Recommendation for Finding#3**

We recommend that Fleet Management add a requirement to its Standard Operating Procedures that repair orders must have an original supporting worksheet signed by the customer (see recommendation #1 above)

in order to be processed for billing.

### **Fleet's Response for Tire Repair and Replacement**

Please see Fleet's response for Finding #1.

### **Background Regarding Oil Change Intervals**

As mentioned above, we received an email from a city employee expressing concern that proper oil change intervals were not being followed. Fleet Management's Policies and Procedures for proper preventive maintenance scheduling consist of 3 services: "A" Service, "B" Service and "C" Service. "A" and "B" Services consist of lube, oil and filter. "C" Service consists of lube, oil and filter plus a complete safety inspection. For General Government and Independent Agency vehicles, "A" Service is 4 months or 4,000 miles, "B" Service is 8 months or 8,000 miles and "C" Service is 12 months or 12,000 miles, whichever comes first. For Jacksonville Sheriff's Office (JSO) Patrol vehicles, the proper preventive maintenance schedule is "A" Service at 3 months or 3,000 miles, "B" Service at 6 months or 6,000 miles and "C" Service at 9 months or 9,000 miles, whichever comes first. The proper intervals are tracked through the use of "A", "B" and "C" service cards. For example, when the vehicle is taken in for "A" service, the technician will place a "B" service card in the vehicle indicating the next type of service to be performed on the vehicle as well as the mileage and/or time the next service is due. Fleet Management currently has a contract with a vendor where vehicle operators can go for "A" and "B" Services at various locations throughout the City. However, vehicle operators must go to Fleet Management's Commonwealth Avenue location for the "C" Service to be performed.

In order to test whether the preventive maintenance schedule for vehicles was followed, we judgmentally selected 39 vehicles from various City agencies and compared the vehicle's actual preventive maintenance schedules with Fleet Management's Policies and Procedures for preventive maintenance. We then prepared a schedule to analyze the preventive maintenance history for these vehicles. The length of history varied due to the age of the particular vehicle in the fleet, for example, a 2003 Ford Crown Victoria JSO patrol car, would have 4 years of preventive maintenance history, while a 2005 model would only have 2 years. **In our testing, we gave a leeway of 1,000 miles and/or one month above or below Fleet Management's required oil change intervals to allow for the realities of schedule conflicts, delays, etc.** Our review of the 39 vehicle service histories for preventive maintenance revealed the following:

### **Finding #4**

Fleet Management

- performed "A" or "B" service (lube, oil and filter) before the scheduled mileage or time interval 79 times.
- performed "C" Service (lube, oil, filter, and safety inspection) before the scheduled mileage or time interval 45 times.
- performed a lube, oil, and filter service as part of a "C" service, even though a lube, oil, and filter service had recently been performed as part of an "A" or "B" service 15 times. This finding could be attributed to the fact that the vendor is only issued "A" and "B" service cards by Fleet Management.

## Vehicle Operators

- exceeded Fleet Management's mileage policy for "A" or "B" service (lube, oil and filter change) 75 times and exceeded the time interval 4 times.
- exceeded Fleet Management's "C" Service mileage policy 54 times.
- had "A" or "B" service performed (lube, oil, and filter) instead of "C" service (lube, oil, filter, and safety inspection) 31 times.

## **Procedures Used to Ensure Compliance with Oil Change Intervals**

In an effort to see how other counties around the State encourage compliance with vehicle maintenance policies, we contacted Orange, Hillsborough, Pinellas, Marion, Broward and Dade County's Fleet Management Divisions. We asked how they handle preventive maintenance issues regarding overdue preventive maintenance and what steps they have taken to reduce the problem of non-compliance regarding preventive maintenance.

### **Jacksonville Fleet Management**

Fleet Management sends a monthly overdue preventive maintenance report to the applicable City agencies. The report lists the vehicle and the type of service that is overdue. Fleet Management has the ability to turn off the fuel to vehicles that are overdue for preventive maintenance; however they do not utilize this tool.

### **Orange County**

A technician for Orange County Fleet Management schedules a vehicle for preventive maintenance and notifies the vehicle operator. If the vehicle does not show up for its appointment, the Fleet Management Division charges the agency a no-show fee which is equal to one hour of labor (\$35.25). For the month of March 2007, Orange County billed approximately \$1,400 to other agencies in no-show fees. Once a customer misses an appointment, an email is sent to the agency stating that they have been billed a no-show fee. If the vehicle still does not come in for preventive maintenance within a specified time, then Fleet Management sends an email to the agency stating that they are going to shut the fuel off for the vehicle. Per Fleet Management, shutting the fuel off is a last resort and they have never had to go that far.

### **Hillsborough County**

Each month Hillsborough County runs a report from its Fleet Management computer database and schedules those vehicles that are due for preventive maintenance service. If the vehicle does not show up, Fleet Management places the vehicle on an overdue preventive maintenance report and sends the report to the applicable department head. Per the Interim Director of Fleet Management, they are discussing the idea of issuing fines to those agencies whose vehicles do not show up for their scheduled preventive maintenance appointments.

### **Pinellas County**

Pinellas County sends an email to the Department head when one of the department's vehicles is overdue for maintenance.

### **Marion County**

Marion County utilizes a system called "Fuel Masters". This system allows the car's computer to be accessed every time fuel is put in the car. When the vehicle is getting close to the mileage required for preventive maintenance, the system will "warn" the driver that the car is about due for preventive

maintenance every time they get fuel. Once the preventive maintenance is overdue, Fleet Management emails the applicable departments regarding the overdue preventive maintenance.

### **Broward County**

When a vehicle is overdue for service, Fleet Management will issue three notices to the vehicle operator. After the second notice, Fleet Management sends a copy of the notice to the applicable Division Director. After the third notice, Fleet Management turns off the fuel so that the vehicle cannot get fuel until the operator brings it in for the required service. (Fleet Management will not turn off the fuel for emergency service vehicles.) In extreme cases, Fleet Management uses their spare keys on the overdue vehicle and takes it back to fleet, performs the needed service, and holds the vehicle. This is done as a last resort and for the operator to get the vehicle back there has to be a meeting with the Department Director. For major divisions in the County that have vehicles, Fleet Management has bi-weekly meetings with each Division Coordinator going over the overdue preventive maintenance reports.

### **Dade County**

Fleet Management charges departments fees for vehicles that are overdue for preventive maintenance service. If the vehicle is overdue 500-750 miles, then the agency is charged \$50. If the vehicle is more than 750 miles overdue, then the agency is charged \$100. Fleet Management has been charging such fees for almost 4 years, and last year collected approximately \$60,000 in fines. Per Dade County Fleet Management, they currently maintain a fleet of 8,000 vehicles and their on-time performance rate for preventive maintenance service is approximately 96%. If an operator will not bring in a vehicle, Fleet Management turns off the fuel to the vehicle. Fleet Management will not turn off the fuel for emergency service vehicles, but instead sends a notice to the Fleet Coordinator for the department. The Coordinator has the authority to shut the fuel off to the vehicle.

### **Recommendation for Finding #4**

We recommend that Fleet Management consider implementing some or all of the various methods discussed above for ensuring compliance with vehicle maintenance schedules. Regardless of the method or methods chosen, we believe that some sort of proactive approach is needed to improve compliance with Fleet Management's vehicle maintenance policies. Fleet Management may also wish to contact additional cities around the country to determine if there are other methods that may be successful.

We recommend that Fleet Management issue "B" and "C" service cards to the vendor instead of "A" and "B" service cards and direct the vendor to deny service to City vehicles needing "C" service. When a vehicle comes in to Fleet Management for any service, we recommend that the Fleet technician look at the service card on the dash of the vehicle to see what if any service is needed.

### **Fleet's Response for Preventive Maintenance Intervals**

**Action Plan for Finding #4:** To improve the effectiveness and efficiency of the Preventive Maintenance Program, Fleet Management will implement the following: The Fleet Superintendent will email the overdue PM/Safety Inspection Report to all vehicle coordinators on a weekly basis in addition to continue to published the Overdue PM/Safety inspection on the Intra-City website. The shop supervisor or leaderman will review the PM history of every vehicle before performing any A, B or C service and the superintendent will review the work order to ensure that PM services are not duplicated. Fleet will put the "A, B & C" service cards in the vehicles when completing the "C" service. This procedure will ensure that all scheduled

services are placed in the vehicle and that the date/mileage for the different services are accurate. The vendor will discard the card of the service performed. Fleet will communicate this procedure and the specification of the contract that pertains to preventive maintenance intervals to the owner/manager of our contract vendor. Fleet will cutoff the fuel supply for non-emergency vehicles that are more than ninety (90) days overdue for a safety inspection after the agency is notified. Fleet currently charges one hour of labor for a missed scheduled "C" service.

We would like to thank Fleet Management's Division Chief and his staff for their cooperation and assistance during the completion of this review.

Respectfully Submitted,

*Kirk Sherman*

Kirk A. Sherman, CPA  
Council Auditor