



Internal Audit Report



Follow-Up On The Audit of District Fleet Utilization



The District has addressed many of the issues relative to its fleet, including reducing take-home vehicles and controlling gas cards. Ongoing attention is however needed to enhance the fleet maintenance system.

June 2008

THE SCHOOL BOARD OF MIAMI-DADE COUNTY, FLORIDA

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June 17, 2008

Members of the School Board of Miami-Dade County, Florida

Members of the School Board Audit Committee

Dr. Rudolph F. Crew, Superintendent of Schools

Ladies and Gentlemen:

In accordance with School Board Rule 6Gx13-2C-1.14, Section IV.B.3, and the approved Audit Plan for FY2007-08, we have reviewed the actions taken by management to implement the recommendations included in our prior internal audit report District Fleet Utilization Practices December 2006. That report was issued December 5, 2006. The audit objectives were to determine if the District fleet was adequate, based on the needs, used efficiently and properly accounted for.

EXECUTIVE SUMMARY OF CONCLUSIONS

In our prior audit report, we found that vehicle assignment and utilization policies needed to be established, and proper alignment of the apparently excessive vehicle fleet could be facilitated by conducting an analysis of employee work patterns and vehicle needs. We also found inaccuracies in the vehicle information management system and potential savings estimated at more than \$1 million.

We made 15 recommendations to improve the conditions noted. Management was in general agreement with our recommendations and provided responses indicating the findings would be addressed. Of the 15 audit recommendations, nine (9) were fully implemented and six (6) were partially implemented or ongoing.

In our follow-up review, we verified that the *Assigned Vehicle Policies and Procedures Manual* was updated in 2007, and the assignment of take-home vehicles is controlled. The records indicate there are currently 29 take-home vehicles, a decrease from the 41 vehicles reported for this category in the prior audit. It should be noted that, among the initiatives under consideration by the District for the 2008-09 fiscal year, is a proposal to discontinue the assignment of take-home vehicles to authorized employees.

Using information collected by the Vehicle Information Transmitter (VIT) system, the Automated Fuel System records how much fuel is dispensed and the mileage since the

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last refueling. Transportation distributes Vehicle Activity Summary reports showing fuel consumption for each vehicle to the various departments, for evaluation and follow-up. Using fuel consumption data for their vehicles, the Department of Facilities Operations – Maintenance (Maintenance) prepared a schedule showing monthly fuel consumption for each vehicle for the seven (7) month period April to October 2007. The information was used to help determine utilization of each vehicle in their fleet, among other criteria.

Each Region Center has 2 or 3 vehicles for use by Region Directors as needed for meetings and school visits. In addition to the 2 or 3 vehicles at each Region Center office, motor pools are established at the Department of Maintenance and at the School Board Administration Building. These vehicles are used by employees in their work assignments.

The Accounting Department established procedures to ensure receipt of monthly mileage reports from individuals with assigned take-home vehicles. That information is used to compute the taxable income of those employees.

Exceptions to the proper identification of the location where a vehicle is assigned still occur when a vehicle is transferred and the required paperwork is not processed. Transportation, however, is aware of this condition and corrects known errors. With assistance from ITS, Transportation implemented a daily e-mail system that informs each department of any changes that occur in the ownership and location of vehicles as recorded in the Property Control System, among other information. Transportation uses the e-mailed information to update the applicable vehicle records in the Transman fleet management system.

Maintenance inventoried their vehicles in November 2007. A schedule was prepared identifying the Region Maintenance Center, the trade, the vehicle driver, the driver's supervisor and other relevant data. That information was used to transfer and dispose of (auction off) vehicles as part of the Department's effort to improve the alignment of their fleet as recommended in the previous audit.

We noted a few Maintenance vehicles that were missing the appropriate identifying logo. As part of their vehicle maintenance responsibility, Transportation inspects vehicles to ensure they are properly identified, and replaces missing decals. Our follow-up indicates that this continues to be an area of concern, as many instances of missing decals are reported. Correction of this finding may require action beyond merely replacing the decals that are frequently missing.

Improved controls over the Shell Oil Company gasoline credit cards were established by the Accounting Department. The active Shell cards issued to authorized employees indicate the name of the card holder. The Shell cards used to purchase gasoline for the Driver Education program at the High Schools are controlled. Monthly payments to

Shell are processed after the invoices are approved by the appropriate users. Only 48 properly authorized and controlled Shell gasoline cards are now in use.

The departments are aware of benefits from replacing their vehicles at appropriate times as determined by their life cycle and mechanical condition. The majority of the recently purchased vehicles were assigned to the School Police Department. A true vehicle replacement policy has not been implemented due to limited funding. Transportation continues to notify departments when their vehicles are beyond economical repair.

In our follow-up review, we found that management did take action to improve vehicle assignment and utilization. The procedures in place have reduced the number of take-home vehicles. Both Transportation and Maintenance did address the recordkeeping issues reported in the prior audit. However, exceptions continue relative to proper identification of vehicle location and ownership, in some cases. Many missing logos are being replaced when vehicles come for repair or regular maintenance. The procedures established by Accounting to control the use of the Shell credit cards have been successful, as accountability for gasoline purchased can be traced to the authorized users. Transportation continues to work to improve the reliability of fuel consumption data. Although most District vehicles are already equipped with VIT, on-site night fueling activity by the private fuel supplier was not recorded for some time. The condition was brought to the attention of management by the auditor during the follow-up. Also, fuel prices calculated by Transportation are not always reported timely in the Transman fleet management system. Transportation management continues to work on these issues to enhance the value and application of the fleet management information.

OBJECTIVES, SCOPE AND METHODOLOGY

The objective of this follow-up review was to determine the progress and extent of the implementation of management's plans of action addressing the 15 recommendations in the original audit report. The review covered actions by the administration subsequent to the issuance of the original audit and through April, 2008.

We performed the following procedures to satisfy our objective:

- Interviewed District staff.
- Reviewed operating policies and procedures.
- Conducted on-site observations of vehicles.
- Examined, on a sample basis, documentation of vehicle assignments, mileage logs and fuel invoices.
- Performed various other procedures deemed necessary.

This performance audit follow-up review is not an audit, but is intended to provide a current status on prior audit findings and recommendations. However, we believe that the evidence obtained and reviewed provides a reasonable basis for our conclusions on the status of prior audit findings and recommendations. This follow-up review did not include an assessment of internal controls.

BACKGROUND

The School District owned a fleet of approximately 3,500 vehicles of various types with a cost of \$119 million at the time of the original audit in fiscal year 2006. The majority of the fleet consisted of 1632 school buses and 884 vehicles used by Maintenance. That audit also disclosed that only 41 vehicles, representing 2% of the fleet, were assigned as "take-home" vehicles at that time. Because vehicles are owned and operated by

different departments, District policies to control the vehicles are not centralized. Instead, the departments are responsible for vehicles assigned to their custody to carry out their specific ongoing operations.

The Department of Transportation (Transportation) is responsible for maintaining all of the District's fleet, which it does from nine (9) Vehicle Maintenance sites throughout the District. The Department uses the Transman fleet management system that had been implemented at the time of our prior audit.

Transportation also supplies fuel to District-owned vehicles. Fuel consumption is recorded using the automated Vehicle Information Transmitter (VIT) system operated at six (6) fueling sites. The VIT system is also used by a private fuel supplier, contracted to provide on-site night fueling at designated locations. In addition, a limited number of Shell Oil Company gasoline credit cards have been approved for use by District officials who are assigned take-home vehicles. The gasoline for the Driver Education vehicles program at several High Schools is also purchased with Shell gasoline credit cards.

Sincerely,



Allen M. Vann, CPA
Chief Auditor

Follow-up Review of District Fleet Utilization Practices			
Audit Committee Meeting Presented – June 24, 2008			
Audit Findings	Recommendations	Corrective Action By Management	Auditor's Comment
1. Improvements Needed In Vehicle Assignment And Utilization	1.1 Develop a uniform District-wide vehicle assignment policy and monitoring mechanism to ensure that multiple vehicles are not assigned to a single employee, to terminated employees, or other inappropriate assignments.	The Assigned Vehicle Policies & Procedures Manual was updated to include a more comprehensive vehicle assignment policy. Vehicles will be assigned to the Superintendent's cabinet, regional superintendents and selected District staff based on job responsibilities as approved by the Superintendent or his designee. Business Operations will review assigned vehicles on an annual basis as outlined in the Assigned Vehicle manual, Section III.	Fully Implemented
	1.2 Perform a comprehensive analysis of employees' work patterns and fleet needs to determine the proper level and composition of the fleet.	<p>Fuel consumption reports have been developed by ITS to assess which vehicles were underutilized. Additionally, DOT continues to receive Vehicle Activity Summary reports. DOT then sorts and sends to specific work locations for evaluations.</p> <p>School Operations</p> <ul style="list-style-type: none"> Only one vehicle assigned to the Regional Superintendent. (Regional Center I, II, III, IV, V, VI) One vehicle utilized by directors on a needs basis and 	Fully Implemented

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		<p>comprehensive daily travel logs are kept (Region Center I,)</p> <ul style="list-style-type: none"> The other vehicle is rarely used (Region Center I) Two to Three additional vehicles are used by Region Directors on an as needed basis while making school visits, attending District meetings, etc. (Region Center II, IV, V, VI) The other two vehicles assigned to the Regional Center are not being utilized. (Regional Center III) 	
	<p>1.3 Consideration should be given to extend the establishment of a vehicle pool for use by supervisors and administrators, on an as need basis, at locations with existing fleet other than the School Board Administration Building.</p>	<p>A section addressing the use of motor pools has been included in the updated Assigned Vehicle Policies & Procedures Manual</p> <p>School Operations</p> <ul style="list-style-type: none"> As per OPPAGA report recommendation, the Regional Superintendent, as a result of extensive travel to schools, district, and a multitude of required events, continues to have a vehicle assigned (Region Center I, II, III,V,VI). 	Fully Implemented

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		<ul style="list-style-type: none"> Used as needed by Regional Center Administrators (Region IV). 	
	1.4 Ensure that employee's personal use of District vehicle is reported to the Accounting Department and included as taxable fringe benefits to the employee.	<p>On a monthly basis, the accounting department requests a mileage log from individuals with assigned Board-owned vehicles. The log is used to compute personal mileage that will be included in the employee's W-2.</p> <p>School Operations No vehicles are utilized for private use. (Region Center I, II, III, IV, V, VI)</p> <p>Mileage reports are turned in monthly which include all personal mileage. (Region I, II, III, IV, V, VI)</p>	Fully Implemented
2. Improvements Needed In Vehicle Records And Identification	2.1 Developed procedures to reconcile vehicle information in the Property Control System to departments' vehicle property records.	Although no discrepancies have been identified by DOT since the implementation of this procedure, the location and ownership of vehicles continue to be a challenge for DOT. Departments continue to move vehicles within work locations without reporting these changes to Property or to Transportation.	<p>Partially Implemented – Ongoing</p> <p>The proper identification of the location where a vehicle is assigned still occurs when a vehicle is transferred and the</p>

Follow-up Review of District Fleet Utilization Practices			
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		With regards to Board-owned vehicles assigned to a specific employee, the accounting department reconciles these vehicles with the property system on a quarterly basis.	required paperwork is not processed. Transportation, however, is aware of this condition and corrects known errors.
	2.2 Affix proper identification markings to all appropriate vehicles and remove personalized markings and paraphernalia from vehicles.	This has been an on-going process which requires monitoring from all user groups. DOT has attached numerous logos on vehicles which are found to be missing or removed by employees within days. DOT has requested the assistance of other departments to deter employees from removing decals.	Partially Implemented – Ongoing Our follow-up indicates that many instances of missing decals are reported, even though Transportation routinely replaces missing decals. A few Maintenance vehicles observed were missing the appropriate identifying logo. Correction of this finding may require action beyond merely replacing the decals that are frequently missing.

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3. Improve Controls Over Shell Gas Cards	3.1 Develop procedures to ensure that active gas cards are in the custody of only authorized employees who are assigned District-owned vehicles, and that cards are obtained from terminated employees. The specific vehicle and employee should be linked to the card.	<p>Procedures have been established to issue fuel credit cards in the name of the individual who has an assigned vehicle.</p> <p>See corrective action to 3.2 below for procedures regarding terminated employees.</p> <p>School Operations Shell gasoline card is in the name of the Regional Center Superintendent (Region I)</p>	Fully Implemented
	3.2 Insure the timely deactivation of gas cards issued to former employees upon their termination from M-DCPS.	<p>As outlined in section IX of the Assigned Vehicle Policies & Procedures manual, the immediate supervisor must promptly return the card to the Controller's office after an employee is terminated for proper cancellation and disposal. Additionally, a process was implemented to generate a daily change report for employees who are in possession of District-owned credit cards and have terminated or moved to a different work location. This report will enable Cost & Business Services to cancel the cards in a timely manner.</p>	Fully Implemented

Follow-up Review of District Fleet Utilization Practices			
Audit Committee Meeting Presented – June 24, 2008			
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	3.3 Develop and assign consistent, homogeneous numbers to identify the gas cards and the assigned cardholder.	Fuel cards are assigned to individual employees. The fuel card is assigned a driver # which is then cross-referenced with the card identification number and employee name.	Fully Implemented
	3.4 Review and reconcile properly authorized fuel purchase receipts to the Shell fuel invoice prior to paying that invoice.	On a monthly basis, the accounting department reconciles the fuel credit card statements. E-mail confirmations are distributed to employees with fuel cards to certify the accuracy of the charges. Any discrepancies are researched & resolved.	Fully Implemented
	3.5 Encourage that vehicles be fueled at one of the District's six fueling sites, except when impractical or necessitated by extenuating circumstances. The Shell gas card should only serve as a secondary fueling source.	As outlined in section VIII of the Assigned Vehicle Policy & Procedures Manual, employees are strongly urged to fuel at the District's six fueling sites whenever convenient, as it results in a savings to the District.	Fully Implemented
4. Monitoring Of Fuel Consumption Limited By Data Reliability	4.1 Install the necessary equipment needed for the VIT System on all District-owned vehicles.	This process is on-going as vehicles and equipment are brought in for maintenance. As units are identified not equipped with VIT, determination is then	Partially Implemented – Ongoing

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		made to evaluate the benefits of installing a VIT. DOT performed an audit of all vehicles in the fuel management system and deactivated those units removed from service. VIT's are then removed and installed on newer units.	
	4.2 Perform an analysis of the VIT system and eliminate the various shortcomings of the system which reduce its effectiveness as a management tool.	This is an on-going process performed by DOT staff within staffing limitations. As mentioned in 1.2, DOT staff receives, sorts, and distributes fuel consumption reports to specific work locations for evaluation. DOT reports any discrepancies to DOT centers to correct exceptions identified in these reports. Staff then reprograms VIT for correction. Integration with the fleet management system is expected to minimize these discrepancies. This is scheduled for implementation with the new release 8.2 version of TMT.	Partially Implemented – Ongoing Transportation continues to work to improve the reliability of fuel consumption data. Additionally, although most District vehicles are already equipped with VIT, on-site night fueling activity by the private fuel supplier was not recorded for some time.
	4.3 Require each department to review the VIT fuel consumption reports and investigate and resolve	As mentioned previously, fuel consumption reports are distributed to each department. Corrections in meter readings are submitted to	Partially Implemented – Ongoing

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	unusual consumption, exceptions or errors, in a timely manner.	DOT center for recalibration of VIT. High consumption needs to be addressed by each department accordingly.	
5. Fleet Age Is Not Aligned With Vehicle Replacement Intervals	5.1 Establish budgeted vehicle replacement fund to replace vehicles based on established replacement intervals and justified needs.	In March 2007, a vehicle replacement analysis was conducted by DOT. Due to the budget shortfall, the recommended vehicle replacement was never funded. However, DOT continues to report to owner departments when vehicles are beyond economical to repair. Owner departments then make the determination on whether or not to repair units in question.	Partially Implemented – Ongoing A true vehicle replacement policy has not been implemented due to limited funding; however, Transportation continues to notify departments when their vehicles are beyond economical repair.

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Title VII of the Civil Rights Act of 1964, as amended - prohibits discrimination in employment on the basis of race, color, religion, gender, or national origin.

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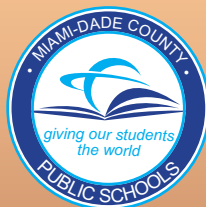
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