



INTERNAL AUDIT

Performance Audit of Support Fleet

R-22-06

August 16, 2023

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Rating Matrix

Descriptor	Guide
High	Matters considered being fundamental to the maintenance of internal control or good corporate governance. These matters should be subject to agreed remedial action within three months.
Medium	Matters considered being important to the maintenance of internal control or good corporate governance. These matters should be subject to agreed remedial action within six months.
Low	Matters considered being of minor importance to the maintenance of internal control or good corporate governance or that represents an opportunity for improving the efficiency of existing processes. These matters should be subject to agreed remedial action and further evaluation within twelve months.

Distribution List

Title	For Action	For Information	Reviewed prior to release
Executive Director		*	*
Chief Financial Officer		*	
Chief Service Development Officer		*	
Manager Capital Assets & Project Control	*		
Fleet Vehicle Administrator	*		
Records Manager			*

Executive Summary

Introduction

The Audit Committee directed Internal Audit (“IA”) to conduct a performance audit to determine if controls over support fleet management are designed adequately and operating effectively to ensure compliance with internal policies and procedures as well as to support the achievement of management objectives. The Audit Plan was approved by the Audit Committee on January 31, 2022. This audit phase was completed June 7, 2022.

A second phase of the audit was approved as part of the 2023 Audit Plan approved by the Audit Committee on December 12, 2022. This audit phase was completed July 31, 2023 and was conducted in accordance with the International Standards for the Professional Practice of Internal Audit, published by the Institute of Internal Auditors.

Background and Functional Overview

The purpose of the UTA non-revenue support fleet is to support the day-to-day operations and maintenance of the organization. The non-revenue support fleet is a diverse group of vehicles, which includes police vehicles, maintenance vehicles such as bucket trucks, street sweepers, and tractors, maintenance trucks, and cars used at various facilities, and both assigned and pool vehicles used by employees. The total support fleet size is approximately 876 vehicles as of 8/16/2023 which includes 97 vehicles and three trailers assigned to the police department and 205 ancillary items such as trailers.

Objectives and Scope

The period of this phase of the performance audit focused on activity between July 1, 2022, to May 31, 2023. Additional periods were reviewed as necessary.

This audit phase focused on determining the current status of recommendations and action plans from the 2022 audit report. Additionally, audit testing was conducted of key controls already existing, including accuracy of vehicle data, vehicle registration and emissions paperwork, and driver licensure.

Summary

IA found significant progress has been made toward fulfilling action plans from the 2022 audit report. Notably, management is implementing a foundation for strong, centralized governance of the Support Fleet. This strength is based on investing the group with authority to execute policies and vision, staffing the team appropriately, and enriching the data environment to drive decision-making on topics such as driving behavior, fleet deployment, and disposal. Policies and standard operating procedures (“SOP”) have been drafted but not yet adopted.

As part of a risk-based audit approach, management and IA identified key risks and fraud risks that, if left unaddressed, could prevent Support Fleet objectives from being achieved. A total of 24 key risks were evaluated, including maintenance issues, recordkeeping, and legal compliance. Controls existed or were in development to appropriately manage all risks examined, though Internal Audit offered some informal recommendations on improvements and items to consider. Most significant is that management should consider expediting centralizing maintenance for Support Fleet vehicles. This will ensure consistent standards of good repair, compliance with federal recordkeeping requirements, and adequate budget for maintenance and repairs.

This audit feedback comes with the caveat that changes to Support Fleet is a work in progress, with many decisions and implementations pending. In that light, this report is best understood as interim assurance. Ultimate success will depend on Support Fleet management maintaining momentum and commitment to a strong control environment. Success also depends on senior management continuing to support the vision, properly resourcing, and granting authority to the Support Fleet team.

Attachment A: Status of Recommendations from 2022 Audit Phase

Audit Finding R-22-06-1 Support Fleet Governance and Resources

Risk Level: High

Details:

The Fleet Vehicle Administrator (“FVA”) is responsible for managing and providing oversight over UTA’s support fleet. As of February 7, 2022, JDE records indicated a total of 812 support fleet vehicles, including ancillary items such as trailers and ATVs, in “active” status spread across all UTA locations which would fall under the umbrella of the FVA’s responsibilities. Those responsibilities include overseeing vehicle purchasing needs, registration and preparation of vehicles, broad maintenance oversight, tracking vehicle custody, and performing the initial disposal process prior to auction.

The current resources allotted to the department are insufficient to adequately manage all of the aspects required by a fleet of this magnitude spread across multiple locations. The FVA’s time cannot reasonably be allocated across all responsibilities in a manner that is efficient and effective to meet the objectives of a well-run fleet management function.

In addition to the lack of resources, UTA lacks codified policies and procedures that would give the FVA adequate authority to actively manage the fleet and enforce consequences on users of fleet vehicles if issues were to arise. For instance, all fleet vehicles have required service intervals. In the event an organization did not perform required maintenance in a timely manner, the FVA should have the ability to suspend use of that vehicle until the issue is corrected. Likewise, in the event a vehicle is underutilized, the FVA should have authority to reassign the vehicle based on business needs. As noted in recommendation R-22-06-2 below, any new internal policies created by the FVA to guide operations will need to have higher-level UTA policy in place to delegate authority.

Criteria:

Best practice published by United State Government Accountability Office’s (“GAO”), Standards for Internal Control in the Federal Government (“Green Book”) section 3.07, states:

“When assigning responsibility and delegating authority management considers the overall responsibilities assigned to each [business] unit, determines what key roles are needed to fulfill the assigned responsibilities, and establishes the key roles. Those in key roles can further assign responsibility for internal control to roles below them in the organizational retain ownership for fulfilling the overall responsibilities assigned to the unit.”

Underlying Cause:

Current resources and department full time employees (“FTE”) are not sufficient to effectively manage all aspects of UTA’s support fleet. In fact, the role of Fleet Vehicle Administrator was not even created until 2018, meaning issues were allowed to compound for decades.

Effect:

- Support fleet metrics cannot be adequately measured to determine right sizing, purchasing needs vs. reassignment, and disposal of vehicles.
- The lack of UTA policies do not allow adequate enforcement of fleet policies, creating inconsistencies in how fleet vehicles are managed and treated by different departments and at different locations.
- The FVA does not have the ability to enforce consequences for misuse of fleet vehicles, leading to an increased likelihood of misuse simply from the perception of lack of consequence.
- Periodic maintenance could be delayed or not performed at all leading to more expensive repairs, loss of useful life, and residual value of support fleet vehicles.
- Maintenance records are not adequately retained and tracked for purposes of accountability to Federal grant requirements.

Recommendations:

1. Provide the Support Fleet Management with additional resources subject to budgetary constraints and additional needs analysis of the department.
2. Develop and implement new policies and procedures that grant authority to the FVA to oversee, provide training, and enforce matters related to UTA's support fleet.

Management Response and Action Plan:

Management agrees with IA recommendations for this finding. The entirety of UTA support fleet is provided by the Fleet Vehicle Administrator. Management recognizes the need for additional resources to properly manage this program. Many of the current challenges were highlighted in the Federal Transit Administration's (FTA) FMO audit at the end of last year. Internal Audit's review has illustrated the need for additional resources and actions to address the challenges identified. The response to each recommendation is outlined below.

Recommendation #1: Management recognizes the current fleet management approach is unsustainable given the scope and number of issues/recommendations identified in this report. The current management approach lacks the resources, authority, and policy guidance for a successful program and instead presents a risk of escalation which could stall progress in addressing these items.

UTA looked at other local agencies with support fleets. After reviewing their structures and responsibilities and comparing that with UTA's approach to address its challenges, management is developing a budget request that will address immediate needs, develop an action plan to address issues identified in this audit, and create a robust and sustainable fleet management strategy.

Recommendation #2: Management, including new resources identified above, and Support Fleet Management will work to produce these governance policies and training to better position the Support Fleet team to manage, educate UTA business units, and enforce policies relating to the use of Support Fleet vehicles.

Management is in the process of developing a budget request for Board approval to add resources to support and improve existing practices, develop and implement new policies and procedures, and create a Fleet Management Action Plan (FMAP) with recommendations for a more robust and sustainable Fleet Management strategy.

Target Completion Date: July 1, 2023

Current Status:

Recommendation #1 has been addressed by creating a manager-level position to oversee the support fleet and four staff members. To date, four of the five positions have been filled. Additionally, support fleet vehicles have been installed with Geotab trackers that have given management the ability to make data-driven fleet decisions. Additional follow-up will be performed by Internal Audit to determine if this level of resources is fully implemented and is adequate to manage the fleet.

Management has drafted policies and standard operating procedures (SOP), pending adoption, to address recommendation #2. Internal Audit evaluated the effectiveness of the governance outlined in the drafts against Committee of Sponsoring Organizations of the Treadway Commission (COSO) Component 3 *Establishes Structure, Authority, and Responsibility*. Sufficient governance, as measured against that framework, exists if the policies are adopted as drafted with the support of Executive management and the Board of Trustees. The finding will be closed upon validation of policy adoption and the language of that adopted version.

Audit Finding R-22-06-2 Support Fleet Policies and Procedures

Risk Level: Medium

Details:

Support Fleet management does not currently have codified internal policies and procedures to govern its multiple processes. That is not to say the current control environment is inherently ineffective. Since 2018, the FVA has put a set of ad-hoc controls in place to address risks present within the support fleet. However, not having a set of codified and uniform policies and procedures creates potential gaps in when and how procedures are applied.

We also noted a lack of consistent training procedures for users of support fleet vehicles. Periodic training exists to ensure policies and procedures are applied consistently across the organization. The FVA has been working towards developing policies but due to day-to-day job duties and the lack of departmental resources noted in the finding above they have not yet been completed.

Criteria:

According to the GAO Green Book Section 3.11,

“Management documents internal control to meet operational needs. Documentation of controls, including changes to controls, is evidence that controls are identified, capable of being communicated to those responsible for their performance, and capable of being monitored and evaluated by the entity.”

Underlying Cause:

Current resources and department FTEs are not sufficient to allow day-to-day operating responsibilities in conjunction with administrative tasks such as developing policies and procedures.

Effect:

Support Fleet procedures are applied inconsistently across the organization, leading to an increased risk that the fleet will not be managed effectively. These inconsistent procedures expose the fleet to risks such as:

- Untimely maintenance, causing potential mechanical failure and potential harm to life and property.
- Vehicle access is not subject to a mandatory or robust checkout process, which increases the risk of undetected vehicle misuse or theft.

- Key security practices are not mandated, leading to an increased risk of undetected vehicle misuse or theft.

Recommendations:

1. We recommend Support Fleet Management develop new policies and procedures to define requirements and necessary steps for each of its key areas of responsibility.
2. We recommend Support Fleet Management develop training on the policies and procedures and provide this training to employees responsible for or users of fleet vehicles at least annually.

Management Response and Action Plan:

Management agrees with the operational recommendations listed above. The Support Fleet Management is currently working to draft a UTA Support Fleet Vehicle Policy and multiple Standard Operating Procedures (SOP) covering vehicle procurement and onboarding, vehicle maintenance, vehicle use, and vehicle disposal.

Until SOPs and Policy are adopted, UTA’s Executive Director will be issuing an order implementing a moratorium on the approval of purchase orders for new non-revenue fleet vehicles. Exception requests will be considered on a case-by-case basis and subject to approval by the requesting Chief Officer and Executive Director.

As discussed in R-22-06-01, UTA management has identified this as an agency priority and is in the process of developing a budget request to add the resources necessary to complete the development of policies, procedures, and training and a supporting FMAP.

Target Completion Date: July 1, 2023

Current Status:

Recommendation #1 - Internal Audit performed a risk and fraud risk assessment with management which yielded 24 key risks inherent to Support Fleet. Existing controls were documented and drafted policies and SOPs were reviewed to determine if those 24 key risks were sufficiently addressed by management. While Internal Audit offered some informal recommendations to improve the control environment, no reportable gaps exist. Management has yet to adopt policies and SOPs, and the corresponding controls must be implemented, so this recommendation will remain open.

Recommendation #2 – Management has documented consideration of training needs of Support Fleet vehicle drivers. The details, such as content, time, and applicability, are to be determined. While not a reportable condition, Internal Audit informally gave the advice that vehicle access require drivers to undergo training on Support Fleet policy and processes, completing driver safety, and providing proof of a driver’s license. This recommendation will remain open pending development of a training program.

Audit Finding R-22-06-3 Opportunities Exist to Right-Size the Support Fleet

Risk Level: High

Details:

UTAs support fleet was comprised of 812 active status vehicles according to JDE as of February 7, 2022. Of those, 582 are drivable vehicles (“white fleet”) with the remainder consisting of different types of ancillary assets such as ATVs, trailers, police vehicles, and other equipment. We limited our scope of analysis to only the 582 white fleet vehicles. Further analysis should be conducted to determine UTAs operational needs for the ancillary assets.

We performed three levels of analysis to determine a) the general reasonableness of the size of the white fleet, b) the estimated utilization of the white fleet, and c) the potential residual value for vehicles deemed “underutilized.”

Support Fleet Size Reasonableness

We performed a preliminary “gut-check” test on the size of the white fleet by comparing the total number of vehicles in service to the total number of employees who may reasonably expected to use a vehicle. We noted this was an ad-hoc analysis and used our best judgment to determine which employee job descriptions would not be likely to ever use a white fleet vehicle. Therefore, we removed all UTA police department employees and bus/rail operators and hosts from our analysis. This left a conservative total of 1,791 employees that could have access to white fleet out of the 2,577 total employees listed in the phone directory at the time of our review. This indicates that UTA owns one (1) vehicle for every 2.8 employees that could potentially need to use one.

Table 1. Vehicle to Employee Ratio

White Fleet Vehicles	Employees	Vehicle to Employee Ratio
582	1,791	1:3.3

A low ratio indicates a potentially oversized fleet.

This low ratio indicates a potentially oversized fleet. There are additional variables that should be taken into account such as unique use vehicles (e.g., snowplows, bucket trucks, etc.) which would reduce the number of vehicles in the analysis. However, this is still a very conservative ratio as many of the employees would likely never have the need to use or would use the vehicles so infrequently that a deeper-dive analysis would exclude them.

Utilization

After determining there was a high potential that UTA’s support fleet was oversaturated we gauged each white fleet vehicles utilization based upon the estimated number of miles drive by each vehicle over a one-year period between April 23, 2021 and April 22, 2022. We ran into several challenges due to the quality of data that was available for analysis and thus developed assumptions and estimations to arrive at our conclusions. The FVA concurred with us that the quality of data available to UTA was likely not entirely accurate due to several manual touchpoints being inherent within interconnected processes.

The key datasets and underlying constraints and assumptions we drew from to perform the analysis are indicated in table 2.

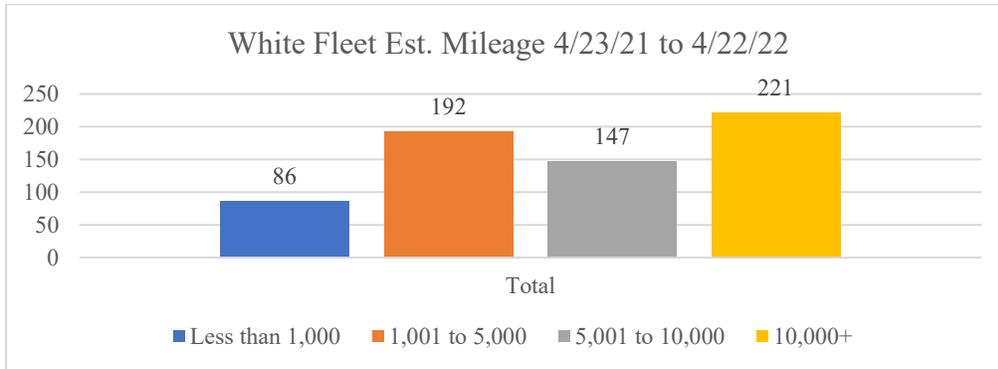
Table 2. Utilization Datasets, Constraints, and Assumptions

Dataset	Constraints	Analysis Assumptions
FuelMaster Fueling Data	Manual odometer entries lead to potential erroneous inputs. White fleet vehicles could be fueled at non FuelMaster stations.	Fueling quantity data is likely the most accurate measurement of vehicle use. All vehicles filled were fueled at a FuelMaster station.
Internet Research on Avg. MPG EPA Data	Different models with different options may have slightly different avg. mpg.	The average mpg based on vehicle make and model is a conservative enough estimate to determine estimated miles driven.

Incomplete and inaccurate datasets required IA to develop reasonable analysis assumptions.

According to Kelley Blue Book, the average number of miles driven by vehicle per year in the US in 2019 was 14,263. To be more conservative, we set our parameter for underutilization at approximately 1/3 of that distance at 5,000 miles. Any vehicle with estimated miles driven of less than 5,000 miles over the period of 4/23/21 to 4/22/22 were classified as underutilized. We found of the 646 total vehicles analyzed, 278 (43%) were driven less than 5,000 miles over that period. Figure 1 below shows the overall breakdown of estimated miles drive.

Figure 1. White Fleet Estimated Miles Driven 4/23/21 to 4/22/22



We estimated underutilized vehicles made up 43% of the white fleet.

The quality of data limited the overall accuracy of our analysis but did serve as a baseline to indicate where further analysis is warranted. Clearly some vehicles will be used less based on their purpose. But ultimately it begs the question if UTA is deploying its fleet in the most efficient manner. There is a high level of opportunity to rearrange where vehicles are located, which can be better shared, which can be reassigned, and those that should be disposed.

Support Fleet Management is currently in the process of installing geotrackers on all support fleet vehicles. These devices should provide more useful datasets that can be measured with a higher level of accuracy to better answer the question of optimal fleet deployment. For example, the geotrackers should have the ability to track mileage in real time, use GPS and geofencing to ensure vehicles stay within a defined area, and connect to vehicle sensors to proactively detect maintenance issues.

Potential Residual Value

After identifying underutilized vehicles, we attempted to determine the potential residual value of those vehicles in the event UTA chose to liquidate them at this point in time. The analysis was meant to serve as a guide for future decision-making. It is not meant to definitively say this is how much UTA will derive from an aggregate set of transactions.

We compared underutilized vehicle descriptions (year, make, model) to Kelley Blue Book values, whenever available, using the following assumptions for the vehicles:

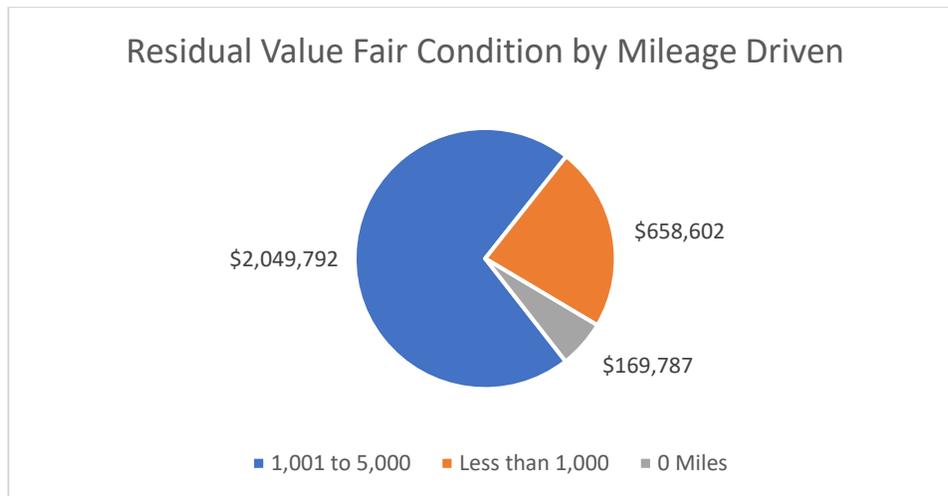
- Base Model
- Standard Features
- White Paint
- Fair Condition (Used, needs some mechanical repairs)

We used these assumptions to obtain a conservative base value for vehicles even though most newer vehicles are likely in “good” condition and included features will vary vehicle to vehicle. In the event

Kelley Blue Book values were not available we used other sites to find the most accurate value available (e.g., Commercial Truck Trader for larger vehicles like the Ford F550). We omitted any vehicles with less than one-year of use to avoid skewing the estimated residual value. This left us with a total of 256 vehicles to evaluate.

Our calculations yielded a potential resale value of approximately \$2.88 million. Figure 2 illustrates the potential residual value by mileage stratification. The table in Attachment B shows the breakdown by model year and mileage stratification.

Figure 2. Residual Value Fair Condition by Mileage Driven



Zero-mile vehicles should be closely scrutinized for disposal.

These findings, even with incomplete or inaccurate data, illustrate the point that UTA’s support fleet is likely very oversaturated and serious considerations need to be made as to which vehicles the organization actually needs to fulfill its mission and which ones can be disposed of in order to recapture value that could be put to more effective uses.

Criteria:

According to Fleet Services, a fleet consulting and management company founded in 1957, a key best practice for any Fleet Management function is to have the right vehicles, in the right hands, at the right times. Every vehicle should have a justified business purpose.

Underlying Cause:

The procedures for evaluating vehicle utilization are limited by the type and accuracy of data available to be analyzed along with resource constraints within Support Fleet Management.

Effect:

UTA has an excess of support fleet vehicles which creates the following negative outcomes:

1. New vehicles are purchased when underutilized, older vehicles could be reassigned to serve the same purpose.
2. Departments have the perception that they can have a vehicle purchased or assigned to them without thorough justification for their use.
3. Underutilized vehicles, particularly newer ones, are constantly losing residual value simply by aging.

4. UTA incurs holding costs to maintain underutilized vehicles or underutilized vehicles are not maintained creating a further decrease in residual value.
5. Negative public perception of taxpayer dollar waste.

Recommendations:

1. We recommend Support Fleet Management use the new geotrackers to pinpoint precisely which vehicles are being underutilized and work to either reassign vehicles where they will be more useful or dispose of them to recapture some residual value.
2. We recommend the vehicle purchasing strategy be overhauled to ensure that proper steps are taken to determine if another vehicle within support fleet would be sufficient to meet the needs of the requesting department prior to purchasing a new vehicle.
3. We recommend Support Fleet Management require all employees responsible for a support fleet vehicle, especially underutilized ones, to provide written justification for the business need of their vehicles. Based on the justifications, support fleet should make decisions as to which vehicles may be reassigned or slated for disposal.
4. We recommend Support Fleet Management review the use of floating fleet vehicles available to be checked out by employees to determine if any could be repurposed or disposed.
5. We recommend UTA management review its disposal and auction process to determine if there are ways to streamline sales once vehicles to be disposed of have been identified.
6. We recommend UTA's accounting and finance teams determine if there is a more effective way to manage the budget strategy for support fleet vehicles, for instance, using an internal service fund to charge departments for the use of vehicles.

Management Response and Action Plan:

Management agrees with the recommendations in this finding.

Recommendation 1- Support Fleet Management has been working to install the Geotab units on UTA's support fleet. The amount of data the Geotab telematics units provide is impressive. The use of the data will allow for documented evidence to make actionable and timely decisions in the management of the support fleet. The goal is to right-size the fleet and ensure the vehicle are being appropriately utilized.

The data collected with Geotab will be used to inform a vehicle utilization policy and inform fleet right-sizing based on vehicle usage and department needs. The information collected with Geotab will also inform management response to items 1 thru 3 and form a foundational element of the FMAP.

Recommendations 2 thru 5 will be addressed in the FMAP as defined in Management Response to finding R-22-06-01(2), and the completion of SOPs the Support Fleet group is developing.

Recommendation #6 is currently being investigated by UTA's Finance team regarding establishing an internal service fund for financing the Support Fleet Vehicle strategy. Management recognizes that more funding is needed for the management, operations, and maintenance of the support fleet vehicles.

Finance will review options for better fiscal management and control of the Support Fleet including potentially developing a self-supporting funding approach to the support fleet, either by use of an internal service fund potentially partially funded by vehicle auction sales or the creation of dedicated budgets and fiscal controls for the management of the fleet.

Regardless of the funding strategy, the identification of a centralized owner and budget overseen by Support Fleet Management instead of the current decentralized approach will provide consistency and greater management oversight and control of all Fleet Management functions.

Target Completion Date: April 1, 2023

Current Status:

Recommendation #1 - Management has installed Geotrackers in support fleet vehicles. These devices collect data on the vehicle and driver habits, including odometer mileage, which audit testing verified as accurate, and patterns of aggressive driving. Additionally, a consulting firm developed a formula management can use to evaluate vehicle retain/dispose decisions with mileage a key input. The formula has bookends of minimum annual mileage and maximum total mileage to alert management of vehicles that may need to be disposed.

Recommendation #2 and #3 – Management has drafted, but not yet adopted, an SOP to guide on vehicle assignments and allocation. Vehicle users will be required to annually complete a form justifying continued vehicle use, and when a position incumbent leaves UTA. Vehicle assignment will be based on the following criteria: 1) Need for the vehicle 2) type of vehicle needed 3) number of operators 4) number of operator shifts 5) vehicle availability. Management believes that the enriched data environment may ultimately make a justification form unnecessary, since the data will bear vehicle use patterns out. The recommendation will remain open pending adoption of SOPs, finalization of controls, and support from executive management on adoption.

Recommendation #4 - In response to the audit, the Executive Director placed a purchase moratorium on new non-revenue vehicles. No purchases varying from the terms of the moratorium were made.

Management made the decision not to dispose of vehicles unless for age-based reasons and is developing strategy to optimize use of the current fleet. This optimization will be based on performance metrics such as mileage by trip, vehicle model, and time in use with an emphasis on the needs of departments. While fleet right-sizing will be an on-going goal, management has documented a researched and methodical approach to implementation. The recommendation will remain open, with final resolution dependent on the successful roll-out of a right-sizing strategy, as evidenced by an improvement in fleet use metrics.

Recommendation #5 was not considered in this audit but will be in a separate preliminary assessment of disposal practices.

Recommendation #6 – Management hired consultants who evaluated the merits of a revolving service fund strategy with initial funding from the auction of surplus vehicles. The consultants concluded *“In summary, auction seed money would not substantially support a revolving service fund. To further explore the possibility of the revolving fund, additional funding sources will need to be identified. It is also recommended for UTA to establish a vehicle replacement timeline to support a consistent cash flow projection.* The comptroller confirmed that funding for support fleet is currently being conceptualized as capital funding. This recommendation will remain open pending final decisions on how the support fleet will be funded in the future.

Audit Finding R-22-06-4 Floating Vehicle Check-out and Physical Security Measures are Ineffective Against Preventing Fraud and Abuse **Risk Level: High**

Details:

Support Fleet currently utilizes a checkout application on an internal intranet site called UTANet for its floating white fleet, defined as fleet vehicles any employee can potentially use. We examined the support fleet vehicle check-out process for floating support fleet vehicles. This included a review of the support fleet check-out application found on UTANet and the physical security of vehicle keys. We found the

online application for checking out and checking in vehicles was not developed or deployed in a manner to adequately approve and track vehicle use. The system was lacking key controls to allow Support Fleet to properly monitor the check-out process. This included lack of proper approval workflows, allowing anyone with a login to request a vehicle without having a supervisor approve the check-out. We noted lack of logic controls, such as being able to check out a vehicle without it being checked back in first.

We also found the physical security over vehicle keys was non-existent at the UTA headquarters building, FLHQ. Keys are kept in a lockbox by the FLHQ Southwest entrance which is not locked. Anyone with access to the building can remove a support fleet vehicle from the premise without detection. To illustrate this point, the Internal Audit team, with the permission of the Board Chair and the knowledge of the UTA Police Department, stole a car from the FLHQ parking lot and dropped it at another UTA facility for a one-week period. During that time the vehicle was never reported missing. UTA saves its security footage for a one-week period, meaning that vehicles not reported missing within that timeframe have a significant risk of being stolen and not detected until the next physical inventory of vehicles.

Criteria:

According to Fleet Services, an independent vehicle management company established in 1957, one of the best practices that should be implemented over fleet vehicles is the drafting and approving driver and vehicle policies that reduce the company's exposure to unexpected liabilities resulting from drivers who perhaps should not be driving. This extends to the argument that the systems that enforce those policies be designed and implemented in a way that allows the policies to be adequately followed.

Underlying Cause:

The lack of resources within Support Fleet Administration, coupled with the inadequate design of the check-out and monitoring system, has resulted in a lack of governance and oversight over floating support fleet vehicles.

Effect:

Support fleet vehicles could be stolen or otherwise misused without detection.

Recommendations:

1. We recommend developing or purchasing new check-out software and adding additional controls to the check-out process. The new controls should be robust enough to 1) ensure Support Fleet knows who has custody of a vehicle at any given time, 2) ensures proper approvals for vehicle use are documented prior to an employee taking custody of a vehicle, 3) ensure vehicle keys are kept in a secure (locked) area that can only be accessed with either a unique identifier code or unlocked by a custodian that verifies the employee has gone through the check-out process and has all approvals documented.

Management Response and Action Plan:

Management agrees with this finding and will put in place a system of controls to improve security of the check-out process. Recommendations for the acquisition of a new automated check-out system with the appropriate controls will be reviewed and included in the FMAP for early implementation.

Management also recognizes the likely challenges it will have to analyze for implementation while not creating overburdensome requirements for support fleet vehicle use, particularly as it relates to UTA's ability to respond to emergencies.

There are a variety of solutions UTA could review in the FMAP to secure its pool keys and vehicles. Solutions could potentially include, but are not be limited to:

- 1) Leveraging additional functionality capabilities of the Geotab system and implement various levels of RFID technology to better document operating characteristics.
 - a. Could be implemented to require users to scan key fob before operating via SOP.
 - b. Could be implemented with additional vehicle hardware preventing the starting of a vehicle without scanning employee key fob.
- 2) Purchase an electronic key management system that tracks key usage and verifies only authorized employees are checking out vehicles.
- 3) Ensure software solution notifies Support Fleet Management when fleet vehicles are not returned per vehicle checkout information.
- 4) Eliminate or modify the concept of a fleet pool and have department/assigned vehicles

The FMAP will consider the options and associated complexities that will inform its recommendations.

Target Completion Date: April 1, 2023

Current Status:

Management is researching options for a new key management and checkout system but have yet to arrive at a decision. Research has included consultant investigation into options and in-person inspections of systems used by other organizations.

Management has researched costs of a key management system and \$330,000 is earmarked in the UTA five-year capital plan for procurement of a key management system.

Attachment B: Residual Value by Mileage and Model Year¹

Figure 2. Residual Value by Mileage and Model Year

Vehicle Year	Vehicle Count	0 Miles	Less than 1,000	1,001 to 5,000	Grand Total
1988	1	\$ -	\$ 4,666.00	\$ -	\$ 4,666.00
1995	2	\$ -	\$ 1,846.00	\$ 5,335.00	\$ 7,181.00
1997	4	\$ 1,464.00	\$ -	\$ 5,866.00	\$ 7,330.00
1998	15	\$ 2,430.00	\$ 36,288.00	\$ 11,470.00	\$ 50,188.00
1999	13	\$ 2,280.00	\$ 12,526.00	\$ 26,190.00	\$ 40,996.00
2000	8	\$ -	\$ 31,582.00	\$ 39,072.00	\$ 70,654.00
2002	15	\$ 2,944.00	\$ 39,441.00	\$ 28,978.00	\$ 71,363.00
2004	13	\$ 2,271.00	\$ 42,076.00	\$ 31,007.00	\$ 75,354.00
2005	5	\$ 4,934.00	\$ 39,000.00	\$ 8,536.00	\$ 52,470.00
2006	23	\$ 2,096.00	\$ 24,972.00	\$ 129,332.00	\$ 156,400.00
2007	24	\$ 16,982.00	\$ 102,115.00	\$ 154,793.00	\$ 273,890.00
2008	30	\$ 3,192.00	\$ 53,466.00	\$ 228,433.00	\$ 285,091.00
2009	21	\$ -	\$ 50,284.00	\$ 168,301.00	\$ 218,585.00
2010	6	\$ -	\$ 8,477.00	\$ 16,843.00	\$ 25,320.00
2011	30	\$ 5,491.00	\$ 51,916.00	\$ 416,300.00	\$ 473,707.00
2012	16	\$ -	\$ 53,857.00	\$ 220,258.00	\$ 274,115.00
2013	15	\$ 39,875.00	\$ 32,920.00	\$ 217,241.00	\$ 290,036.00
2014	1	\$ -	\$ -	\$ 5,806.00	\$ 5,806.00
2016	1	\$ -	\$ -	\$ 58,651.00	\$ 58,651.00
2017	4	\$ -	\$ -	\$ 117,733.60	\$ 117,733.60
2018	4	\$ -	\$ 46,817.00	\$ 96,898.00	\$ 143,715.00
2019	1	\$ 58,268.00	\$ -	\$ -	\$ 58,268.00
2020	1	\$ -	\$ -	\$ 25,719.00	\$ 25,719.00
2021	3	\$ 27,560.00	\$ 26,353.00	\$ 37,029.00	\$ 90,942.00
Grand Total	256	\$ 169,787.00	\$ 658,602.00	\$ 2,049,791.60	\$ 2,878,180.60

- This table details the aggregate potential residual value for underutilized vehicles by vehicle model year and the range of miles driven between the period of April 23, 2021 and April 22, 2022. The purpose is to illustrate the stratification in value between older and newer vehicles for the purpose of determining where “quick-wins” can be realized through the disposal process.

¹ This table is from the 2022 phase of the audit. It is retained in this report to maintain the reference in the 2022 findings.