

COUNTY COUNCIL OF WICOMICO COUNTY, MARYLAND

2013 Legislative Session

Legislative Day No. 06

Resolution No. 28-2013

Introduced by: The President of the Council

A RESOLUTION ADOPTING THE FLEET MANAGEMENT AUDIT REPORT.

WHEREAS, under Section 305, titled "County Internal Auditor" of the Charter of Wicomico County, Maryland, the Internal Auditor is charged with the duty to report on internal accounting controls, administrative and operating practices and procedures, and other pertinent financial and compliance matters within Wicomico County; and

WHEREAS, the Internal Auditor has submitted a Fleet Management Audit Report for the County Council's consideration that focuses on the policies and procedures for fleet management and to assure current fleet practices are in compliance with the rules at an acceptable level of control.

NOW, THEREFORE, BE IT RESOLVED, by the County Council of Wicomico County, Maryland that the Fleet Management Audit Report submitted by the County Internal Auditor, attached as Exhibit A, is approved and adopted.

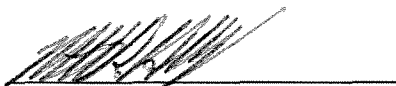
Done at Salisbury, Maryland, this 19th day of March, 2013.

ATTEST:

COUNTY COUNCIL OF
WICOMICO COUNTY, MARYLAND



Matthew E. Creamer,
Council Administrator



Matt Holloway,
Council President

CERTIFICATION

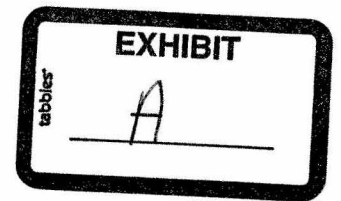
This Resolution was Adopted , Adopted with Amendments , Failed , Withdraw by the County Council on March 19, 2013.

Certified by 
Matthew E. Creamer, Council Administrator



Wicomico County, Maryland
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Steve Roser, CPA/CIA
Internal Auditor

February 18, 2013

Fleet Management



Internal Auditor's Report

The County Council and County Executive of Wicomico County, Maryland:

Pursuant to Section 305(D) of the Wicomico County Code and Council Resolution No. 125-2012, the Office of the Internal Auditor (IA) has conducted an Audit of the Wicomico County Fleet Management System. A report is submitted herewith. The purpose of the audit was to determine County rules for fleet management and assure compliance with those rules. Additionally, County Administration assigned County Purchasing the task of evaluating the County fleet with an eye toward improving efficiency and effectiveness in the procurement and use of County vehicles. This audit serves as an independent appraisal of the efforts by Purchasing to carry out the evaluation.

IA conducted the audit with due professional care, and IA planned and performed the audit to obtain reasonable assurance about whether the current fleet practices are in compliance with applicable policies and procedures and whether those policies and procedures are adequate to obtain an acceptable level of control.

The audit revealed an aging fleet with diverse methodology among various departments for managing and maintaining vehicles under their control with an acceptable level of compliance with the rules. IA identifies several findings in subsequent sections of this report that bear discussion.

IA extends appreciation to County management and staff in the selected Departments for their timely assistance, cooperation, and candid assessment of the fleet system.

Respectfully submitted,

Digitally signed by J. Stephen Roser, CPA
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Date: 2013.02.15 13:14:45 -05'00'

J. Stephen Roser, CPA/CIA
Internal Auditor

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Audit Report

Background

Wicomico County Fleet Requirements

Wheeled vehicle requirements for Wicomico County are extremely diverse. The County deploys anything from riding lawnmowers to large bulldozers as well as automobiles and most types of trucks. The Sheriff's Office is the largest user of automobiles. IA and the Audit Committee decided that, due to the unique nature of vehicle use by our Deputies, their vehicles should remain outside the scope of this audit and may be considered separately at a later time.

Procurement

Wicomico County Purchasing controls procurement of vehicles. Vehicles for Wicomico County can be acquired in three ways:

- Request for proposal (RFP)
- State contract piggyback
- Local contract piggyback

Piggybacking is the process of purchasing a vehicle based on the specifications contained in a prior bid from Maryland or another jurisdiction. The Wicomico County Council further codified piggybacking in 2010¹.

Standards of Conduct

The Wicomico County personnel manual contains standards of conduct for operation and use of County vehicles:

- Chapter 9 §0907 (smoking)
- Chapter 9 §0909 (official business, documentation, traffic violations, etc)
- Chapter 14 §1405 (use, CDL, DOT regulations, etc)

All departments interviewed strive for adherence to the County Personnel Manual as a matter of policy. Emergency Services has additional codified rules specific to their purpose. Additionally, the Department of Corrections must adhere to separate rules regarding inmate-control risk management.

Audit Objective

The objectives of the audit were to:

1. Assure that vehicles (excluding vehicles assigned to sworn officers) are used in compliance with existing county rules
2. Evaluate vehicle usage for efficiency and effectiveness
3. Provide recommendations for improvement if warranted

¹ Please see Wicomico Legislative Bill No. 2010-01 introduced January 5, 2010

Scope of the Audit

The Scope was open ended. Observations and Inquiries with appropriate personnel were conducted. IA performed inspections of selected vehicles. Additionally IA examined various documents pertaining to the following:

- County rules for vehicle assignment and usage
- Mileage reports
- Vehicle purchasing policy and history
- Vehicle repair logs
- Maintenance records

IA conducted Interviews, some of which included inspections, with the following departments:

- Recreation and Parks
- Public Works Roads Division
- Emergency Services
- Wicomico Regional Airport
- Public Works Solid Waste Division
- Mosquito Control
- Planning and Zoning
- Department of Corrections

General Statistics and Highlights

The Audit revealed an aging County fleet with many vehicles in need of replacement. Additionally, the audit showed a robust system of record keeping with low standardization. Each department interviewed has a system designed to fit its individual needs. Purchasing is in the process of evaluating the fleet in effort to develop a plan to address the aging issue and worked with IA on parts of this audit for mutual benefit.

Please refer to Appendix I for a count of vehicles of all types by department (other than the Sheriff's Office). With the possible exception of Mosquito Control, the Wicomico County fleet consists of older vehicles and equipment. Of the 413 vehicles and pieces of equipment identified from MUNIS records², 278 had an entry in the column for model year. Of these 278 assets, 211 (76%) are prior to 2006. Accountability for vehicle existence, maintenance, and evaluation occurs primarily at the department level.

IA interviewed several departments in effort to understand fleet management for Wicomico County. The interviews were largely unstructured in order to provide interviewees the freedom to guide discussions to their individual primary concerns. IA included several standard questions along with the open discussion to gain insight on the following:

Documentation

Most departments interviewed maintain documentation to fit their individual needs. Departments track maintenance, mileage, usage, aging (history), and estimated values to varying degrees. Recreation and Parks, for example, maintains a robust system for evaluation based on several factors including usage and available valuation models.

² As mentioned previously, the test sample excludes vehicles assigned to the Sheriff's Office

Commercial Driver's Licensing Requirements

A commercial driver's license (CDL) is required in Maryland for operation of commercial motor vehicles. Maryland defines a commercial motor vehicle as a vehicle (or combination) with gross combination weight over 26,000 pounds, a vehicle designed to transport 16 or more passengers, or hazardous materials requiring placarding.³ Recreation and Parks, Roads Division, Emergency Services, and Solid Waste all have drivers required to possess a CDL. The departments track their licensees. The County Airport heavy vehicles, according to the Director, do not travel the public roads and therefore do not require CDL. If, in the unlikely event, a truck needs to leave the Airport for service, the service provider sends a mechanic with a CDL to transport the vehicle.

Smoking in Vehicles

The County prohibits smoking in vehicles with more than one occupant.⁴ Most departments interviewed prohibit smoking altogether as a matter of stated policy.

Other important matters discussed in interviews, such as evaluation, record keeping and take-home vehicles appear in the findings and recommendations section of this report.

Conclusion

Based on evidence gathered, and interviews performed pursuant to the Fleet Management Audit, IA is of the opinion that fleet management for Wicomico County is presently at a satisfactory⁵ level. County Management, however, must continue the initiative for improving fleet management in order for it to remain so. The Wicomico County Fleet is aging rapidly and a robust system to correct the matter is advisable. IA plans to monitor the progress and stands ready to assist in an advisory capacity.

Schedule of Findings and Recommendations/Management Response

The findings listed below represent some key issues that bear discussion as an added feature to the audit process. It is noteworthy that the objectives for the Fleet Management Audit, as stated in the conclusion, were satisfactory. The audit revealed no evidence of material weakness or significant deficiencies in the areas tested. The findings are both positive and negative and they do not rise to the level of concern that material weakness or significant deficiencies would garner.

1. Vehicle Evaluations

As mentioned, Purchasing is performing a complete evaluation of the County vehicle needs. Part of that process is to determine the age and usage of various vehicles within diverse departments. The County, due to economic restraints, was being forced to delay vehicle replacement. The average age, according to the Purchasing study, is 14 years and the average mileage for County vehicles is 115,000. Additionally, average turnover for the vehicles is 19 years. The County needs to develop a plan to replace vehicles in an efficient and effective manner taking into account useful life, odometer mileage, and use.

2. Tracking Methodology – Database

At least three main databases track vehicles in Wicomico County:

³ Source: [MVA Maryland Commercial Driver License Manual](#), p.i

⁴ Source: [Wicomico County Personnel Manual](#), Chapter 9, §0907

⁵ For the purposes of this audit, IA uses a three-tier grading system recommended by the International Professional Practices Framework (IPPF) as expressed by the [IPPF Practice Guide](#) issued March 2009. The three tiers are Inadequate System of Internal Control, Adequate System of Internal Control, and Satisfactory System of Internal Control. Satisfactory findings indicate that overall controls are satisfactory, although some enhancements may be recommended. It is the highest rating on the scale.

- Finance (MUNIS⁶)
- Purchasing (spreadsheets)
- Roads Division (Fuelmaster⁷)

The three databases are not interconnected and must be updated manually. We suggest that it may be prudent to look into a way to relate the databases, perhaps driven by vehicle identification number. The County should look at any project of this nature from a cost-benefit standpoint as a matter of course.

3. Maintenance

Maintenance facilities and methods for County vehicles are diverse. The County maintains garages for Recreation and Parks, Roads Division, Solid Waste Division, and the Airport. According to some interviewees, the County contemplated a central garage, but rejected the idea because the plan would require the construction of a new facility large enough to handle the volume of work. Some departments maintain their vehicles at the Roads Division garage. Larger vehicles must go to outside services such as Barr International. Some departments use outside facilities for routine maintenance. IA interviewed the owner of one such facility. It is a local business located in Wicomico County with 34 years experience. Other specifics are as follows:

Recreation and Parks:

Recreation and Parks has two full-time mechanics. They maintain repair schedules printed out monthly from canned software, "Maintenance Manager". The mechanic receives the schedules directly from office personnel.

Roads Division:

Roads Division tracks maintenance and repair through software supplied by JJ Keller. Roads tracks maintenance and repairs separately. The Roads Division fuelmaster uses the JJ Keller software to bill departments for work performed in the Roads Division garage. Some departments complained that others are given priority when sending work to Roads Division.

Solid Waste Division:

The County Landfill has a 2-bay garage and two full-time mechanics. Per Solid Waste management, they perform all automotive air conditioning work for the County fleet. Alban Tractor, as part of the lease agreement, maintains some of the large equipment leased through SunTrust. The Landfill uses JJ Keller software to track maintenance and repair. They maintain their database separately from Roads Division. Landfill accounting would be interested in vehicle tracking through MUNIS.

Wicomico Airport:

The Airport has one part-time mechanic with a full-time helper. Barr International maintains large equipment. According to the Director, FAA regulations restrict some equipment from leaving the Airport. Therefore, the Airport could not support a central garage that was not located on Airport property.

4. Record Keeping

As mentioned in General Statistics and Highlights on page 4, the record keeping for departments is diverse and generally tailored to the needs of each department. Although a central repository for data to associate vehicle existence may be helpful, centralizing all accountability for fleet management would likely become counterproductive. Departments have different needs and functions and most have created a robust system for accountability.

⁶ MUNIS is an acronym for the County accounting software

⁷ Fuelmaster is an electronic system the County uses to track fuel usage – please see Fuel System Inventory Audit (report dated June 14, 2011)

5. Training

The Human Resource Department's Risk Manager, at the request of the County auto insurer, set a goal to provide defensive driver training to all Departments. Any County employee who is assigned a vehicle, or has the potential to drive a County vehicle based on his or her job classification, is required to take the course. The training is two hours and requires passing a written test. Deadline to accomplish the training is June 1, 2013. A certification is issued to successful participants valid for three years. Additionally, Emergency Services has already held in-house driver training.

6. Take-home Vehicles

County employees required to be on call are usually issued County vehicles to take home. Per Human Resources employees are taxed on personal use portion per IRS Reg. §1.61-21⁸. A matrix of take-home vehicles per Purchasing and department management follows:

Department	Take Home Vehicles
Airport	2
Recreation & Parks	3
WCDC	2
Emergency Services	5
General Services	2
Health Dept	1
DPW Solid Waste	3
DPW Roads	3
Sheriff's	87
State's Attorney	1
Task Force	2
Executive	3

IA tested Planning and Zoning for proper after-hours vehicle storage and found no violations of the take-home rules.

Management Response – Public Works

There appears to be a few errors in the Appendix I Table. A year ago, DPW Development was consolidated with P&Z so the number of vehicles in P&Z and Public Works need to be combined. The fleet in DPW Solid Waste totals 85 consisting of 39 tagged vehicles, 32 pieces of specialty equipment and 14 implements. The fleet in DPW Roads totals 191 consisting of 113 tagged vehicles, 43 pieces of specialty equipment and 35 implements. There is some confusion over ownership of the one (1) vehicle listed under Johnson Grass Committee. After the death of the operator, this vehicle has been parked at DPW Roads.

Management Response – Administration

Administration wishes to include the fact that cell phone use in County vehicles is strictly prohibited per Maryland State Law. IA reviewed written County cell phone policy.

⁸ This section of the U.S. Tax Code Regulations defines taxation of fringe benefits

Auditor's Closing Remark

The Wicomico County Office of the Internal Auditor would like to thank management and staff from the various departments for their timely cooperation and assistance during the audit.

Appendix I – Vehicle Count by Department

A count of vehicles of all types by department (other than the Sheriff's Office) is as follows:⁹

Department	Vehicle Count
ROADS	116
RECREATION	88
SOLID WASTE	85
AIRPORT	23
EMERGENCY SERVICES	21
CORRECTIONS	14
TASK FORCE	12
PUBLIC WORKS	10
MOSQUITO CONTROL	7
GENERAL SERVICES	6
PUBLIC HEALTH	5
TOURISM	5
ADMINISTRATION	4
LOCAL MANAGEMENT BOARD	3
PLANNING AND ZONING	3
HUMAN RESOURCES	2
INFORMATION TECHNOLOGY	2
STATES ATTORNEY	2
YOUTH & CIVIC CENTER	2
JOHNSON GRASS COMMITTEE	1

Please note that the count is from MUNIS records from November 2012. Purchasing and Finance are in the process of clearing up differences to reflect the actual count by Department. For example, due to restructuring, MUNIS lists some of the Planning and Zoning vehicles as Public Works.

⁹ Source: MUNIS fixed assets – vehicle list as of November 27, 2012; MUNIS is an acronym for the accounting software employed by the County