



City of Chattanooga

INTERNAL AUDIT

City Hall

Chattanooga, Tennessee 37402

Stan Sewell
Director

Ron Littlefield
Mayor

September 12, 2011

Mayor and City Council
City of Chattanooga
Chattanooga, TN 37402

RE: Post Audit Review of Fleet Services Efficiency Review, Audit 09-12

Dear Mayor Littlefield and Council Members:

On September 15, 2010, the Internal Audit Division released an audit on the Fleet Services garages. We performed certain procedures, as enumerated below, with respect to activities of the Fleet Services division in order to render a conclusion on the status of the recommendations made as a result of that audit.

This Post Audit Review consisted principally of inquiries of City personnel and examinations of various supporting documentation. It was substantially less in scope than an audit in accordance with generally accepted government auditing standards.

The evidence obtained provided a reasonable basis for our conclusions; however, had an audit been performed, other matters might have come to our attention that would have been reported to you and our conclusions may have been modified.

The conclusions of Audit 09-12 were that:

1. Labor charges by Fleet Services appear to be appropriate.
2. Fleet Services mechanics are performing their jobs at an efficiency level that is near or at the industry average.

The audit contained two recommendations that addressed the audit's findings. Based on the review performed, we concluded that recommendation one was implemented, and recommendation two was not implemented.

Recommendations Implemented [1]

We recommended (**Recommendation 1**) Fleet Services comply with the MTAS Record Retention Policy Manual and keep all original work order documents for at least 3 years from the date of service. We also recommended that a filing system be developed to help organize these records to better facilitate locating a document in the future.

Fleet Services management issued a directive to their supervisors instructing them to retain the original work order for three years as required by the MTAS Retention guidelines. Based upon discussion with Fleet Services staff, they are retaining the original work orders as directed by management. Records are primarily filed in the order the work is completed.

Recommendations Not Implemented [2]

We recommended (**Recommendation 2**) Fleet Services provide the work order showing the work performed on the vehicle when the driver takes possession of the car. In addition, the driver should review and sign the work order and then forward it to their department's designee who should compare this work order to the final bill.


Fleet Services management disagreed with our recommendation when the report was issued. In their response to the audit, they stated they have tried our recommendation of issuing the final work order to the driver when the vehicle is released from the garage. This process failed due to a lack of proper procedures by the various City departments. Fleet Services electronically delivers both a summary and detail billing to the budget position of each department monthly. They stated from their perspective, it is the department's responsibility to distribute the bill and review it accordingly.

Based upon discussions with the Fleet Manager, the City is implementing a lease program for its fleet. Currently, Fleet Services owns fifty percent of the City's fleet. Under the lease program, Fleet Services will eventually own all the City's vehicles. All bills for maintenance and repair will be processed and reviewed by Fleet Services. Fleet management has already implemented a review process for these bills which includes reviewing detailed bills for anomalies and outliers. They are planning to increase their review process with the increase of ownership.

The Fleet Manager realizes the weakness in the process of not comparing the original work order request with the final bill. He hopes by implementing this new procedure it will be a step towards strengthening controls.

We thank the personnel in Fleet Services for their assistance in conducting this review. We will consider this report to be final unless directed to continue our review.

Sincerely,



Stan Sewell, CPA, CGFM
Director of Internal Audit

cc: Dan Johnson, Chief of Staff
Paul Page, Director of General Services
Audit Committee