



## **Fleet Services**

**Craig Hametner, CPA, CIA, CMA, CFE**  
City Auditor

### **Prepared By:**

**Jed Johnson**  
Senior Audit Analyst

**Michelle Taylor**  
Audit Analyst

## **INTERNAL AUDIT DEPARTMENT**

**February 08, 2011**  
**Report 20105**

# Table of Contents

	<u>Page</u>
Authorization	1
Objective, Scope and Methodology	1
Overall Conclusion	2
Background	2
Management Accomplishments	4
Opportunities for Improvement	5

## **Authorization**

We have conducted an audit of the Fleet Services. This audit was conducted under the authority of Article VII, Section 5 of the Garland City Charter and in accordance with the Annual Audit Plan approved by the Garland City Council.

## **Objectives**

1. Evaluate compliance with the NAPA parts agreement.
2. Evaluate the safeguarding and accountability of fixed assets.

## **Scope and Methodology**

Our audit period for review was from January 1, 2009 to April 30, 2010.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We obtained an understanding of internal controls significant to the audit objective, and considered whether specific internal control procedures had been properly designed and placed in operation. This included compliance with the NAPA parts agreement, policies, procedures and the capitalization of expenditures directive.

While we report to the Mayor and City Council and present the results of our work to the Audit Committee, we are located organizationally outside the staff or line management functions we are auditing. Therefore, this Audit organization may be considered free of organizational impairments to independence to audit internally and report objectively to those charged with governance.

To adequately address the audit objectives, we:

- Reviewed the NAPA agreement (Obj. 1)
- Interviewed Fleet and NAPA personnel to gain an understanding of the operation. Developed a work order flowchart (Obj. 1)
- Ensured NAPA invoices had the proper tracking information and matched the information in the Fleet system to verify accuracy (Obj. 1)
- Reviewed NAPA Profit & Loss (P&L) statements (Obj. 1)
- Verified NAPA's inventory list to obtain current value (Obj. 1)
- Reviewed City of Garland (COG) payments to NAPA to verify contract compliance (Obj. 1)

- Reviewed Capitalization of Expenditures Directive (Obj. 1)
- Reviewed Dallas County tax statements to obtain details about the property tax paid (Obj. 1)
- Performed a fixed asset inventory to verify assets were accounted for and observed the physical condition (Obj. 2)
- Documented the process of assigning proper beginning value, depreciation and disposal of fixed assets to verify accuracy (Obj. 2)
- Ensured fixed assets were adequately secure (Obj. 2)

### **Overall Conclusion**

Our audit revealed that the COG is paying NAPA, on average, \$23,227 in gross profit (at a 10% gross profit rate) and \$24,069 in operating costs (includes all NAPA operating expenses), on a monthly basis. In addition to the operating costs, COG furnishes, at its sole expense, space for NAPA's onsite store and all utilities and services, including a fleet vehicle, water, sanitation, sewer, light, telephone, heat, gas, electricity, power and fuel. We recommend that before the next contract takes effect, the COG should renegotiate caps on gross profit rates, headquarter fees, concession on remaining operating costs and limits on NAPA personnel and overtime.

Additionally, we performed an inventory of fixed assets and observed their physical condition. Our audit revealed the following: 1) Two fixed assets were not capitalized 2) Three auctioned or replaced fixed assets were not removed from the list 3) Four fixed assets can not be located. The safeguarding and accountability of assets needs improvement.

### **Background**

The Fleet Services Department's (Fleet) mission is to develop and administer preventive maintenance programs to assure safe operation, efficient performance, and maximum reliability and effective life of the City fleet (Mission statement is stated in the Annual Operating Budget). Fleet performs or coordinates repairs to return equipment to operation with minimal downtime and expense. They maintain fuel inventory and dispensing system for operation of the fleet. The department evaluates markets, data and equipment to assure acquisition of cost-effective equipment and determine optimum operating life expectancy. They identify opportunities for efficient and effective management and maintenance of the City's fleet. Fleet provides the internal support that enables other departments to meet their goals and responsibilities.

In January 2004, the City Manager signed an agreement between the COG and NAPA. This Integrated Supply Agreement was to allow NAPA to establish

inventories at COG locations to service the Fleet parts need of the City and to serve as the primary supplier of automotive replacement parts and other goods as required by the COG. The initial term of this contract was for three years, beginning on the effective date of January 20, 2004. Upon expiration of the initial term, the Agreement may be renewed for successive one-year terms with the pricing structure remaining constant. The COG may terminate this agreement upon thirty days notice to NAPA at any time after the first year of the Agreement.

During the term of the agreement NAPA will operate the On Site Store and provide the inventory to the COG. They will provide personnel required to operate the On Site Store during Fleet Services operational hours, including special crews on holidays. NAPA agrees to provide 85% of all City parts requirements on demand and 95% of all City parts requirements by the commencement of business on the workday following the request. NAPA shall ensure the COG receives the lowest possible price on each part. The cost of all goods and services to the COG will yield a ten percent (10%) gross profit rate. Additionally, Operational costs will be charged to the COG at cost. Operational costs include all costs and expenses associated with the On Site Store or the vehicles used by NAPA in the operation of the On Site Store. This includes, but not limited to, headquarter fees, general liability insurance, workers compensation, salary & benefits to NAPA employees, taxes, freight & postage, training, computer equipment, telephone, shelving & equipment depreciation. These operational costs are billed monthly. Outside purchases made by NAPA to an outside vendor will be marked up so as to yield a ten percent (10%) gross profit for NAPA. As of October 29, 2010, NAPA keeps approximately a \$1,000,000 (\$178,765 - NAPA parts & \$819,640 – Non-NAPA parts) worth of inventory at the COG store.

## **Management Accomplishments**

Fleet Services continues to focus on providing departments with prompt service and repairs to vehicle and equipment. One area that has enabled fleet to meet the requirements of the departments we support, has been the ability to effectively establish an inventory to meet the wide variety of parts needs.

In the ongoing effort to improve service and add value, Fleet Services and NAPA are renegotiating several of the following contract items:

1. Modify the current "COST + 10%" agreement to include a maximum markup on any one part / item.
2. Specific payment terms to enable prompt payment discounts and purchasing process to facilitate prompt payment.
3. Seamless integration of parts supply function within the City's Fleet Management System. Primary parts ordering and tracking within City system with the Contractor's Parts Management Software as the secondary system. Contractor will supply and maintain all of the associated computer hardware for their system. This inventory software system shall be capable of providing reports to the City as required for monitoring parts and parts supplies issues, returns, costs, inventory turns, etc.
4. Performance guarantees providing penalties for not meeting performance standards
5. Enhanced reporting capabilities and requirements to include:
  - compliance with contract performance standards
  - requested parts filled on demand (total parts requested / issued).
  - average time to fill backorders
  - Warranty, savings, and annual reporting
  - Adhoc reporting
6. Specific primary and backup staffing requirements

**Opportunities for Improvement**

During our audit we identified certain areas for improvement. Our audit was not designed or intended to be a detailed study of every relevant system, procedure, and transaction. Accordingly, the Opportunities for Improvement section presented in this report may not be all-inclusive of areas where improvement might be needed.

**Finding #1 (Obj. 1)**

**Condition: (The way it is)**

During our evaluation of objective 1, it came to our attention that the COG pays a 10% gross profit rate (regardless the cost of the parts) and all NAPA operating costs, including a % of NAPA Headquarter fees. The contract is written to state that the COG will pay all operating costs.

Our review of COG payments and NAPA P&L statements is as follows:

	<b>COG Cost (Jan 2009 – Apr 2010)</b>	<b>Average / Month</b>
NAPA Cost of Parts (including Freight and Postage)	\$3,341,256	\$208,828
NAPA Cost of Shop Supplies	\$29,178	\$1,824
NAPA Profit (Parts & Shop Supplies) – 10% Gross Profit Rate	\$371,639	\$23,227
NAPA Operating Cost	\$385,097	\$24,069
Total COG Cost	\$4,127,170	\$257,948

The COG pays NAPA for all its operational costs to include:

	<b>Operational Cost Description</b>	<b>Average Cost/Month</b>
1	Headquarters Accounting & Data Processing Fee	\$1,151
2	Headquarters General Office Fee	\$1,721
3	Counterperson and Delivery Employee Payroll *	\$13,912
4	Delivery – Maintenance	\$2
5	Shelving and Equipment Depreciation Fees	\$137
6	Employee Benefits (including Pension)	\$3,232
7	Insurance	\$917
8	Interest	(\$1)
9	Rent	\$110
10	Stationery, Ship, Supply	(\$936)
11	Store expenses	\$132
12	Taxes (Use Tax & Payroll Tax)	\$2,582 (\$1,400 Property Tax)
13	Telephone	\$300
14	TAMS (Computer Support Fee)	\$803
15	Training	\$8

\* Includes overtime pay. As of April 24, 2010, NAPA charged approximately \$7,500 (for five out of seven employees) in overtime in 18 weeks.

It should be noted that NAPA employee payroll and benefit payments for a month average about \$17,000. Also, the COG is paying property tax (approximately \$16,500/yr for the NAPA inventory) even though it is a governmental entity. In addition, the

COG furnishes, at its sole expense, space for NAPA's onsite store and all utilities and services, including a fleet vehicle, water, sanitation, sewer, light, telephone, heat, gas, electricity, power and fuel.

**Criteria: (The way it should be)**

For the sake of the taxpaying citizen, prudent business practices dictate that the contract be renegotiated with operational and price equity to both parties. The COG should not be paying a 10% gross profit rate on all parts. Instead, maximum mark ups should be set up based on the parts costs. Also, the COG should attempt to receive concessions on NAPA operating costs. It must be noted that the COG is not charging NAPA for its onsite store space, utilities and gasoline charges, Fleet vehicle usage, etc.

**Cause: (Difference between condition & criteria)**

It appears as though a lack of proper negotiation caused this situation, preventing a favorable middle ground.

**Effect: (So what?)**

- Taxpayers of the COG may not be getting the best deal for their money.
- Operational costs are not specific therefore costs could fluctuate up and down. There are no caps on operational costs, which means, NAPA could increase the fees at any time.

**Recommendation:**

Before the next contract takes effect, the COG should renegotiate:

- Caps on gross profit rate (based on part cost).
- Headquarter fees.
- Concession on remaining operating costs.
- Limits of NAPA personnel and overtime.

**Management Response:**

- Fleet Services concurs with the recommendation regarding caps on gross profit. The current 10% rate actually serves as a cap and is the rate common to other area public entity agreements with NAPA when secured through interlocal agreement. However, Fleet Services has already secured concurrence from NAPA to implement fixed dollar mark-up caps on higher cost parts upon renewal of the agreement.
- Fleet Services will explore the issue of other operating costs and headquarter fees to compare allocation of overhead with other in-house NAPA programs.

- Fleet Services has been involved in selection of NAPA parts staff over the last several years allowing acquisition of increased expertise on specialized equipment such as large trucks, emergency vehicles, and heavy equipment. This involvement provides balancing some control of NAPA personnel expenses with the business need for specialized parts service. Fleet Services has negotiated staffing provisions with NAPA for renewal of the agreement. NAPA staff overtime is often incurred at Fleet Services request to accommodate special or emergency needs, and for parts support of holiday fleet operations.

The primary benefits of the in-house NAPA parts program, which comprise the financial, service, and business value of the program include:

- NAPA agreements with many third party vendors providing volume purchase discounts not available to the City
- Access to large inventory at Fleet Services and the NAPA distribution center, without committing City funds to shelved inventory. The City does not pay for parts until issued to mechanics.
- Reduced equipment down-time associated with quicker parts availability.
- Parts acquisition (purchase) services and producing payment to vendors for thousands of parts purchased each month.
- No ultimate liability for NAPA obsolete parts or parts with diminishing demand. These parts can often be transferred to other NAPA in-house programs with continued or higher demand.
- Opportunity to transfer non-NAPA parts no longer used by the City, to other NAPA in-house programs. For example – Garland moves from purchasing TORO brand mowers to another mower brand. The TORO parts are transferred to another NAPA in-house store where TORO mowers are still used.

**Auditor’s Comment:**

The original interlocal agreement mentioned by the management was signed in 2002. This contract expired in 2004 and the COG entered into a direct agreement with NAPA in 2004. Our inquiry with three other local municipalities revealed the following: Since 2004, 1) One city conducted an internal cost benefit analysis, and in response to this study, NAPA agreed to reduce their overhead charges by approximately 12% 2) Another City conducted a best value request for bid proposal and entered into an annual fixed fee agreement with NAPA (for approximately \$1,750,000) 3) The third city discontinued their relationship with NAPA and entered into an agreement with another third party vendor. We strongly believe, considering the economy, COG’s budget constraints and operation and price equity to both parties, this contract needs to be renegotiated.

## **Finding #2 (Obj. 2)**

### **Condition: (The way it is)**

1. Internal Audit identified two fixed assets (2009 Chevy Pickup and Forklift (\$15,600)) that were not accounted for on the fixed asset list. These items should have been capitalized.
2. Three fixed items located on the fixed asset list are sold in auction (A/C Recovery Machine & Fleet Truck #480017) or replaced (Forklift) with other equipment. The fixed asset list is inaccurate.
3. Internal Audit was unable to account for four fixed assets (one Solder Station and three Portable Radios) that were on the fixed asset list. The location of these items is unknown.

### **Criteria: (The way it should be)**

According to the Capitalization of Expenditures Directive it states expenditures should meet the following criteria to qualify as Capital:

- The item has an expected useful life of one year or more.
- The item has a unit cost of \$5,000 or more including any charges for freight or installation.
- The item is not consumed, unduly altered, or materially reduced in value by immediate use.
- The item belongs to one of the general classes of property that are usually considered fixed assets (i.e., land, facilities, streets, motor vehicles, equipment, etc.).

If the item is such that it is only used in sets, or multiple units, (i.e. a set of chairs), has a collective cost in excess of \$5,000, and meets the other criteria, it should be treated as a capital expenditure.

### **Cause: (Difference between condition & criteria)**

1. Lack of accountability
2. Lack of compliance with the Directive

### **Effect: (So what?)**

1. Safeguarding and accountability of assets needs improvement.
2. Financial Statement may not be accurate.

**Recommendation:**

Fleet should ensure that:

- All equipment that meet the Capitalization of Expenditure Directive criteria must be capitalized and monitored as part of the City's fixed assets.
- A fixed asset inventory be performed annually and all assets are accurately accounted for in the Fixed Asset system.

**Management Response:**

Fleet Services concurs with this recommendation. It should be noted that most of these issues are of a clerical nature only. Although the 2009 Chevy Pickup (#480000 and Forklift #480042) were not on the capital items list, they were accounted for in the fleet system and in the equipment replacement fund. These items have been added to the capital items list. Fleet Truck #480017 was sold at auction 8/17/00 and documentation provided to Audit. This unit has been removed from the capital item list.

The issue regarding the 3 portable radios that cannot be located is unresolved. Fleet suspects the radios were not removed from the capital item list when replaced with new radios by Telecom. Regarding the solder station that could not be located, records indicate purchase in 1992 with a purchase price of \$2,545. Fleet staff has no recollection of this item. Records indicate the A/C Recovery Machine purchased in 1992 for \$3,849.00 was sold in auction but the date of sale is unknown. These items are fully depreciated, they no longer meet current stated capitalization criteria, and will be removed from the list of capital items.

Fleet will work with accounting to provide better communication in the future as well as audit our fixed asset list each year.

Fin. #	Condition (The way it is)	Criteria (The way it should be)	Cause (Difference between condition & criteria)	Effect (So what?)	Recommendation	Management Response	Auditor's Comment
3 (Obj. 1)	According to the inventory list provided by NAPA, as of October 29, 2010, there was approximately \$1,000,000 worth of inventory maintained at the COG on-site store. Based on section 14 (a) of the agreement, upon termination by either party, the COG shall purchase all non-NAPA products (approximately \$820,000), owned by NAPA, located at the on-site store, at NAPA's acquisition cost.	For the sake of tax-paying citizens, prudent business practices dictate that the contract be renegotiated with equity to both parties. Upon termination of the agreement, the COG should have an option to purchase non-NAPA parts if it may need.	It appears as though a lack of proper negotiation caused this situation, preventing a favorable middle ground.	<ol style="list-style-type: none"> <li>1. Upon termination by either party, the COG will have to generate a large amount of money to pay NAPA. Due to this reason, it may be difficult for the COG to terminate the agreement.</li> <li>2. The COG may purchase obsolete items upon termination of the agreement.</li> </ol>	Before the next contract takes effect, the COG should renegotiate the terms of the non-NAPA inventory agreement. Upon termination of the agreement, the COG's purchase of non-NAPA parts should be an option, not a requirement.	<p>Fleet does not concur with this recommendation.</p> <p>Increasing on-site inventory was the primary business intent of the NAPA program.</p> <p>Most of the non-NAPA parts for which the City would have liability upon contract termination are specialized equipment parts of which the need and desire to retain would continue beyond contract termination.</p> <p>Current procedures prevent addition of inventory items without Fleet</p>	With the implementation of the audit recommendation, the COG should still be able to retain the specialized equipment parts if it desires. <p>According to Fleet (Management Response to Finding #1), one of the primary benefits of NAPA agreement is the opportunity to transfer non-NAPA parts to other NAPA in-house programs. At the time of termination, the COG's budget and the economy may prohibit the COG from having the resources to</p>

Fin. #	Condition (The way it is)	Criteria (The way it should be)	Cause (Difference between condition & criteria)	Effect (So what?)	Recommendation	Management Response	Auditor's Comment
						Director approval.	purchase the existing non-NAPA inventory.

Fin. #	Condition (The way it is)	Criteria (The way it should be)	Cause (Difference between condition & criteria)	Effect (So what?)	Recommendation	Management Response	Auditor's Comment
4 (Obj. 1)	<p>P&amp;L Supporting documents are not obtained from NAPA: As mentioned in Finding # 1, the COG pays all NAPA's operating costs. Our discussion with Fleet revealed that they are not obtaining supporting documents (Ex: payroll register, shelving depreciation documents, tax statements, etc.) from NAPA to verify the accuracy of these charges. Our review of NAPA P&amp;L statement identified at least three clerical data entry errors made by NAPA.</p>	<p>Supporting documents are obtained to verify the accuracy of the charges.</p>	<p>Fleet did not request supporting documents from NAPA.</p>	<p>Charges made by NAPA may not be accurate.</p>	<p>Fleet should request supporting documents from NAPA to verify the accuracy of the charges</p>	<p>Fleet concurs with this recommendation on a limited or spot check basis.</p> <p>Resources are not available to review extensive supporting documentation of each expense item every month. Fleet will periodically request support documents and spot check various expense items monthly.</p>	

Fin. #	Condition (The way it is)	Criteria (The way it should be)	Cause (Difference between condition & criteria)	Effect (So what?)	Recommendation	Management Response	Auditor's Comment
5 (Obj. 1)	Only one price comparison test has been performed since the Agreement was signed in February 2004 and it was an informal study done by Purchasing in January 2010. The study included a price comparison of 50 parts through National Joint Power Association. NAPA's price were lower in most cases (46 out of 50)	The contract states (section 4f) NAPA shall attempt in good faith to purchase all merchandise at the lowest possible price, and shall work with the COG to insure the best price possible.	A periodic study is not being done to ensure NAPA is continually offering the lowest possible price on all merchandise.	COG cannot ensure that it is regularly getting the best price from NAPA without a periodic study.	We recommend an independent periodic price comparison be performed to ensure the COG is getting the lowest possible price at all times.	Fleet concurs with this recommendation and has historically conducted periodic independent and in-house price comparisons.  The first independent comparison was performed as part of the Celerity Consulting Fleet review program in 2006 with positive results provided to Council.  The most recent independent comparison was performed by Purchasing In 2010 through National Joint Power Assn with positive results.	1) Our review of the 2006 Celerity Consulting Report revealed no evidence of a price comparison study.  2) During our audit, IA was informed of only one price comparison study. This is the informal study done by Purchasing in 2010. Fleet did not provide any documents regarding Fleet's periodic in-house price comparison study for IA to review.

Fin. #	Condition (The way it is)	Criteria (The way it should be)	Cause (Difference between condition & criteria)	Effect (So what?)	Recommendation	Management Response	Auditor's Comment
						Periodic in-house comparisons are also performed.	

Fin. #	Condition (The way it is)	Criteria (The way it should be)	Cause (Difference between condition & criteria)	Effect (So what?)	Recommendation	Management Response	Auditor's Comment
6 (Obj. 1)	There were no documents in the COG file verifying background checks (criminal & drug testing) were performed on NAPA employees.	According to the Agreement (section 10b), "NAPA shall either: 1) Require all such persons to submit to a criminal history check and drug test conducted by the City in accordance with City's current policy and practices for new hires  2) Submit proof to City which, in City's sole determination, demonstrates that each such person meets or exceeds the criminal history and drug testing standards then in place which have been provided to NAPA".	1. NAPA failed to submit proof to COG  2. COG failed to ensure background checks were conducted.	The purpose of having a background check on NAPA employees is to promote a safe and drug-free workplace.	According to the NAPA Agreement, Fleet Services Director should ensure NAPA submits proof of criminal history check and drug test on all NAPA employees.	Fleet concurs with the intent but is unable to obtain individual criminal history and background checks from NAPA due to privacy laws.  NAPA has provided their drug testing and background check policies.	IA is not recommending the COG to obtain NAPA employees individual criminal and background check results. Instead, it must at least obtain a letter from NAPA stating that all NAPA employees working at the COG NAPA store have successfully passed the criminal and drug testing. This letter should be provided periodically and during new assignments.  Upon request, NAPA provided IA with the requested letter.

Fin. #	Condition (The way it is)	Criteria (The way it should be)	Cause (Difference between condition & criteria)	Effect (So what?)	Recommendation	Management Response	Auditor's Comment
7 (Obj. 1)	<p>1. NAPA's second shift does not monitor or verify if 85% of all City part requirements are being met on demand.</p> <p>2. Fleet does not verify if NAPA is providing 95% of all CITY parts requirements by the commencement of business on the workday following the request.</p>	<p>According to the NAPA Agreement (section 4h) "NAPA agrees to provide 85% of all City parts requirements on demand and 95% of all City parts requirements by the commencement of business on the workday following the request."</p>	<p>Lack of contract monitoring.</p>	<p>Due to lack of monitoring, we are unable to verify whether the repairs are completed in a timely manner.</p>	<p>We recommend COG implement:</p> <ol style="list-style-type: none"> <li>1) An interface between the Fleet's Maximus System (Asset and Maintenance Management Software) &amp; NAPA's Total Automotive System (TAMS) systems so continuous monitoring can be performed.</li> <li>2) An internal policy regarding daily monitoring of this requirement.</li> </ol>	<p>Fleet Concur's</p> <ol style="list-style-type: none"> <li>1. The requirement for a software interface is an agreed item upon contract renewal.</li> <li>2. The current dashboard reflects the current manual process of tracking parts availability and will be expanded to evening shift</li> </ol> <p>Fleet also has agreement on performance penalties to be included in the renewal contract.</p>	

Fin. #	Condition (The way it is)	Criteria (The way it should be)	Cause (Difference between condition & criteria)	Effect (So what?)	Recommendation	Management Response	Auditor's Comment
8 (Obj. 1)	Our review of work orders generated during the audit period revealed 18 missing work orders out of a sample of 27.	All created work orders should be accounted for and tracked in the Fleet system.	<p>Work orders without data do not appear in the numbering sequence and cannot be recalled through the system.</p> <p>No internal policies exist for users to follow.</p>	Audit trail is missing. There is no accountability of the missing work orders.	<ol style="list-style-type: none"> <li>1. Work orders should not be closed without data.</li> <li>2. If need to be voided, the reason for voiding should be documented.</li> <li>3. All work orders voided should be reviewed by the supervisors.</li> <li>4. Written policies should be developed regarding work order process.</li> </ol>	<p>Fleet Concur's</p> <p>Fleet system work orders cannot be deleted according to the vendor. Work orders without data do not appear in the numbering sequence and cannot be recalled through the system because no data exists.</p> <p>The software vendor indicates it can be recalled through sequential processing.</p> <p>Fleet has implemented a policy that no work orders will be closed without data, such as "Voided", or explanation.</p> <p>Example - if a unit</p>	

Fin. #	Condition (The way it is)	Criteria (The way it should be)	Cause (Difference between condition & criteria)	Effect (So what?)	Recommendation	Management Response	Auditor's Comment
						already has an open work order it will be noted on the new work order not needed due to work order already open.	

Fin. #	Condition (The way it is)	Criteria (The way it should be)	Cause (Difference between condition & criteria)	Effect (So what?)	Recommendation	Management Response	Auditor's Comment
9 (Obj. 1)	The data entry process performed by NAPA is inefficient. Currently, a NAPA employee enters data into both NAPA's Total Automotive Management System (TAMS) and Fleet's Maximus system (Asset and Maintenance Management Software).	Data should be entered in the most efficient and accurate manner.	NAPA's TAMS system is not interfaced with Fleet's Maximus system.	Employee time may not be utilized properly. Data entry error could occur.	Fleet Services should work with NAPA to develop an interface to allow information to be downloaded from the TAMS system to the Fleet's Maximus system.	Fleet Concur's An interface is now available and plans for installation are underway. Efficiency monitoring will be addressed through the interface. (See Management Accompl)	

Fin. #	Condition (The way it is)	Criteria (The way it should be)	Cause (Difference between condition & criteria)	Effect (So what?)	Recommendation	Management Response	Auditor's Comment
10 (Obj. 1)	An inventory of City's specialized tools located in the NAPA store does not exist.	All tools should be accounted for.	COG failed to conduct an inventory of these tools.	<ol style="list-style-type: none"> <li>1. Tools can go missing and undetected</li> <li>2. NAPA can claim the ownership for any of these tools.</li> </ol>	<ol style="list-style-type: none"> <li>1) Fleet should perform a monthly inventory of specialized tools.</li> <li>2) Written policy should be developed regarding monitoring of this inventory.</li> </ol>	<p>Fleet Concur's</p> <p>Fleet has generated an inventory list of all specialized tools and marked each with an inventory number for use in the current "check-out" program. A monthly inventory will be conducted.</p>	