

# STAFF REPORT



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**TO** City Council

**SERVICE AREA** CAO – Administration- Internal Audit

**DATE** June 23, 2014

**SUBJECT** CVOR – Fleet Follow-up Audit Report

**REPORT NUMBER** CAO-A-1407

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## EXECUTIVE SUMMARY

### PURPOSE OF REPORT

To provide Council with a report on the Follow Up Audit of CVOR-Fleet.

### KEY FINDINGS

Significant improvements have been made since the original CVOR-Fleet audit was completed in March 2013.

There are some recommendations that remain outstanding and these require immediate corrective action.

#### Status of Audit Recommendations:

Total Recommendations	20
Completed	16
Partially Completed	2
Not Completed	2

### FINANCIAL IMPLICATIONS

N/A

### ACTION REQUIRED

To receive this report as information.

## RECOMMENDATION

1. That Council receive the Internal Auditor's report entitled CVOR-Fleet Follow-up Audit Report.

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## BACKGROUND

In accordance with professional internal audit standards, a Follow-up Audit has been conducted to evaluate the status of recommendations from the original audit completed in March 2013.

The purpose of all follow up audits is to evaluate the impact of the original audit to determine if anticipated improvements have been realized and also to identify any new or emerging issues.

The scope of the follow-up audit is limited to a review of the key findings and recommendations contained in the original audit and the identification of any new or emerging issues within the business unit.

## REPORT

The full, detailed report is attached in – Appendix A-CAO-A-1407, Internal Audit Report, CVOR – Fleet Follow up Audit.

The following is a summary of the findings for each of the recommendations from the original audit.

### **Daily Vehicle Inspections:**

While there is evidence that these inspections are being done more frequently there is still much room for improvement to ensure drivers are compliant with MTO legislation.

Random audit of the daily inspection checklists indicates a high degree of inconsistency in this mandatory inspection process.

The Fleet Manager has implemented a system to ensure that Supervisors are conducting random audits of drivers' vehicle inspections and this requires each Supervisor to submit 4 audits per month. While some areas are fairly diligent in completing these audits, other areas are not compliant.

A number of vehicle defects were also noted on the forms but were not submitted to the Fleet Manager for further action.

It is the Fleet Trainer's responsibility to report incidents of non-compliance to the Fleet Manager and these should then be acted on by the Fleet Manager.

**Record Retention:** Records have been confiscated according to the retention schedule. There is a minor concern that the archived boxes are not correctly labeled and contained inspection books for dates not indicated on the boxes.

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**Driver Manual/Handbook:** A Driver's Manual has been developed by the CVOR Steering Committee and is in the final stages of review. It is expected to be rolled out to staff in May 2014 and the Fleet Driver Trainer will be responsible for training staff and obtaining sign-off from drivers that they have read the manual.

**Fleet Policy:** A revised Fleet Policy has been developed by the CVOR Steering Committee and is ready to go to DRLT and ET for final approval. The new policy is a stand-alone document supported by Collective Bargaining Agreements and other Corporate policies. It is expected to be rolled out to staff in May 2014 and the Fleet Driver Trainer will ensure sign-off by drivers that they have read the policy.

**Driver Training:** The Fleet Driver Trainer has begun driver training and has provided training to Waste Water, Road Maintenance, Traffic and Solid Waste drivers. The ongoing training program is expected to be fully developed by the end of the second quarter 2014. It is important that the Trainer implement the training plan as soon as possible and that driver training be documented and reviewed by Management.

**Driver Coaching and Discipline:** The CVOR Steering Committee has incorporated a driver discipline policy into the new Fleet Policy and when it is formally implemented it will complete this audit recommendation.

While there is evidence that some coaching and disciplinary letters have been issued to drivers involved in preventable accidents there is a lack of consistency between departments regarding if and when these letters are issued.

**Accident-Incident Tracking and Reporting:** The Fleet Driver Trainer has developed and is actively maintaining an accident/incident log. As part of his duties he is comparing it to the CVOR abstract obtained monthly and providing his observations to the Fleet Manager and the respective Department Head.

**Mock MTO Audits:** While no "mock" MTO audit has yet been conducted, as stated in the Management Response, this item was referred to the 2014 budget. Management advises that a mock MTO audit is scheduled to be conducted in June-July of this year. It is intended to be a baseline measurement that will inform the Fleet Driver Trainer's training plan and provide Management with an action plan for improvements with respect to MTO compliance.

**Fleet Overtime:** The corporate-wide Overtime Audit which followed the original CVOR Fleet Audit included recommendations to address these issues across the corporation.

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**Access to MTO Authorized Requester Information System:** The Fleet Driver Trainer and the corporate Health and Safety Specialist have been designated to access the ARIS system.

**Driver's License Database:** Working with the HR specialists, the Fleet Driver Trainer has identified the regulated requirement for Driver Qualification Files to be kept for each operator of CVOR vehicles. These files are separate and distinct from HR personnel files and are created and maintained by the Trainer.

**Response Times – Service Levels:** Fleet staff have been instructed to adhere to service response timelines established by Management.

**Fleet Driver Trainer:** Management from HR and Public Works have decided to keep the Fleet Driver Trainer position in Fleet Services.

**Fleet Manager, General Manager Operations – Position Descriptions:** These documents have been reviewed and are satisfactory.

**Driver Permit system:** The CVOR Steering Committee determined that implementation of any type of permit system should be deferred until the Driver Manual and Fleet Policy are fully completed and rolled out to staff.

The spirit and intention of the original audit recommendation was that management develop some type of program that will increase driver accountability and it is still recommended that this work be undertaken in 2014.

**Collision Review Committee:** While there has been some improvement in the process since the original audit this recommendation has not been satisfactorily completed. The Fleet Driver Trainer is a certified accident investigator and he has established the process of reporting and documenting all vehicle related accidents including the development of new accident reporting forms.

The Fleet Manager and Fleet Driver Trainer currently comprise the Collision Review Committee. This does not address the intent of the audit recommendation because it does not bring all relevant stakeholders to the table. It is important that this process for determining driver culpability and ensuing disciplinary actions be impartial, equitable, transparent and inclusive.

Management disagrees with this status report by the auditor and stipulates that the working committee has created an appropriate committee comprised of the Fleet Trainer and the Fleet Manager.

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In order to be fully inclusive and transparent, it is important that any accident review process include representation from HR, Fleet , the Employee and the employee's Supervisor or Manager and this remains an outstanding audit recommendation.

**Human Resources as a Business Partner:** This process has been improved and all issues fully addressed.

**Yard and Fuel Security:** This process has been improved and all issues fully addressed.

**Fleet Services – Shop Rates and Asset Acquisition Pricing:** Fleet Services and Finance continue to refine the MM rates as part of the budget process and will continue to do so in future. A significant amount of work has been done to ensure accurate and transparent shop rates are being charged to the user departments.

## Conclusion

The overall outcome of the follow-up audit is satisfactory. Significant work has been done to improve the processes and compliance with MTO legislative requirements.

Although the recommendation regarding vehicle repairs and maintenance was not accepted by Management in the original audit there are continuing concerns in some service areas that Fleet customers' needs are not being met. These ongoing issues are being actively addressed by the Executive Director.

The high-impact areas that require additional oversight are daily vehicle inspections, collision review, and driver coaching and discipline which is ongoing through the Fleet Trainer.

## CORPORATE STRATEGIC PLAN

1.3 Organizational Excellence – Build robust systems, structures and frameworks aligned to strategy.

2.3 Innovation in Local Government – Ensure accountability, transparency and engagement.

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## DEPARTMENTAL CONSULTATION

Public Works

Solid Waste

Parks and Recreation

Transit

## COMMUNICATIONS

Management will work with Corporate Communications to develop a public communication as follow-up to the original audit coverage.

## ATTACHMENTS

**Appendix A** - CAO-A-1407, CVOR-Fleet Follow up Audit Report

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