



Appendix A - CAO-A-1407

CVOR – Fleet Follow Up Audit

Final Report

May 8, 2014

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Table of Contents

<i>Executive Summary</i>	3
<i>Objectives</i>	3
<i>Scope</i>	3
<i>Methodology</i>	4
<i>Key Findings and Status of Recommendations</i>	4
Status of Recommendations Summary	4
<i>Conclusion</i>	19
<i>Next Steps</i>	19

Executive Summary

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

The creation of the CVOR Steering Committee and the hiring of a Fleet Driver Trainer have enabled staff to implement many of the audit recommendations effectively.

At the time of this follow up audit, the City's CVOR rating was 39.7% which is well within acceptable limits. This rating will be impacted by a number of preventable accidents that have not yet been recorded by MTO as well as a number of prior incidents that will drop off the record. The number of weather-related incidents increased during the winter months.

There are some recommendations that remain outstanding and these require immediate corrective action. Of particular concern is compliance with the daily vehicle inspection requirements and the lack of an inclusive and transparent collision review process.

Of the original 23 audit recommendations, 20 were accepted by Management. The summary status of these recommendations is as follows:

Total Audit Recommendations	20
Completed	16
Partially Completed	2
Not Completed	2

Objectives

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

Scope

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.

Methodology

- Staff interviews – General Manager Operations, Fleet Manager, Fleet Driver Trainer, General Manager Parks and Recreation, General Manager Solid Waste, General Manager Transit, Executive Director Operations, Transit and Emergency Services
- Document review

Key Findings and Status of Recommendations

**Only those recommendations accepted by Management in the original audit have been assessed in the follow-up audit.*

Status of Recommendations Summary

Total Audit Recommendations	20
Completed	16
Partially Completed	2
Not Completed	2

1. Daily Vehicle Inspections

Finding:

There is no evidence that *mandatory* daily vehicle inspections are being conducted in all departments with the exception of Transit. MTO requires that all CVOR drivers conduct a daily vehicle inspection or "circle check".

Recommendation:

Management must educate drivers in safe driving and enforce MTO legislation. Supervisors are responsible for ensuring that drivers have conducted the daily vehicle inspections and should be conducting random visual and physical checks as vehicles leave the yard. Drivers should be held accountable for MTO compliance and management should develop a system of internal controls to ensure that vehicle inspections are completed in accordance with MTO standards.

Management Response:

Management has accepted this recommendation.

An argument presented to justify the hiring of a Fleet Training for 2013 was to strengthen systems to ensure daily inspections are completed with integrity. Notwithstanding the addition of a Fleet Trainer, an expectation and methodology to ensure supervisors are conducting random checks of vehicles as operators are leaving

their start of day work places is required. This task will be assigned to the Fleet Manager, working collaboratively with the Auditees and Fleet Trainer to develop the necessary process, policies and frameworks necessary to effect this recommendation. The work is to be complete no later than May31st, 2013.

STATUS: NOT COMPLETE

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.

2. Record Retention

Finding:

Fleet records are not compliant with The MTO Record Retention policy but do appear to comply with the City by-law on record retention for vehicles.

Recommendation:

Archived records should be sorted according to the record retention schedule on page 9 of this report. All unnecessary records should be confiscated

STATUS: COMPLETE

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.

3. Driver Manual/Handbook

Finding: There is currently no driver manual or handbook to provide guidance and training to Fleet drivers. Best practice requires that some form of corporate driver manual or handbook be developed.

Recommendation:

The lack of any type of Driver's Manual is a serious deficiency which impacts the effectiveness of the training and safety program. A driver's manual should be developed as part of an overall corporate strategy to improve Fleet operations, driver training and safety.

Further, it is recommended that a task force of stakeholders be established to work with the new Fleet Driver Trainer with a mandate to develop a Driver's Manual, Fleet policy, and other programs and systems that will improve driver performance and Fleet operations.

Management Response:

Management has accepted this recommendation in principle.

The importance of an operator's manual and fleet policy is without argument. Their absence was known to management and formed part of the justification of hiring a Fleet Trainer.

The hired Fleet Trainer will develop a work plan that includes the development of these two documents as well as other recommendations of the audit. The work plan would then be submitted to the Auditees to determine how best to solicit input from the organization with an expectation that solicitation of input would be both vertical and horizontal in nature and would focus on staff involved with the oversight of fleet assets. A Driver's manual should complement and be consistent with a Fleet Policy (see Finding #5). This work will be undertaken in subsequent to but in concert with a Fleet Policy and will be completed no later than January 31st, 2014.

STATUS: PARTIALLY COMPLETE

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.

4. Fleet Policy**Finding:**

The lack of a comprehensive Fleet policy is a serious deficiency in that it demonstrates a lack of focus and attention to this area. The absence of a governing policy is indicative of a general corporate limitation that results in a lack of clear direction and objectives.

Recommendation:

It is the auditor's recommendation that a task force of stakeholders be established to work with the new Fleet Driver Trainer with a mandate to develop a Fleet policy, and other programs and systems that will improve driver performance and Fleet operations. A draft Fleet policy has been developed by Fleet staff and examples of other municipal

Fleet policies will be provided to this task force for reference in order to make this policy more robust and comprehensive. See recommendation # 4 for additional details on composition of the task force.

Management Response:

Management has accepted this recommendation in principle.

The lack of corporate policy is a known organizational weakness and has been acknowledged previously. As set out in the Management response to Finding #4, the Fleet Trainer will undertake the development of this policy in collaboration with the Auditees and with an expectation that solicitation of input would be both vertical and horizontal in nature and would focus on staff involved with the oversight of fleet assets. This work will be completed no later than November 1st, 2013.

STATUS: PARTIALLY COMPLETE

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.

5. Driver Training

Finding:

No corporate-wide, formal training program exists for the City's drivers. Transit has a rigorous training program for its drivers as does Solid Waste. Management from other service areas has initiated their own ad hoc training programs, often using third-party experts.

Recommendation:

This deficiency has been addressed with the approval to hire a Fleet Driver Trainer. The first priority for this new function should be to develop a driver training program that meets the needs of all service areas.

Management Response:

Management has accepted this recommendation.

The Fleet Trainer will undertake the development of this training program in collaboration with the Auditees and with an expectation that solicitation of input would be both vertical and horizontal in nature and would focus on staff involved with the oversight of fleet assets. As this activity may have budgetary implications, this work will be completed no later than August 30th, 2013.

STATUS: **COMPLETE**

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.

6. Driver Coaching and Discipline

Finding:

There is no corporate position or management practice that is applied consistently and fairly when drivers are involved in collisions or other driving violations. In some service areas, such as transit and solid waste, management issues coaching letters and disciplinary notices to drivers that state whether an accident has been deemed "preventable" or "non-preventable" and include the disciplinary action being taken by management. The collective agreements do not contain any specific language that precludes disciplinary action and the only stipulation in some agreements is that these records be expunged from the employees file after two years. This inconsistency is perceived to be unfair by staff in all service areas as not ALL drivers are held accountable for their performance and compliance with regulations.

Recommendation:

A corporate-wide policy governing driver coaching and discipline must be developed and implemented in consultation with drivers, union representatives, human resource management and management from the operating areas. Under the direction of Human Resources this policy could form part of a driver training and education program that is linked to the development of a "Demerit" or "Driver Permit System" which is described in "General Findings" in this report.

Management Response:

Management has accepted this recommendation.

HR is currently developing a driver discipline policy. The work will be completed by no later than July 26th, 2013.

STATUS: **COMPLETE**

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.

7. Accident - Incident Tracking and Reporting

Finding:

With the exception of Transit, there is currently no manual or automated system of tracking and recording accidents or other driving incidents. Records of events can not be verified on the City's CVOR abstract unless they are documented by management. Further, there is no control system in place to ensure that appropriate training, coaching or discipline is initiated when required. Further, staff interviews and document review confirm that accident reporting is inconsistent and neither the Fleet Manager nor Risk Management, Insurance is necessarily informed when an incident has occurred. There is an accident reporting form that is currently in use in most of the departments however, it is not completed consistently or distributed to the appropriate areas.

Recommendation:

A basic tracking system should be created and maintained by Fleet management. This can be achieved using a simple Excel spreadsheet. It should record every accident or incident involving a Fleet vehicle and include date of event, type of incident, driver name and license number, vehicle number, CVOR points attached, and whether the accident was deemed preventable or non-preventable. This information should be updated regularly and shared with the general managers of the service areas involved and HR management. Further, accident reporting procedures and forms should be reviewed with all drivers and supervisors to ensure that this information is immediately forwarded to the Fleet Manager, Fleet Driver Trainer, Insurance, risk management, and their direct managers.

Management Response:

Management has accepted this recommendation.

The incomplete filing, incomplete distribution of forms and inconsistent reporting to the Managers of Fleet and Risk Management reflects poorly upon management. The creation and circulation/notification process of a collision reporting form will be assigned to the Fleet Manager working in collaboration with the Auditees and Fleet Trainer and with an expectation that solicitation of input would be both vertical and horizontal in nature and would focus on staff involved with the oversight of fleet assets. This work will be completed no later than June 28th, 2013.

STATUS: COMPLETE

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.

8. Mock MTO Audits

Finding:

Most CVOR operators contract with third-party experts to conduct a “mock” MTO audit at least every two years. This ensures that they are identifying potential issues proactively and that they are prepared in the event that MTO conducts a fleet / facility audit. The last time the City contracted a Fleet consultant to conduct a mock MTO audit was in 2005.

Recommendation:

Management should arrange a mock MTO audit immediately and this should be repeated every two years. Recommendations resulting from these audits should form part of the performance objectives for Fleet management.

Management Response:

Management has accepted this recommendation.

The cost of a mock audit is approximately \$5,000 to \$8,000. The Internal Auditor indicates best practice suggests this occurs every two years. During 2013, management will determine how best to fund this activity. This audit cycle will commence in 2014.

STATUS: COMPLETE

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.

9. Fleet Overtime

Finding:

Although financial analysis is not in scope for this audit it was learned that the 2012 overtime budget for Fleet division was over-spent by more than \$100K. This is largely due to the expansion of the Fleet with new buses.

Recommendation:

Further analysis of overtime costs should be completed to determine if reductions are possible by shifting the hours of work for mechanics or other efficiencies.

Management Response:

Management has accepted this recommendation.

As cited by the Internal Auditor, Fleet Services faced challenges created by additional buses brought on stream to assist with the implementation of the Transit Growth

Strategy. The maintenance of these buses was unfunded and resulted in a negative variance. However, taking into account the entire compensation picture (i.e. absenteeism offsetting overtime), the net overtime incurred in 2012 was \$54,579.00, or 2.6% of the total compensation budgeted. The analysis of overtime and all other budget performance indicators is carried out during routine variance reporting and the preparation of the annual budget.

STATUS: COMPLETE

The corporate-wide Overtime Audit which followed the original CVOR Fleet Audit included recommendations to address these issues across the corporation. The Overtime Task Force is implementing an action plan approved by Council that ensures accountability for overtime in every service area.

10. Access to MTO Authorized Requesters Information System

Finding:

Access to the online ARIS system is currently available to the Fleet Manager exclusively. This system allows users to download and view information such as driver's abstracts (driving history). This information is vital for management to ensure that their drivers possess the necessary licenses for operating CVOR vehicles. Other data is available including MTO actions and point assessments.

Certain information contained in these reports contains personal information and is not considered part of a public record. Authorized users must be approved by the MTO, sign a Security Statement and agree to uphold these specific privacy laws which govern the collection, use and disclosure of personal information.

Recommendation:

All Managers and General Managers should delegate the appropriate staff to have access to the ARIS system. This function is critical to driver management and conveys authority to management to ensure full compliance with all MTO regulations. By extending the user base, management is able to respond more quickly to issues of driver licensing and Fleet management is able to focus on the overall corporate CVOR management issues.

Management Response:

Management has accepted this recommendation in principle.

It is agreed the access to the ARIS System should be extended beyond the Fleet Manager. We have contacted several other municipalities and best practices seems to limit access to the MTO system to either Driver Trainers or HR staff. The ARIS agreement requires a log of all inquiries be kept. Keeping a log when multiple users are given access may have its logistical issues. It is recommended access to the Aris system be limited to the Fleet Manager, incoming Driver Trainer and one position in Hr as selected by the GM of HR.. Management requiring information on their operators could make requests through these three positions. A commitment to provide timely response would, of

course, be part of this recommendation. This work will be completed no later than June 28th, 2013

STATUS: **COMPLETE**

The Fleet Driver Trainer and the corporate Health and Safety Specialist have been designated to access the ARIS system. The Trainer is responsible for maintaining the log and Fleet services is working with IT to develop an automated batching of driver abstracts to make this process more efficient.

11. Driver's License Database

Finding:

There is currently no corporate-wide record or database of all City drivers' licenses. There is proof that some drivers whose licenses have been revoked or downgraded have failed to notify the City that they no longer possess the required license to operate CVOR vehicles on behalf of the City. Certain departments, such as Transit, require drivers to present a valid driver's license as part of the hiring process but even these records have not been maintained or updated as part of the employee file.

Recommendation:

Any employee required to drive a City vehicle, whether CVOR or non-CVOR, should be required to present their driver's license at time of hiring. A copy of the license should be retained as part of the employee file and another copy should be sent to the employee's direct supervisor or manager. Human Resources should create a corporate database, sorted by department that is updated regularly when employees are hired or terminated. Management responsible for ensuring that driver's licenses are in good standing with the ARIS system must notify HR when a driver's status changes so that it may be noted in the database.

Further, management should immediately request copies of all drivers' licenses for existing staff and submit this information to HR in order to create the database.

Management Response:

Management has accepted this recommendation.

HR will create the necessary database by no later than May 31st, 2013.

HR will maintain the drivers license database to reflect new hires and terminations effective May 31st, 2013.

The Fleet Trainer will update the database on a quarterly basis effective immediately.

STATUS: **COMPLETE**

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.

The Fleet Driver Trainer is working with HR to set up a monitoring system through JD Edwards that would identify the expiry dates of driver licenses.

12. Response Times – Service Levels

Finding:

Many customers do not feel that current response times from Fleet meet their needs. They complain that requests for information and other communications are delayed and unsatisfactory.

Recommendation:

Fleet management should establish a service level commitment to their customers that ensures they will respond to all emails, phone calls and other communications within a stated timeframe (1 business day or less).

Management Response:

Management has accepted this recommendation.

The OTES Service Area has in place a desired customer service standard of 24 business hours for *acknowledgement* of an email/call with a maximum 48 hour period allowed. The acknowledgement is to include a time frame to respond with an answer to the query. Fleet staff will be reinstructed in this regard. Responsiveness is a known issue within the organization. A service standard of this nature shouldn't be limited to one Service Area. The matter will be raised with the Executive Team by no later than May 29th, 2013.

STATUS: COMPLETE

Fleet staff have been instructed to adhere to service response timelines established by Management.

13. Fleet Driver Trainer

Finding:

The newly approved Fleet Driver Trainer position is proposed to report directly to the Fleet Manager. In many municipalities, the Fleet Driver Trainer function is under the jurisdiction of Human Resources as it is focused on health and safety, training, coaching, as well as driver and equipment operator training. In the benchmark data collected, responsibility for driver discipline is always assigned to the employee's supervisor or manager, not to Fleet management.

Recommendation:

Senior management should give serious consideration to assigning this function to Human Resources. It is the auditor's suggestion that senior management from HR and Operations discuss in greater detail the benefits of having a corporate Fleet Driver Trainer within the HR structure, thus providing neutrality and a more corporate focus on driver safety and training programs.

Management Response:

Management has accepted this recommendation.

There have been no statements made or documents issued that suggest the meeting of discipline would be the responsibility of the Fleet Trainer. It is agreed this responsibility resides with the equipment operator's supervisor. The function of fleet is and has always been considered corporate in nature. This would not change regardless of whether the Fleet Trainer resides in Public Works or Human Resources, Preliminary discussions regarding the comments and suggestions of the Internal Auditor have already occurred with Human Resources. The opinions expressed by HR are not supportive of the reallocation of this position to their department. More formal conversations involving the Executive Team will occur no later than June 28th, 2013.

STATUS: COMPLETE

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

14. Fleet Manager, General Manager Operations – Position Descriptions

Finding:

There is no reference of any kind to compliance, MTO, CVOR, driver training, or regulatory reporting in either of these position descriptions. There is, therefore, no specified responsibility for these duties in connection with management of the City fleet, or its Commercial Vehicle Operator's license. This is a deficiency that should be addressed. Other position descriptions have not been reviewed but may also lack assigned responsibility for driver performance and regulatory compliance.

Recommendation:

These key job descriptions should be reviewed and amended to reflect the functional responsibility of managing the CVOR and regulatory compliance associated with operating a commercial fleet.

Management Response:

Management has accepted this recommendation in principle.

The organization has two types of documents describing functions and responsibilities of employees. Job *Postings* (which the Internal Auditor has referenced) which are used to post vacancies on employee bulletin boards and *Job Fact Sheets* used in our internal

job equity process which provide much more detail as to position responsibilities. Job Postings generally have all-encompassing language such as 'must comply with all legislation, by-law and corporate policy'. This generic approach to establishing obligation is favourable given the multitude of legislation, regulation, by-law and policies that staff must comply with.

STATUS: COMPLETE

These documents have been reviewed and are satisfactory.

15. Driver Permit System

Finding:

Many municipal fleets have developed a Driver Permit System which is considered best practice in Fleet management. Such programs are designed to ensure that all City drivers meet an established standard for driving performance and compliance with relevant regulations and policies. Drivers are credited with points for training and safe driving and points are deducted for preventable accidents.

Recommendation:

Management should consider developing a Driver Permit System or similar program with consideration of extension to include equipment operator permits.

Management Response:

Management has accepted this recommendation.

While premature to comment on our capacity to implement such program, the concept has certainly been discussed at senior levels of the department. This recommendation will be conveyed to the Fleet Trainer by no later than June 28th, 2013 for consideration in the development of the 2014 Work Plan.

STATUS: COMPLETE

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.

16. Collision Review Committee

Finding:

More than half of the municipal comparators indicate they have a Collision Review Committee and others are considering implementing such a panel. At present, there is no governance model or internal control mechanism to monitor collisions involving fleet vehicles. This has created inequities in the assessment of driver training, coaching and discipline. There is no corporate oversight with respect to these matters and it is left to management in each department to evaluate the incident and determine the appropriate course of action.

Recommendation:

A Collision Review Committee should be established immediately. Members of the committee should include management from each of the relevant departments as well as union representation. The committee mandate should be developed to ensure that it is impartial, equitable and transparent.

Management Response:

Management has accepted this recommendation in principle.

The recommendation to create a Collision Review Committee is accepted. It's operational Terms of Reference however should be considered further. It is proposed the creation of such committee be tasked to Manager of Fleet working in collaboration with the Auditees and Fleet Trainer to develop the committee's composition and terms of reference for approval of the Executive Team. This work should be completed by no later than September 27th, 2013.

STATUS: NOT COMPLETE

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 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 as 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.

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.

17. Human Resources as Business Partner

Finding:

There is presently limited interaction between Human Resources management and driver supervisors or managers with respect to health and safety programs and training, coaching, discipline, driver records and regulatory compliance. Managers in some departments consult with HR in disciplinary procedures and others do not. As previously stated in Finding # 13 and # 17, there is a strong link between training, health and safety and driver management. HR should be considered an integral part of the driver training process and should be involved in all matters of policy development impacting employees.

Recommendation:

Management from HR should participate in the implementation of all the recommendations contained in this report that are directly related to driver records, performance, coaching, training and discipline.

Management Response:

Management has accepted this recommendation in principle.

The recommendation of the Auditor is too encompassing. As the Internal Auditor has stated elsewhere in this report, the responsibility for discipline should reside with the direct supervisor. Similarly, I would submit the role of coaching, training, and performance management also should be the direct responsibility of the supervisor. Regarding the role of HR, please see Management Response in Finding #24.

STATUS: COMPLETE

18. Yard and Fuel Security

Finding:

There is no clear procedure to notify Fleet management when employees from other departments have been terminated resulting in a risk that unauthorized persons retain access cards to yards and fuel pumps.

Recommendation:

As part of the exit process, HR should collect all corporate access cards and notify Fleet management when an employee with vehicle or fuel privileges has been terminated.

Management Response:

Management has accepted this recommendation in principle.

It is agreed there is a need to strengthen the communication lines between Human Resources and line departments upon termination of an employee. The organization uses PIN codes, not 'cards' to control access to yards and fuel pumps. The need for such communication transcends just Fleet Services. It is proposed HR be requested to assess how communications are currently handled during a termination and make

appropriate recommendations for improvement. This work to be completed by no later than June 28th, 2013.

STATUS: COMPLETE

This process has been improved and all issues fully addressed.

19. Fleet Services – Shop Rates and Asset Acquisition Pricing

Finding:

These areas are out of scope for this audit but it is suggested that Finance and Fleet management meet with General Managers from the service areas to understand their concerns, review current budget practices and ensure that the rates being used are accurate, fair and transparent.

Management Response:

Management has accepted this recommendation.

Council approved an FTE within Fleet for this specific purpose in 2010. Fleet has been collaborating with Finance to establish correct rates for all fleet assets. This was accomplished at the end of 2012. As with any significant initiative, there have been implementation challenges as some assets are required to pay more than under the former regime and others required to pay less. This assessment of rates is an on-going responsibility of Fleet, working in collaboration with Finance.

STATUS: COMPLETE

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.

20. Task Force – Fleet and CVOR Audit – Implementation of Recommendations

Finding:

It is strongly recommended that a task force be created to oversee the execution of the audit recommendations in this report. This would ensure that all stakeholders are fully engaged and consulted and that they are able to collaborate in the development of best practices such as Fleet Policy, Collision Review Committee, Driver Permit System, Record Retention, Internal Controls and Compliance.

Staff who have demonstrated experience and knowledge in CVOR and driver management should be included as well as a cross-section of management from each of the service areas with CVOR responsibilities.

Management Response:

Management has accepted this recommendation.

The accepted recommendations of the Internal Auditor will be forwarded to the Fleet Manager to provide oversight of the work to be undertaken. It is expected the accepted recommendations will be undertaken in a collaborative manner, drawing upon the horizontal and vertical expertise within the organization, with the HR Department playing an integral role in the overall process. The establishment of policies and procedures will be vetted through the Executive Team as appropriate.

STATUS: COMPLETE

The establishment of the CVOR Steering Committee has been highly effective in implementing the audit recommendations and in improving work processes, developing policies and increasing compliance with MTO legislation governing CVOR fleets.

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.

Next Steps

Once outstanding recommendations have been fully addressed, no further action is required by the Auditor or the Auditee and this audit cycle is therefore complete.