

City of Brampton Internal Audit – Fleet Maintenance
Private & Confidential

Audit Name	Fleet Maintenance		
Sponsor(s)	Marlon Kallideen, Chief Administrative Officer Robert Gasper, Director, Road Maintenance, Operations & Fleet Aaron Moss, Manager, Fleet		
Business Unit(s)	Road Maintenance, Operations & Fleet	Date Issued:	Jan 22, 2024

1.0 Executive Summary

Audit rating: Processes around Fleet Maintenance activities were rated as "Significant Improvement Required" (See **Appendix 3** for the criteria for audit report rating).

Internal Audit staff discussed the following improvement opportunities with Management:

- Preventative Maintenance schedule of 12 months or 10,000km is not based on the Manufacturers' recommendations and maintenance is not always completed within the required intervals
- Vehicle mileage is not always updated and accurate, which exacerbates the above vehicle maintenance scheduling and compliance issue
- Driver Vehicle Inspection Reports are seldom completed by user departments
- Preventative Maintenance Forms are not always completed
- Warranty terms in M5 are incomplete
- Purchasing activity does not always adhere to procurement policies and procedures
- Staff sometimes authorized payments to vendors at above contracted hourly rate for outsourced maintenance and repairs
- Access to parts storage rooms is not properly restricted

Conclusion:

Overall, the core activities of a complete fleet maintenance program are in place. Preventative maintenance (PM) is proactively scheduled and communicated, work orders are reviewed, inventory parts are procured and available to minimize downtime, and M5 is used to manage critical areas of fleet maintenance including preventive maintenance scheduling, work orders, operating expense tracking, purchasing and parts inventory, labour hours and warranty information.

There are, however, process deficiencies in preventative maintenance, vendor management and inventory control which impact the effectiveness, completeness and compliance of fleet maintenance:

- The City's 12-month or 10,000km preventative maintenance interval does not integrate the manufacturers recommended service intervals; and the 12-month or 10,000km preventative maintenance is not always completed which could render future maintenance and repairs more costly, reduce the life of the vehicle and void manufacture warranties as discussed in finding 1
- Vehicle mileage is not always updated in M5 which impedes the effectiveness of preventative maintenance scheduling and can result in vehicles exceeding the mileage intervals as discussed in finding number 2
- Driver vehicle inspection reports (DVIR) are seldom completed by user departments which does not ensure vehicle operators are aware of potential mechanical or safety issues and can result in fines or penalties from the Ministry of Transportation (MTO) as discussed in finding number 3
- Preventative maintenance inspection forms are not always completed increasing the risk that incomplete inspections will not be detected as discussed in finding number 4
- Warranty information entered in M5 is incomplete, increasing the risk of repair work being performed or paid for by the City while the work is eligible for warranty claims as discussed in finding number 5
- The preventive maintenance guideline of 10,000km or 12-month interval is not documented in the divisional maintenance policy
- Vendor spending of significant amount did not go through competitive procurement as discussed in finding number 6
- City staff sometimes authorize payments to vendors at above contracted hourly rates as discussed in finding number 7
- Access to parts storage rooms is not properly restricted as discussed in finding number 8

Acting on the recommendations below will improve processes and strengthen fleet maintenance activities.

2.0 Background, Objectives, and Scope

The Fleet Maintenance & Operations group performs maintenance and repairs to all vehicles and equipment, excluding vehicles managed by the Fire & Emergency Division and the Transit Division. The group provides a range of fleet services including preventative maintenance programs, inspections, scheduling and conducting repairs and managing parts and inventory. Fleet Maintenance & Operations is under the Road Maintenance, Operations & Fleet division which is part of the Public Works and Engineering department.

The preventative maintenance program includes maintaining an inventory of all vehicles and equipment, scheduling and performing preventive maintenance and maintaining current vehicle mileage in M5, the City's fleet asset management software. The required mileage and maintenance interval is not defined in the City's preventive maintenance policy, but the guideline for all city vehicles is the earlier of 10,000 km or 12 months. This interval is the same for all vehicles and does not consider the manufacturers recommended service intervals which may differ from the City's guideline.

The Commercial Vehicle Trip Inspection Regulation 199/07 of the Ontario Highway Traffic Act requires that each regulated vehicle and any vehicle with a gross vehicle weight rating (GVWR) of 4,500 kg or more must be inspected regularly. The vehicle operator completes a driver vehicle inspection report (DVIR) at the start of every shift, and any defects affecting the safe operation of the vehicle must be recorded and immediately reported to the Supervisor. Although not legally required, the City's preventative maintenance policy also requires licensed vehicles under 4,500 kg to be inspected daily as well. Completed DVIR's for all vehicles are submitted by operating departments to Fleet Maintenance and Operations and maintained on file for at least six months.

The Ontario Highway Traffic Act also requires that regulated and heavy vehicles (Over 4,500 kg) must undergo a vehicle safety inspection at least every 12 months. Fleet Maintenance & Operations has been certified by the Ministry of Transportation to perform these inspections. Upon completion of a satisfactory inspection, the mechanic will issue a safety certificate and affix the mandatory vehicle inspection (PMVI) decal to the vehicle.

The following table summarizes the City's vehicles by type and by year.

The City's Fleet By Type			
	2021	2022	2023
Light			
Compact Cars	2	2	2
Vans	17	17	17
SUV's	105	103	105
Compact Pick Up Trucks	43	46	46
1/2 Ton Pick Up Trucks	84	84	84
3/4 Ton Pick Up Trucks	2	2	2
Heavy			
1 Ton Pick Up Trucks	56	56	56
14' Cube Vans	4	4	4
Trucks - Dump/Flat Bed/Hook Lift/Chipper	60	60	60
Plow Trucks	24	24	24
Trucks - Garbage/Aerial/Flusher/Roll off	<u>22</u>	<u>22</u>	<u>22</u>
Total	419	420	422

The City has two garages, Williams Parkway Operations Centre and Sandalwood Operations yard. Maintenance and repair overflow work is sent to outside repair facilities.

The scheduling of outside work is coordinated by the Mechanic Foreperson and there are different vendors for different types of vehicles. Invoices for outside service are sent to the respective Mechanic Foreperson for review and to the Supervisor, Maintenance & Operations, for approval, prior to being forwarded to Accounts Payable for payment.

Mechanical staff consists of 18 mechanics, 2 general garage helpers and 1 welder that report to the three Mechanical Forepersons. Inventory staff consists of 3 Stockkeepers that report to the Stockroom Foreperson. The Mechanical Forepersons and Stockroom Foreperson report to the Supervisor, Maintenance and Operations who reports to the Manager, Fleet Maintenance & Operations.

The need for vehicle repairs is identified either by Fleet Maintenance and Operations during preventive maintenance or by vehicle operators through daily vehicle inspections or mechanical breakdowns. Arrangements to repair vehicles is made by the vehicle operators Supervisor. A work order is created in M5, for all maintenance and repairs and is reviewed by the Mechanical Supervisor prior to any work being performed. Warranty information is entered in M5 for

all new vehicles. If a replacement part is selected for a component that is under warranty, M5 will automatically flag the item to inform mechanics of the warranty coverage.

Mileage for fleet vehicles is updated in M5 three in different ways. First, mileage is updated any time a vehicle is serviced, including inspection, maintenance or repairs. Second, each vehicle contains a vehicle data unit (VDU) and for vehicles that refuel at one of the City's four diesel fuel pumps (Williams Parkway, Sandalwood, Teramoto, Glidden), a sensor automatically transfers the odometer reading from the VDU into M5. Thirdly, when operators refuel using their Esso fuel card, they are prompted to enter the current mileage in the key pad. Each month, staff review the Esso fuel report and manually enter into M5 the mileage for each vehicle.

An inventory of parts is maintained in order for Fleet Maintenance to conduct day-to-day maintenance and repairs of vehicles and equipment. Inventory is stored at the two City garages located at Williams Parkway and Sandalwood and parts are stocked in designated shelf locations within the stockroom. Fleet stores staff is responsible for inventory management including sourcing and purchasing, receiving, issuing stock to mechanics, inventory adjustments and physical inventory counts. The parts required for each repair are included on the work order. For work orders that require new parts exceeding \$100 to be ordered, a parts request form must be completed by the Mechanic and approved by Mechanic Foreperson prior to the Stock keeper ordering the parts.

A physical inventory count is performed annually and count variances and adjustments are reviewed and approved by the Stockroom Foreperson, Supervisor, Maintenance and Operations, Manager, Fleet Maintenance and Operations and Supervisor of Finance. A review of inventory items to identify which on hand stock items are obsolete is also performed at the time of the physical inventory count. Access to the parts storeroom is physically restricted and only employees that have the necessary security badge privileges can enter these areas.

The asset management system used by the City, Fleet Focus M5, was first acquired in 2005 and there have been several version upgrades with additional modules and functions added. It is used by Fleet Maintenance and Operations, Fire and Emergency Division and the Transit Division to manage all vehicles and equipment owned, leased or rented by the City. The system has the capability to manage all areas of asset maintenance such as preventive maintenance (PM) and repair work orders, preventive maintenance scheduling, operating expense tracking including fuel, oil, and licensing, purchasing and parts inventory, license and permits, warranty and claims tracking and leases among others.

The fleet maintenance audit is part of the approved 2023 audit plan. The last full scope Fleet Maintenance audit was completed in 2012. In 2019, an audit of fuel and tire inventory was completed.

Objectives

This audit aims to review fleet maintenance processes and controls for their effectiveness and efficiency. Specifically, the objectives of this engagement include assessing whether:

- Fleet maintenance activities comply with City By-laws and the Ontario Highway Traffic Act
- Vehicle operators are properly inspecting vehicles and completing driver vehicle inspection reports (DVIR)
- Preventative maintenance is properly scheduled, performed, recorded, and overdue maintenance is followed up timely
- Vehicle repairs are properly assessed, performed, inspected, recorded and monitored to uphold vehicle maintenance quality and to minimize downtime
- Warranty information is maintained for all vehicles, repairs eligible for warranty are flagged in M5, and City staff is taking advantage of warranty repairs
- Performance of maintenance and repair work assigned to outside vendors is efficient, effective and economical
- Vehicle parts inventory is properly controlled including parts purchase, receipt, issuance, monitoring and disposal
- Vehicle parts are properly re-ordered, stocked and available to support fleet maintenance and repairs
- Vehicle Data Units (VDU) in each vehicle are properly maintained and effectively tracking vehicle mileage
- Staff uses the fleet maintenance system (M5) effectively for managing fleet activity
- Standard Operating Procedures (SOP's) are in place and current for all fleet maintenance activities

Please note that the above preliminary scope does not preclude us from looking into any other areas that may come to our attention and warrant a review during the audit. If the scope of the audit is expanded, staff will be informed.

Scope

Our audit scope will cover fleet maintenance activity for the period of January 1, 2021 to September 30, 2023.

The following areas will not be included in the scope of this audit:

- Vehicles for Transit and Fire (Separate audits to be proposed for 2024 and 2025)
- Fleet acquisitions, replacements, disposals, rentals (Separate audit to be completed in 2024)
- Fuel Management (Separate audit to be completed in 2024)
- Driver Certification Program (DCP review completed in 2022)
- Information technology general controls ("ITGCs") for any systems

3.0 Detailed Audit Findings, Recommendations, and Proposed Management Actions

Re f #	Findings	Rating	Recommendations	Management Action Plan, Responsible Person(s) and Due Date																																																																																																
1	<p>Preventative Maintenance schedule is not based on the Manufacturers recommendations and maintenance is not always completed within the required intervals.</p> <p>Preventative maintenance is performed on all vehicles and equipment managed by Fleet maintenance. The required service intervals are not specifically stated in the fleet maintenance policy, however, Fleet Maintenance guideline is that every licensed vehicle should be maintained the earlier of 12 months, or 10,000km. A review of preventative maintenance service within the audit period noted:</p> <p>1) The manufactures recommended service intervals are not integrated into the preventative maintenance schedule.</p> <table><tr><th rowspan="2">Year / Make</th><th rowspan="2">Vehicle Use</th><th colspan="2">Manufacturers Recommended Maintenance</th><th colspan="2">CoB Current Maintenance</th></tr><tr><th>KM</th><th>Months</th><th>KM</th><th>Months</th></tr><tr><td>2012 Dodge Caravan</td><td>All</td><td>13K</td><td>6</td><td>10K</td><td>12</td></tr><tr><td>2012 Toyota Tacoma</td><td>All</td><td>16K</td><td>12</td><td>10K</td><td>12</td></tr><tr><td>2013 Jeep Patriot</td><td>All</td><td>16K</td><td>12</td><td>10K</td><td>12</td></tr><tr><td>2015 Ford F-350</td><td>All</td><td>12K</td><td>6</td><td>10K</td><td>12</td></tr><tr><td>2016 Ford F550</td><td>All</td><td>12K</td><td>6</td><td>10K</td><td>12</td></tr><tr><td>2017 Dodge Ram 1500</td><td>All</td><td>16K</td><td>12</td><td>10K</td><td>12</td></tr><tr><td>2018 Chevy Equinox</td><td>All</td><td>12K</td><td>12</td><td>10K</td><td>12</td></tr><tr><td>2022 Mitsubishi RVR</td><td>All</td><td>16K</td><td>10</td><td>10K</td><td>12</td></tr><tr><td>2022 Ford F-150</td><td>All</td><td>16K</td><td>12</td><td>10K</td><td>12</td></tr><tr><td rowspan="3">2022 Ford F-550</td><td>Normal</td><td>12K-16K</td><td>12</td><td>10K</td><td>12</td></tr><tr><td>Severe</td><td>8K-12K</td><td>12</td><td>10K</td><td>12</td></tr><tr><td>Extreme</td><td>4K-8K</td><td>12</td><td>10K</td><td>12</td></tr><tr><td rowspan="3">2023 Ford Explorer</td><td>Normal</td><td>12K-16K</td><td>12</td><td>10K</td><td>12</td></tr><tr><td>Severe</td><td>8K-12K</td><td>12</td><td>10K</td><td>12</td></tr><tr><td>Extreme</td><td>5K-8K</td><td>12</td><td>10K</td><td>12</td></tr></table>	Year / Make	Vehicle Use	Manufacturers Recommended Maintenance		CoB Current Maintenance		KM	Months	KM	Months	2012 Dodge Caravan	All	13K	6	10K	12	2012 Toyota Tacoma	All	16K	12	10K	12	2013 Jeep Patriot	All	16K	12	10K	12	2015 Ford F-350	All	12K	6	10K	12	2016 Ford F550	All	12K	6	10K	12	2017 Dodge Ram 1500	All	16K	12	10K	12	2018 Chevy Equinox	All	12K	12	10K	12	2022 Mitsubishi RVR	All	16K	10	10K	12	2022 Ford F-150	All	16K	12	10K	12	2022 Ford F-550	Normal	12K-16K	12	10K	12	Severe	8K-12K	12	10K	12	Extreme	4K-8K	12	10K	12	2023 Ford Explorer	Normal	12K-16K	12	10K	12	Severe	8K-12K	12	10K	12	Extreme	5K-8K	12	10K	12	P1	<p>City Council request that the Director, Road Maintenance, Operations and Fleet ensure that staff optimize the effectiveness of current intervals by taking into consideration the manufacturers' recommended service intervals and that the revised preventative maintenance program is followed.</p>	<p>1) We conduct current vehicle and equipment maintenance based on internal intervals established through user group operations.</p> <p>COB recommendations supersede as COB intervals reflect known issues of vehicles and equipment.</p> <p>Fleet will review the manufacturers recommendations to identify if it makes sense to adjust based on our business needs.</p> <p>Responsible Person: Manager, Fleet Due Date: Q4 2024</p> <p>2) Fleet Maintenance will actively communicate to user groups to schedule and drop off vehicles, adhering to PM schedule.</p> <p>If the request for vehicles and equipment to be brought in goes unanswered fleet will escalate the request to the Supervisors and Managers of the area.</p> <p>Responsible Person: Manager, Fleet Due Date: Q1 2024/Ongoing</p>
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	<p>Currently, the required service interval for each licensed vehicle at the City is the same, 12 months or 10,000km, even though in most cases this does not align with manufacturers recommended maintenance.</p> <p>The manufacturers recommended maintenance interval should be integrated into the preventative maintenance schedule (M5) to better meet the needs of each specific type of vehicle. The revised intervals should be included in the fleet maintenance policy.</p> <p>2) Further, vehicles are not always maintained within the City’s recommended time and mileage standards of 12 months or 10,000km.</p> <table><tr><th>Preventative Maintenance Intervals (2021 - 2023)</th><th>#</th><th>%</th></tr><tr><td>365 days or less</td><td>1084</td><td>83.0%</td></tr><tr><td>365 days - 400 days</td><td>174</td><td>13.3%</td></tr><tr><td>400 days - 425 days</td><td>34</td><td>2.6%</td></tr><tr><td>Over 425 days</td><td>14</td><td>1.1%</td></tr><tr><td></td><td>1306</td><td>100.0%</td></tr><tr><td></td><td></td><td></td></tr><tr><td>10,000KM or less</td><td>1066</td><td>81.6%</td></tr><tr><td>10,000KM to 13,000KM</td><td>147</td><td>11.3%</td></tr><tr><td>13,000KM to 16,000KM</td><td>43</td><td>3.3%</td></tr><tr><td>16,000KM to 20,000KM</td><td>18</td><td>1.4%</td></tr><tr><td>Over 20,000KM</td><td>32</td><td>2.5%</td></tr><tr><td></td><td>1306</td><td>100.0%</td></tr><tr><td></td><td></td><td></td></tr><tr><td>Over 365 days or 10,000KM</td><td>436</td><td>33.4%</td></tr><tr><td>Over 365 days and 10,000KM</td><td>26</td><td>2.0%</td></tr></table> <p>As per fleet maintenance staff, it can be a challenge to get the operators to provide their vehicles in a timely manner for scheduled service.</p>	Preventative Maintenance Intervals (2021 - 2023)	#	%	365 days or less	1084	83.0%	365 days - 400 days	174	13.3%	400 days - 425 days	34	2.6%	Over 425 days	14	1.1%		1306	100.0%				10,000KM or less	1066	81.6%	10,000KM to 13,000KM	147	11.3%	13,000KM to 16,000KM	43	3.3%	16,000KM to 20,000KM	18	1.4%	Over 20,000KM	32	2.5%		1306	100.0%				Over 365 days or 10,000KM	436	33.4%	Over 365 days and 10,000KM	26	2.0%			
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	<p>Potential Impact</p> <p>1) Not integrating the manufacturers recommended service intervals into the preventative maintenance schedule does not ensure that the maintenance program is optimized for all vehicles. It can also result in the voiding of the manufacturers' warranty.</p> <p>2) Not maintaining vehicles within established time and mileage intervals increases the risk of breakdowns and repairs, render future maintenance and repairs more costly, and can reduce the life of the vehicle.</p>			
2	<p>Vehicle mileage is not always updated</p> <p>The preventative maintenance schedule in M5 is driven by time and mileage. When a vehicle is approaching either the time threshold of 12 months or the mileage threshold of 10,000km, the need for vehicle maintenance is communicated to the vehicle operator's Supervisor. Mileage can be updated in M5 three different ways.</p> <p>i) When vehicles are brought in for service or repairs, the mechanics enter the updated mileage in the M5 work order.</p> <p>ii) When vehicle operators use their fuel card (Non-diesel) to fill up at Esso, the mileage is manually entered in the keypad. At the end of the month, a fuel activity report is sent from Esso and the mileage for each vehicle is manually entered into M5.</p> <p>iii) When vehicles fuel up at City pumps (Diesel), the mileage on the vehicle data unit (VDU) is automatically picked up by sensors and updated in M5.</p>	P1	City Council request that the Director, Road Maintenance, Operations and Fleet take steps to ensure that vehicle mileage maintained in M5 is current and accurate.	<p>Forepersons as well as the Supervisor will actively review to ensure the correct KM's are recorded during the WO repair process.</p> <p>When the vehicles come in we will repair inoperative VDU's when parts are available.</p> <p>Responsible Person: Manager, Fleet Due Date: Q1 2024/Ongoing</p> <p>Fleet Services is proactively working with IT to capture kilometres more efficiently, currently working with IT on a fuel pilot to capture kilometres through our fuel island systems.</p> <p>Responsible Person: Manager, Fleet Due Date: Q2 2025</p>

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	<p>Our review of the processes to update vehicle mileage noted:</p> <p>1) Mileage is not always updated at the time of service. Out of 1306 preventative maintenance intervals, for 82 (6%), the mileage entered was either the same or lower than the previously recorded mileage.</p> <p>In M5, if mileage entered is lower than the previous mileage, a flag will appear notifying the user of the potential error, however, no such flag appears if the mileage is not updated.</p> <p>As part of the work order review the Mechanic Supervisor should ensure the kilometres has been properly updated.</p> <p>2) Many vehicle data units are not working properly. Each new vehicle is outfitted with a VDU that tracks mileage. As of Sept. 1, 2023, out of 427 licensed vehicles, the VDU was not operating in 88 of them (21%), which means mileage is not being updated at the time of fuelling. For 7 of the vehicles, the VDU has not been working since at least 2021.</p> <p>As per staff, the most common reasons for the freezing of VDU's is electronic issues, worn out or defective wires and operators intentionally disconnecting the units.</p> <p>Potential Impact Not maintaining accurate vehicle mileage impedes the effectiveness of the preventative maintenance schedule. It also increases the risk of vehicles exceeding required maintenance intervals which can increase the risk of repairs and reduce the life of the vehicle.</p>			

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	This finding compounds the impact of the first finding since the maintenance interval may be based on faulty and inaccurate mileage.			
3	<p>Driver Vehicle Inspection Reports are seldom completed by user departments</p> <p>The Ontario Highway Traffic Act requires that each vehicle with a gross vehicle weight rating (GVWR) of 4,500 kg or more must be inspected regularly.</p> <p>To meet this requirement, vehicle operators are supposed to complete a driver vehicle inspection report (DVIR) at the start of every shift, and any defects affecting the safe operation of the vehicle are to be recorded and reported to the Supervisor.</p> <p>Although not legislated, the City's preventative maintenance policy also requires licensed vehicles under 4,500 kg to be inspected daily and for a DVIR to be completed.</p> <p>Completed DVIR's for all vehicles are submitted by operating departments to Fleet Maintenance and maintained on file for at least six months. Some business units drop off completed DVIR's directly to the fleet maintenance garages while other others have a DVIR collection box which is picked up by Fleet Maintenance weekly.</p> <p>We randomly selected 15 vehicles (9 Heavy Duty, 6 Light Duty) to verify whether operating units had completed a DVIR during the last week of September and October. We found that only 2 out of the required 45 (4%) DVIR forms were on file.</p>	P1	City Council request that the Chief Administrative Officer, in consultation with the Director, Road Maintenance, Operations and Fleet, ensure Driver Vehicle Inspection Reports are completed as required to comply with the Ontario Highway Traffic Act and Fleet Maintenance policies.	<p>Fleet Services to actively work with user groups to complete DVIRs</p> <p>Fleet Services to actively communicate to user groups' management to complete DVIRs, as required by the Ministry of Transportation.</p> <p>As this is a part of the user groups and each individual staff members responsibility to perform DVIR's, fleet will continue to communicate the expectation of their license to the operating groups.</p> <p>Responsible Person: Manager, Fleet Due Date: Q1 2024/Ongoing</p>

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<p>As per Fleet Maintenance staff, it is the responsibility of each vehicle operator to complete a daily DVIR and it has been an ongoing challenge to get operators to comply with this requirement.</p> <p>Potential Impact</p> <p>Not completing driver vehicle inspection reports does not ensure that the vehicles operator is aware of potential mechanical or safety issues with the vehicle.</p> <p>Operating a vehicle without a completed DVIR can result in fines or penalties from the Ministry of Transportation (MTO).</p> <p>If a vehicle is found to be operating with a major defect, it can result in up to a \$20,000 fine and the vehicle being impounded.</p>																																																																																																																																																																																																																																																																							

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4	<p>Preventative Maintenance Forms are not always completed</p> <p>Preventative maintenance is performed on all vehicles and equipment. Whenever maintenance is performed, a manual preventative maintenance inspection form is filled out by the mechanic and a preventative maintenance line is added to the work order in M5. A review of preventative maintenance service and the related PM inspection forms noted:</p> <ol style="list-style-type: none"> 1) Preventative maintenance inspection forms are not always being completed. Out of a sample of 23 preventative maintenance work orders it was found that for 11 of them (48%), there was no completed PM inspection form on file. 2) Preventative maintenance inspection forms are not sent by vendors. Each dealership uses their own PM inspection forms, while some repair facilities use the City's PM inspection form. Our sample of 10 PM services performed at outside repair facilities found that the PM inspection form was not sent for any of them. Fleet maintenance staff reached out to the vendors and was able to obtain all PM inspection forms. <p>Without a completed and signed preventative maintenance inspection form, there is no formal assurance that each of the areas on the checklist have been properly inspected.</p> <p>Potential Impact Not having completed preventative maintenance forms for each preventative maintenance service results in improper maintenance records and increases the risk that incomplete inspections will not be detected.</p>	P2	<p>City Council request that the Director, Road Maintenance, Operations and Fleet ensure preventative maintenance inspection forms are completed and on file for all preventative maintenance service.</p>	<p>1) Fleet Maintenance to complete PM sheets more diligently. Will work with staff to ensure documents are completed in a timely manner.</p> <p>Responsible Person: Manager, Fleet Due Date: Q1 2024</p> <p>2) Fleet will request the vendors completed PM inspections sheets at the completion of the work and upload into M5.</p> <p>Responsible Person: Manager, Fleet Due Date: Q3 2024</p>

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5	<p>Warranty terms in M5 are incomplete</p> <p>Each new vehicle and piece of equipment comes with warranty coverage. When a vehicle is added to fleet, the warranty terms are entered in M5 by Fleet Administration staff.</p> <p>In M5, if a work order includes a repair that may be warranty eligible (Ex. Engine, transmission repair on a newer vehicle), a warranty violation flag appears to notify the user that the repair may be covered under warranty.</p> <p>We selected 10 new vehicles and reconciled the warranty terms from the vendors bid submission with the warranty terms information entered in M5. For each of the 10 samples, the engine and power train warranty terms entered in M5 were complete, however, the following was also noted:</p> <p>1) For two of the samples, the vendors bid for pickup trucks included a warranty on Corrosion (Body/Rust) of 3 years/unlimited kilometres, however, this coverage was not entered in M5.</p> <p>The warranty terms for both vehicles have now been corrected and entered in M5.</p> <p>2) Further review of vehicles purchased in the audit period found that two 2019 Ford F550's did not have any Warranty terms entered in M5.</p> <p>The warranty terms for both vehicles have now been entered in M5.</p> <p>If warranty information is not properly entered in M5, the warranty violation flag function will not be activated and</p>	P2	City Council request that the Director, Road Maintenance, Operations and Fleet ensure all warranty information in M5 is accurate and complete.	<p>All warranties associated to vehicle purchases to be entered into M5 system before vehicle is released to operating groups and reviewed by the Supervisor of Admin.</p> <p>Warranties acquired after vehicle release are to be entered into M5 by Parts or Maintenance and reviewed by the Supervisor of Maintenance.</p> <p>Mechanical forepersons to ensure warranty are flagged and followed.</p> <p>Responsible Person: Manager, Fleet Due Date: Q4 2024</p>

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	<p>users will not be notified of potential warranty violations. Staff should ensure that a secondary review is performed for all warranty information entered in M5.</p> <p>Potential Impact Not maintaining complete warranty information in M5 increases the risk that repair work is performed or paid for on warranty eligible vehicles.</p>			
6	<p>Significant spending with vendors did not go through competitive procurement</p> <p>The City has two garages, Williams Parkway Operations Centre and Sandalwood Operations yard. Due to capacity and resource constraints at the two garages, maintenance and repair overflow is often contracted out to outside repair shops.</p> <p>A review of aggregate vendor spending between 2021 and 2023 noted the following:</p> <p>1) Purchase orders (PO) are not in place for high volume vendors.</p> <p>A vendor who has done over \$435K of work in the audit period does not have a PO. Another vendor who has done over \$250K of work also does not have a PO. Both vendors provide overflow maintenance and repair services for the City and all purchases were via P-Card.</p> <p>As per the City's Purchasing By-law, all procurements over \$100K require a public procurement process, conducted by Purchasing.</p>	P2	City Council request that the Director, Road Maintenance, Operations and Fleet ensure all purchasing activities comply with the City's purchasing By-laws, policies and procedures.	<p>Maintenance department to conduct competitive tender process through Purchasing to ensure active PO is in place for external maintenance services.</p> <p>Maintenance staff to ensure PO is not in place before using PCard.</p> <p>Responsible Person: Manager, Fleet Due Date: Q4 2024</p>

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	<p>2) P-Card purchases are being made even though a purchase order is in place.</p> <p>A vendor with an active purchase order is being paid via P-Card for most payments. There has been \$18K in purchases against the PO (Original PO amount of \$21K) and \$26K in P-Card Purchases. The vendor provides service and parts.</p> <p>As per purchasing policies and procedures, if a purchase order limit has been reached within the contract period, the Contract Administrator should follow the necessary steps to increase the amount of the purchase order.</p> <p>Potential Impact Not having a purchase order in place where required does not ensure the efficiency, effectiveness or economy of procurement activity. It also reduces the ability to control total vendor spend and does not allow for department and procurement approvals on the total contract amount.</p>			
7	<p>Review of vendor invoices needs improvement</p> <p>Invoices for outside service are sent to the respective Mechanic Foreperson for review and to the Supervisor, Maintenance & Operations, for approval, prior to being forwarded to Accounts Payable for payment.</p> <p>A review of 15 invoices for outside repairs during the audit period noted that in some cases, the hourly labour rate on the invoice does not agree to the contract.</p> <p>One vendor is regularly charging \$169 per hour for labour even though the current agreement states \$130 per hour.</p>	P2	City Council request that the Director, Road Maintenance, Operations and Fleet ensure a comprehensive and complete invoice review process is in place.	<p>Forepersons to ensure external billing rates are correct before processing invoices through Accounts Payable.</p> <p>Document to be created indicating all external vendor rates.</p> <p>Responsible Person: Manager, Fleet Due Date: Q1 2024</p> <p>When the new fleet analyst starts, admin will review the invoices to get a</p>

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	<p>Another vendor is regularly charging \$165 per hour for labour even though the current agreement states \$130 per hour.</p> <p>Staff should determine the amount the City has overpaid on labour charges and request a credit. Going forward, the invoice review process should include comparing hourly labour rates on the invoice with the contracted hourly labour rates.</p> <p>Potential Impact Not having a proper process to reconcile invoice charges with contracted rates results in overcharges going undetected.</p>			<p>better understanding of total dollar amount.</p> <p>Responsible Person: Manager, Fleet Due Date: Q4 2024</p>
8	<p>Access to parts storage rooms is not properly restricted</p> <p>Both City garages at Williams Parkway Operations Centre and Sandalwood Operations yard have a parts storage room that houses parts needed for ongoing maintenance and repairs of vehicles and equipment.</p> <p>Doors to these rooms are locked and are only accessible by employee security badges.</p> <p>Our review of physical access found that many individuals have security badge access to the parts storage rooms that do not need it. These individuals mostly include employees from other departments, as well as former Fleet Maintenance employees, temporary card holders and outside cleaners.</p> <p>The chart below does not include Security and Facilities, Operations & Maintenance staff since they have security access to all buildings.</p>		<p>City Council request that the Director, Road Maintenance, Operations and Fleet, in consultation with the Director, Facility Operations and Maintenance ensure access to parts storage rooms are properly restricted.</p>	<p>Will work with IT to restrict access to the Stores area.</p> <p>Responsible Person: Supervisor , Fleet Maintenance Due Date: Q1 2024</p>

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Report Distribution List	
Marlon Kallideen	Chief Administrative Officer
Robert Gasper	Director, Road Maintenance, Operations & Fleet
Aaron Moss	Manager, Fleet

Internal Audit Team	
Claire Mu	Director, Internal Audit
Brad Cecile	Manager, Internal Audit
Jayrani Bungsy	Audit Project Lead