

Date: 2025-05-30

Subject: **Fleet Asset Management Audit 2025 Report**

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Report Number: CAO's Office-2025-496

Recommendations:

1. That the report titled: Fleet Asset Management Audit 2025 Report, to the Audit Committee Meeting of June 10, 2025, be received and the recommendations contained in **Appendix 1: Fleet Asset Management 2025 Report** be approved.

Overview:

- This audit identified key opportunities to improve operational consistency, strengthen internal controls, and improve the overall efficiency and accountability of the City's fleet management activities.
- The issues and associated management action plans are detailed in the body of the audit report located in **Appendix 1: Fleet Asset Management Audit 2025 Report**.
- **Appendix 2** contains the presentation slides for this audit report.

Internal Audit discussed the following improvement opportunities with Fleet Management.

Process	Finding	Rating
Monitoring of Vehicle Utilization Needs to be Enhanced	Vehicle utilization is monitored through a report that combines data from M5, the asset management software, and the Automatic Vehicle Location (AVL) system to capture vehicle mileage. In 2024, the report showed that 27% of light-duty vehicles recorded under 5,000 km, and 25% of heavy-duty vehicles under 2,000 km, suggesting potential underutilization. Further review of the vehicle utilization monitoring process found:	

	<ul style="list-style-type: none"> • No formal definition of underutilization exists. • No systematic process is in place to follow up on vehicles with low mileage; reviews are informal and not documented. • Not all vehicles have a functioning AVL unit. In 2024, 25 had no mileage data, and 11 showed “Not Used” despite usage in M5. 	P2
Review Controls for New Vehicle and Equipment Requests Needs to be Improved	<p>All new asset requests must be accompanied by a <i>New Vehicle/Equipment Request</i> form approved by the user department’s Supervisor, Director and Commissioner before submission to Fleet for review and final sign-off.</p> <p>A review of 5 samples of New Acquisitions found that:</p> <ul style="list-style-type: none"> • None of the 5 request forms had proper approval. Business unit Commissioner, Director, and Supervisor signatures were missing on all forms; 3 also lacked the Fleet Manager’s signature. • Not all request forms were fully completed. 1 was missing the Fleet services recommendations section, and another was marked “No” for procurement due to ‘low utilization’ but was still added to the budget without explanation. 	P2
Tracking of Equipment Locations in M5 Needs to be Enhanced	<p>M5 lists the user departments but not the actual equipment locations, making it difficult to know where assets are stored or used.</p> <p>The physical inventory count found several equipment units were at locations different from the “User Department” shown in M5.</p> <p>For example, the system lists a 2012 John Deere Gator (Unit FW12229) under Fleet Maintenance, but it was actually found at the Susan Fennel Recreation Centre during the physical count.</p>	P2

<p>Fleet Data Provided for Insurance Purposes Needs to be Complete and Current</p>	<p>Each year, Fleet provides an asset list to Risk & Insurance, who then forward it to the broker to ensure coverage under the City's blanket insurance policy. Only vehicles included on the list as of January 1 are insured for the upcoming year.</p> <p>A review of the asset list sent to Risk & Insurance team in 2024 found that:</p> <ul style="list-style-type: none"> • 35 active vehicles (25 rentals and 10 City-owned) were missing from the insurance list sent to the Risk & Insurance team in August, with no final year-end update. • 6 of the vehicles were acquired before 2024, with the rest being added in the last 3 months of 2024. 	<p>P2</p>
<p>Updating of Disposed Fleet Assets in M5 Needs to be Improved</p>	<p>When a vehicle nears the end of its useful life and is removed from service, its status should be updated to "Decommissioned" in M5. Once the vehicle is sold at auction, the status should then be changed to "Disposed" in M5 to ensure it is removed from the active asset listing.</p> <p>During the inventory count at the end of April, a unit sold at auction in January 2025 was still showing "Active" in M5 at Memorial Arena.</p> <p>A review of 7 units auctioned off in January 2025 found that as of May, 4 were still "Flagged for Disposal" and 3 were still "Active" in M5, although they should all be "Disposed".</p> <p>Additionally, 3 tractors sold in December 2023 are still marked "Flagged for Disposal", although they should all be "Disposed".</p>	<p>P2</p>
<p>SOPs Need to be Developed to Standardize Fleet Administration Practices</p>	<p>Fleet Administration currently lacks formal standard operating procedures (SOPs). While some forms are used to support key tasks, they do not provide clear or complete guidance. SOPs are needed for core functions, including asset replacements, new acquisitions, procurement, disposals, and rental car management.</p>	<p>P2</p>

These issues and associated management action plans are discussed in more detail in **Appendix 1**. These issues are rated as per the criteria described in **Appendix 1** of the Audit Report.

Conclusion:

Overall, Fleet Services has implemented several effective measures to support the management of the City's fleet operations. The division makes strong use of key systems such as M5 and AVL to monitor and manage fleet assets. Established lifecycle parameters for both light-duty and heavy-duty vehicles contribute to a structured and efficient vehicle replacement program. Processes for the receipt of vehicles and equipment are functioning well, and physical security measures are in place to protect fleet assets. Additionally, rental vehicle management is well-organized, with clear procedures for tracking usage, processing invoices, and reporting damages.

However, the audit also identified several key areas for improvement. These include the need to formalize the vehicle utilization review process, enhance the tracking and timely updating of equipment locations within M5, and ensure that new vehicle request documentation is complete and properly approved. The status of disposed assets should be updated in M5 in a timely manner, and the fleet data provided to the City's insurance team should be reviewed to ensure accuracy and completeness. Lastly, the development of standard operating procedures (SOPs) would help guide key administrative functions and promote consistency across the division.

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Attachments:

- Appendix 1 – Fleet Asset Management Audit 2025 Report
- Appendix 2 – Fleet Asset Management Audit Presentation Slides