



# Fleet Asset Management Audit

Audit Committee  
June 10, 2025





# Agenda

1. Audit Objectives
2. Scope and Methodology
3. Audit Observations
4. **Management Action Plans**
5. Next Steps
6. Questions



## **Audit Objectives**

The audit aimed to assess whether Fleet has:

- Established appropriate policies, procedures, and controls to support effective, consistent, and accountable asset management operations.
- Implemented processes to support effective planning and acquisitions of fleet assets.
- Established controls to effectively manage and monitor fleet assets throughout their lifecycle.
- Implemented procedures to oversee and monitor vehicle rentals and disposals in a controlled and efficient manner.



## **Scope and Methodology**

Our audit scope covered fleet asset activity for the period of January 1, 2022 to December 31, 2024.

The audit methodology included:

- Reviewing reports, forms, contracts and system data.
- Interviewing staff involved in the fleet asset management process.
- Sample testing and data analytics to assess the efficiency and effectiveness of fleet management processes.
- Performing a physical inventory count.
- Site visits to observe asset storage and security.



## **Audit Observation 1: Monitoring of Vehicle Utilization Needs to be Enhanced**

In 2024, Automatic Vehicle Location (AVL) data 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:

- 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 vehicles had no mileage data, and 11 showed “Not Used” despite mileage showing in M5, Fleet’s asset management system.



## **Audit Observation 1: Monitoring of Vehicle Utilization Needs to be Enhanced (Con't)**

We recommend that the Director of Fleet:

- Establish a clear definition of “underutilized” for all vehicle types so that the acceptable range of use for each vehicle can be appropriately assessed.
- Implement a formal process that systematically follows up with operating units to assess the reason behind low vehicle mileage and requires them to document and justify low usage.
- Improve AVL data capture by identifying and addressing non-functioning units to ensure consistent and accurate mileage data is available for analysis.



## **Audit Observation 2: Review Controls for New Vehicle and Equipment Requests Needs to be Improved**

We reviewed five samples of new acquisitions and noted the following:

- None of the five request forms had proper approval. Business unit Commissioner, Director, and Supervisor signatures were missing on all forms; three also lacked the Fleet Manager's signature.
- Not all request forms were fully completed. One 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.

We recommend that the Director of Fleet ensure all new asset requests are complete, include clear justification, and are formally approved by both the requesting business unit and Fleet Management before being submitted for budget consideration.



## **Audit Observation 3: Tracking of Equipment Locations in M5 Needs to be Enhanced**

- M5 lists the user departments but not the actual equipment locations, making it difficult to know where assets are stored or used.
- The physical inventory count found several equipment units were at locations different from the “User Department” shown in M5.

We recommend that the Director of Fleet implement a process to improve the tracking and updating of equipment location data to ensure assets are properly safeguarded and can be efficiently located when needed.



## **Audit Observation 4: Fleet Data Provided for Insurance Purposes Needs to be Complete and Current**

We reviewed the asset list sent to Risk & Insurance in 2024 and found:

- 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.
- Six of the vehicles were acquired before 2024, with the rest being added in the last three months of 2024.

We recommend that the Director of Fleet improve the process for providing vehicle information to the Risk & Insurance unit to ensure all fleet assets are properly insured.



## **Audit Observation 5: Updating of Disposed Fleet Assets in M5 Needs to be Improved**

- During the inventory count at the end of April, a unit sold in January 2025 was still showing “Active” in M5 at Memorial Arena.
- A review of seven additional units auctioned off in January 2025 found that as of May, four were still “Flagged for Disposal” and three were “Active” in M5.
- Three tractors sold in December 2023 were still marked “Flagged for Disposal” as of May 2025.

We recommend that the Director of Fleet improve the process for updating the status of disposed assets in M5 to ensure timely and accurate recordkeeping.



## **Audit Observation 6: Standard Operating Procedures Need to be Developed to Standardize Fleet Administration Practices**

Fleet Administration currently lacks formal standard operating procedures (SOP). 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.

We recommend that the Director of Fleet develop and implement SOPs for fleet administration functions to promote a consistent, complete, and accountable approach to carrying out core tasks.



## **Conclusion**

Fleet Services has implemented several effective practices to manage the City's fleet operations, including the use of FleetFocus M5 and AVL systems to track assets, established lifecycle parameters for vehicle replacement, secured asset storage, and well-structured rental vehicle management.

However, improvements are needed in key areas: formalizing the vehicle utilization review process, ensuring timely updates to equipment locations in M5, completing and approving new vehicle request documentation, promptly updating asset disposal status, verifying insurance data accuracy, and developing SOPs to guide administrative functions and ensure consistency.

Implementing the recommended actions will help address these gaps, enhance operational consistency, strengthen internal controls, and improve the overall efficiency and accountability of the City's fleet management activities.



## **Management Action Plans**

### **1. Enhance Monitoring of Vehicle Utilization**

- A. Develop a formal process to review and assess underutilized vehicles, with thresholds defined by user group operations and vehicle type.
- B. Address low utilization with user groups, including documented responses.
- C. Work with AVL and IT to address non-functioning units and explore technologies to extract mileage through the GPS telematics system.

Timeline: Items A and B - Q4, 2025, Item C - Q2, 2026



## **Management Action Plans**

### **2. Improve Review Controls for New Vehicle and Equipment Requests**

- Develop a formalized process for reviewing and approving new vehicle and equipment requests.
- Develop an SOP to ensure this process is followed and centralize all supporting documentation.

Timeline: Q4, 2025



## **Management Action Plans**

### **3. Enhance Tracking of Equipment Locations in M5**

Vehicles and equipment in M5 are assigned to user groups, not locations. Due to operational needs, equipment is often shared without notifying Fleet.

- A. Work with Business Systems (IT) and AVL team to find tracking options for motorized unlicensed assets.
- B. Inform user groups of the requirement to communicate any vehicle or equipment transfers to Fleet.
- C. Fleet is piloting GPS technology on 6 lawn-cutting units; data will be reviewed to assess suitability.

Timeline: Item A – Q1, 2026, Items B and C – Q4, 2025



## **Management Action Plans**

### **4. Ensure Complete and Up-to-Date Fleet Data for Insurance Purposes**

Fleet will review the vehicle roster on a more frequent basis and will be working with our Risk and Insurance Management team to establish a process to ensure updated rosters are provided annually.

Timeline: Q4, 2025



## **Management Action Plans**

### **5. Ensure Timely Updates of Disposed Fleet Assets in M5**

1. Develop and formalize a process for Asset Disposal.
2. Develop an SOP to ensure proper disposal and documentation is followed and captured.

Timeline: Q4, 2025



## **Management Action Plans**

### **6. Develop Standard Operating Procedures for Fleet Administration Functions**

Fleet will develop and create formalized SOPs, including guidelines to ensure all core Fleet Administration functions are formally documented.

Timeline: Q4, 2025



## **Next Steps**

- ✓ Action plans have been developed
- ✓ Implementation is underway or completed
- ✓ Internal Audit will follow up and report on the status of these action plans



**FLEET ASSET  
AUDIT**

**Questions?**



**FLEET ASSET  
AUDIT**

**Thank You**

