



MANAGEMENT LETTER of AUDIT OBSERVATIONS

October 1, 2020

Gabe Silva, Fleet Manager

An audit of the Fleet Department's Parts Section, Tools/Check-out Items Inventory, P-Card Purchases, Shop Safety, Fuel Card Purchases, and Inventory (Fixed & Sensitive Items) was completed on September 30, 2020. The issuance of an official Audit Report is pending Management Responses. Internal audits can be carried out in all areas of County operations, with an audit focus upon improving operations by providing management with a reasonable assurance of whether or not internal controls exist and are effective, in their area of operations. When internal control deficiencies are identified, they are brought to management's attention along with recommendations for improvement, within the Audit Report. As a result of this audit, the Internal Audit Function will schedule a 90-120 Day follow-up with the Fleet Department concerning progress made on addressing the Moderate-level risks/findings indicated in the official Audit Report. No High-level risks/findings were discovered.

The internal audit process consists of a thorough review and understanding of applicable Standard Operating Procedures (SOPs) and policies governing operations and staff actions. Interviews with knowledgeable staff, direct observation of department activities, as well as the testing/reviewing of documentation that support purported activities, are conducted. As a result of a review of Fleet's successive safety record, as well as finding a lack of complaints with the quality of work performed, an in-depth costs-benefits analysis for staffing was not required within the scope of this audit. The audit focused upon the periods of July 1, through September 30, 2019, and January 1 through June 30, 2020.

The following comments, which have been or will be discussed with you, are intended to improve the Fleet Department's internal control structure. Comments are presented here and not

within the official Audit Report, as these items are viewed as beyond the immediate scope of the audit. As with all Management Letters, an official response in writing is not required; however verbal feedback to the internal auditor is encouraged. A few auxiliary items that were revealed, of which Fleet Department leadership may want to stay abreast and address, are below (*Management Input is italicized*).

1. Cost Recovery Shortfall -

The internal auditor acquired the operating budget and costs for the past 3-year period for Fleet operations, noting a consistent shortfall in cost recovery over the past 3-year period as follows -

FY18 (\$521,857.95)

FY19 (\$580,051.44)

FY20 (\$664,756.10)

A conversation with the Fleet Manager indicated possible means of positively addressing the noted deficits.

Management's Response: *A fully staffed Fleet Department with the Fleet Supervisor and plus all markups has the potential of coming out even at the end of each fiscal year. Please see attachment Cost Recovery. I used the previously Cost Recovery sent to you from FY18, FY19, and FY20 and added all the potential markups and labor. A Fleet Supervisor will assist in recovering our costs and help oversee our shop operations. This position is critical for Fleet to assist in achieving its maximum performance.*

2. Employee Exit Procedures -

During the audit it was discovered that when staff is clearing (leaving county service), the tool room is NOT an area that Fleet employees must clear in order verify that they do not currently have tools checked out. It would be prudent for Fleet management to implement a measure to consistently ensure that no tools are checked out by staff who are separating from county service.

Management's Response: *The County has an Employment Separation Checklist that includes turning in tools which Fleet Department uses when an employee is leaving employment. A meeting was conducted 10/08/2020 where all Fleet personnel were instructed to sign in tools at Parts Room and Supervisors office and that all tools would be turned in at the end of each shift. Every Friday, Supervisors check that all tools have been turned in. Fleet Department uses the "Employment Separation Checklist" from HR whenever an employee from Fleet Department leaves the County. Form has a line to indicate that tools were turned in.*

• Unauthorized Signator -

During the Audit, it was purported that the administrative assistant sometimes signs the parts

request as a supervisor. If the administrative assistant is an authorized signatpr, this should be written in policy.

Management's Response: *The Fleet Supervisor, Fleet Manager, and Fleet Administrator are the authorized supervisors approving the parts request. Once the Fleet Supervisor position is filled, the Administrative Assistant will no longer sign the parts request. If this position is denied and proven that it is no longer needed, then all options will be reviewed before a policy is rewritten. [A] Memo authorizing the Administrative Assistant position to sign, approve, or disapprove the Mechanic's Request for Parts form was written and addressed to the Assistant County Manager.*

• **Customer Feedback -**

The internal auditor interviewed Fleet clients from the 1) Engineering/Roads Department, 2) Assessor's Office, 3) Fire Administration, 4) Facilities & Parks, and 5) DASO. All clients interviewed were satisfied with the level of professionalism and communications received from Fleet when having a vehicle serviced. However, a consistent area cited for improvement was the extended turnaround times for routine services; Fleet is not known for its ability to complete 'rush' jobs. Client recommendations ranged from hiring specialists who focus on routine services to hiring an Emergency Vehicle Technician. The Audit provides this data for informational purposes as inquiry was not made to learn if Fleet management collects customer service feedback from its clients. The Audit recommends that management acquire and record customer feedback on a frequent basis, so that adjustments can be made when possible to improve customer service.

Management's Response: *First, Fleet Department has an obligation and responsibility to make sure all County vehicles are safe before returning to a department. Second, this is where a Fleet Supervisor fits in. His/her responsibility is to consistently make sure the work/repairs are completed in a timely manner with safety always in mind. In the private sector you can take your vehicle to a shop and they can tell you for example that you need brakes (metal to metal). You can deny the repair and maybe they will have you sign a form/receipt and you can drive off. The liability is too great for the County (government in general) that we won't let that vehicle go without properly repairing the vehicle.*

Thank you for the attention given to the items cited above.

Very Respectfully,


Ernest Harvin, CIA

NOTE: *Italicized data above denote representations made by Fleet Department Leadership.*

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Cc: County Manager
Assistant County Manager (Operations)
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