



*Office of the Auditor General / Bureau du vérificateur général*

**FOLLOW-UP TO THE 2007 AUDIT OF MISUSE AND ABUSE -  
VEHICLES AND EQUIPMENT**

**2009**

**SUIVI DE LA VÉRIFICATION DE L'USAGE ABUSIF OU D'UNE  
MAUVAISE UTILISATION DE VÉHICULES ET D'ÉQUIPEMENT  
MUNICIPAUX DE 2007**



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## EXECUTIVE SUMMARY

### ***Introduction***

The follow-up to the 2007 Audit of Misuse and Abuse – Vehicles and Equipment was included in the Auditor General’s 2009 Audit Plan.

The key findings of the original 2007 audit included:

- Sixteen work orders examined totalled over \$277,000 in damages due to misuse and abuse.
- The City of Ottawa does not have adequate oversight of these repair costs.
- Monthly “Misuse and Abuse” reports were not provided to branches with any consistency and for those reported to branches, no action was taken in many cases. Of the 16 cases examined, Fleet Services notified Surface Operations Branch of only four. However, Surface Operations took no action on any of them.
- The audit also revealed deficiencies in compliance with regulations, namely the Provincial Highway Traffic Act and the City’s Non-Smoking Policy.
- Further review of an incident reported in the Auditor General’s 2007 report indicated the following:
  - City staff reported that an operator drove a sidewalk plow down a flight of stairs, causing significant damage. The audit was not able to confirm if this happened.
  - According to the accident report, extensive repairs that required parts to be specifically manufactured, were reported to be the result of one sidewalk plow operator rear-ending another sidewalk plow at 5 km/hr;
  - The \$18,477 undercarriage damage sustained to one of the sidewalk plows seemed inconsistent with the reported 5 km/hr collision;
  - The City’s Collision Review Committee (CRC) conducted an inadequate investigation.

### ***Summary of the Level of Completion***

The tables below outline our assessment of the level of completion of each recommendation as of Fall 2009.

### Fleet

CATEGORY	% COMPLETE	RECOMMENDATIONS	NUMBER OF RECOMMENDATIONS	PERCENTAGE OF TOTAL RECOMMENDATIONS
NOT APPLICABLE		-	-	-
LITTLE OR NO ACTION	0 – 24	7, 10, 12	3	13%
ACTION INITIATED	25 – 49	21, 22	2	9%
PARTIALLY COMPLETE	50 – 74	1, 3, 6, 8, 9, 17, 23	7	30%
SUBSTANTIALLY COMPLETE	75 – 99	15	1	4%
COMPLETE	100	2, 4, 5, 11, 13, 14, 16, 18, 19, 20	10	44%
TOTAL			23	100%

### Transit

CATEGORY	% COMPLETE	RECOMMENDATIONS	NUMBER OF RECOMMENDATIONS	PERCENTAGE OF TOTAL RECOMMENDATIONS
NOT APPLICABLE		2, 4, 6, 7, 23	5	22%
LITTLE OR NO ACTION	0 – 24	10, 12	2	9%
ACTION INITIATED	25 – 49	21, 22	2	9%
PARTIALLY COMPLETE	50 – 74	1, 3, 8, 9	4	17%
SUBSTANTIALLY COMPLETE	75 – 99	15	1	4%
COMPLETE	100	5, 11, 13, 14, 16, 17, 18, 19, 20	9	39%
TOTAL			23	100%

### Conclusion

Both Fleet and Transit have made good progress in responding to the recommendations of the 2007 Audit of Misuse and Abuse – Vehicles and Equipment.

The fleet management system utilized by both organizations (M5) is more than capable of allowing the repair facilities to classify repairs as operational vs. non-operational and of identifying repairs as the result of misuse, abuse, theft, vandalism, negligence, etc. The system needs to be set up to do this however, and the repair technicians and supervisors actually responsible for these repair classifications need to be trained.

Fleet is in the process of modifying their Work Order and Job Reason Codes to facilitate these classifications and it is recommended that Transit do the same. Once modifications have been completed, repair technicians and their supervisors will need to be trained so that their understanding of the new classification methodology will form the basis of consistent and accurate repair classifications.

Only after these repairs are being consistently and accurately captured in the Fleet Management system, will analysis and reporting be available to communicate to Fleet clients. Current reporting exists but the quality of the data being reported is questionable.

The Pre-trip log books are excellent, but how well these forms are being utilized and how well the copies are being filed by the applicable clients is in question. Fleet needs to ensure the logs are being properly used. Although Transit has been exempted from this paper trail, it is recommended that they create one as a 'best in class' business practice.

The collision reporting procedures are well established and compliance is high. However, it is recommended that Fleet have its own investigation team and proactively investigate all collisions involving Fleet assets as opposed to waiting to be invited by the using department as the current practice exists today.

### **Overall Management Response:**

In the past, management reported 100% completion for the status of some of the recommendations made in the 2007 Audit of Misuse and Abuse – Vehicles and Equipment. After further consideration and taking into account additional options that have since come to light, management agrees that more effort is required to ensure completion.

Further, at the time of the follow-up assessment, nine recommendations were awaiting resolution by the Audit, Budget and Finance Committee. In all cases, agreement between the Office of the Auditor General (OAG) and management has now been achieved.

Many of the follow-up recommendations will be addressed through the Fleet Services' Service Excellence Plan as outlined in the management responses to the recommendations.

Some of the recommendations of the 2007 audit were not originally related to Transit Services. Where the OAG has applied a recommendation to Transit, management has confirmed applicability and agreement with the original recommendation prior to assessing the OAG's follow-up audit findings.

### ***Acknowledgement***

We wish to express our appreciation for the cooperation and assistance afforded the audit team by management.



## RÉSUMÉ

### *Introduction*

Le Suivi de la vérification de l'usage abusif ou d'une mauvaise utilisation de véhicules et d'équipement municipaux de 2007 était prévu dans le Plan de vérification du Bureau du vérificateur général de 2009.

Les constatations principales de la vérification initiale de 2007 sont les suivantes :

- Seize bons de commande examinés représentaient plus de 277 000 \$ en dommages imputables à un usage abusif ou à une mauvaise utilisation.
- La Ville d'Ottawa ne surveille pas de façon adéquate ces coûts de réparation.
- Les rapports mensuels sur « l'usage abusif et la mauvaise utilisation » n'ont pas été transmis aux directions de façon constante et, lorsqu'ils l'ont été, aucune mesure n'a été prise dans de nombreux cas. Des 16 cas examinés, les Services du parc automobile n'en ont signalé que quatre à la Direction des opérations de surface. Cependant, Opérations de surface n'ont pris de mesure dans aucun cas.
- La vérification a également révélé des lacunes dans la conformité aux règlements, notamment le Code de la route et la Politique interdisant l'usage du tabac sur les lieux de travail de la Ville.
- L'examen approfondi de l'incident de la déneigeuse de trottoir, dont le rapport de 2007 du Vérificateur général fait état, a révélé ce qui suit :
  - Le personnel de la Ville a déclaré qu'un opérateur avait descendu une volée d'escalier avec une déneigeuse de trottoir, causant des dommages importants au véhicule, ce que la vérification n'a pu confirmer.
  - Selon le rapport d'accident, de grosses réparations, pour lesquelles des pièces ont dû être spécialement fabriquées, ont été attribuées à une collision par l'arrière à une vitesse de 5 km/h entre deux déneigeuses de trottoir.
  - Les 18 477 \$ de dommages subis par le châssis de roulement de l'une des déneigeuses de trottoir ne concordent pas avec les dommages qui pourraient résulter d'une collision par l'arrière à une vitesse de 5 km/h.
  - L'enquête menée par le Comité d'examen des collisions n'était pas adéquate.

### *Sommaire du degré d'achèvement*

Le tableau ci-dessous présente notre évaluation du degré d'achèvement de chaque recommandation à l'automne 2009 :

### Parc automobile

CATÉGORIE	POURCENTAGE COMPLÉTÉ	RECOMMANDATIONS	NOMBRE DE RECOMMANDATIONS	POURCENTAGE DU TOTAL DES RECOMMANDATIONS
S.O.		-	-	-
PEU OU PAS DE MESURES PRISES	0 - 24	7, 10, 12	3	13 %
ACTION AMORCÉE	25 - 49	21, 22	2	9 %
COMPLÉTÉE EN PARTIE	50 - 74	1, 3, 6, 8, 9, 17, 23	7	30 %
PRATIQUEMENT COMPLÉTÉE	75 - 99	15	1	4 %
COMPLÉTÉE	100	2, 4, 5, 11, 13, 14, 16, 18, 19, 20	10	44 %
TOTAL			23	100 %

### Transport en commun

CATÉGORIE	POURCENTAGE COMPLÉTÉ	RECOMMANDATIONS	NOMBRE DE RECOMMANDATIONS	POURCENTAGE DU TOTAL DES RECOMMANDATIONS
S.O.		2, 4, 6, 7, 23	5	22 %
PEU OU PAS DE MESURES PRISES	0 - 24	10, 12	2	9 %
ACTION AMORCÉE	25 - 49	21, 22	2	9 %
COMPLÉTÉE EN PARTIE	50 - 74	1, 3, 8, 9	4	17 %
PRATIQUEMENT COMPLÉTÉE	75 - 99	15	1	4 %
COMPLÉTÉE	100	5, 11, 13, 14, 16, 17, 18, 19, 20	9	39 %
TOTAL			23	100 %

### Conclusion

Les Services du parc automobile et les Services de transport en commun ont tous deux réalisé de grands progrès en vue de satisfaire aux recommandations de la vérification de 2007 sur l'usage abusif et la mauvaise utilisation des véhicules et de l'équipement.

Le système de gestion du parc automobile utilisé par les deux services (M5) a largement la capacité de permettre aux ateliers de réparation de classer les réparations en tant qu'opérationnelles et non opérationnelles et de déterminer si elles doivent être effectuées en raison d'une mauvaise utilisation, d'un usage abusif, d'un vol, de vandalisme, de négligence, etc. Toutefois, le système doit être établi pour ce faire et les techniciens et les superviseurs chargés en fait de la classification de ces réparations doivent être formés.

Les Services du parc automobile sont à modifier leur bon de travail et les codes de raison du travail afin de faciliter ces classifications et il est recommandé que les Services de transport en commun fassent de même. Une fois que les modifications auront été effectuées, les techniciens des réparations et leurs superviseurs devront être formés de façon à ce que leur compréhension de la nouvelle méthode de classification soit à la base de la classification uniforme et exacte des réparations.

Les analyses et les rapports pourront être distribués aux clients du Parc automobile seulement après que ces réparations auront été saisies de façon uniforme et exacte dans le système de gestion du parc automobile. Il existe actuellement des rapports, mais la qualité des données est douteuse.

Les registres d'avant-trajet sont excellents, mais la bonne utilisation de ces registres et la bonne classification des copies par les clients est remise en question. Les Services du parc automobile devraient s'assurer que les registres sont utilisés de façon appropriée. Bien que les Services de transport en commun aient été exemptés de ces traces documentaires, il est recommandé qu'ils en créent à titre de « meilleure » pratique opérationnelle.

Les procédures de signalement des collisions sont bien établies et largement respectées. Toutefois, on recommande que Parc automobile dispose de sa propre équipe d'enquêteurs et qu'il enquête de façon proactive sur toutes les collisions touchant ses biens plutôt que d'attendre que le service utilisateur l'invite à le faire, comme le veut la pratique actuelle.

### **Réponse générale de la direction :**

Dans le passé, la direction a fait état d'un degré d'achèvement de 100 % pour certaines des recommandations formulées dans la vérification de l'usage abusif ou d'une mauvaise utilisation de véhicules et d'équipement municipaux de 2007. Après réflexion et à la lumière d'options supplémentaires qui sont apparues depuis, la direction convient que d'autres efforts sont nécessaires pour en assurer l'achèvement.

En outre, au moment de l'évaluation de suivi, neuf recommandations étaient en attente de la résolution du Comité de la vérification, du budget et des finances. Dans tous les cas, un accord entre le BVG et la direction est maintenant atteint.

Bon nombre des recommandations de suivi seront abordées dans le Plan d'excellence du service des Services du parc automobile, comme il est expliqué dans les réponses de la direction aux recommandations.

Quelques-unes des recommandations de la vérification de 2007 n'étaient pas liées à l'origine au Service de transport en commun. Quand le BVG a émis une recommandation au Service de transport en commun, la direction en a validé l'applicabilité et a confirmé son accord avec la recommandation originale avant d'évaluer les constatations de la vérification de suivi du BVG.

### ***Remerciements***

Nous tenons à remercier la direction pour la coopération et l'assistance accordées à l'équipe de vérification.



## 1 INTRODUCTION

The follow-up to the 2007 Audit of Misuse and Abuse – Vehicles and Equipment was included in the Auditor General’s 2009 Audit Plan.

The key findings of the original 2007 audit included:

- Sixteen work orders examined totalled over \$277,000 in damages due to misuse and abuse.
- The City of Ottawa does not have adequate oversight of these repair costs.
- Monthly “Misuse and Abuse” reports were not provided to branches with any consistency and for those reported to branches, no action was taken in many cases. Of the 16 cases examined, Fleet Services notified Surface Operations Branch of only four. However, Surface Operations took no action on any of them.
- The audit also revealed deficiencies in compliance with regulations, namely the Provincial Highway Traffic Act and the City’s Non-Smoking Policy.
- Further review of an incident reported in the Auditor General’s 2007 report indicated the following:
  - City staff reported that an operator drove a sidewalk plow down a flight of stairs, causing significant damage. The audit was not able to confirm if this happened.
  - According to the accident report, extensive repairs that required parts to be specifically manufactured, were reported to be the result of one sidewalk plow operator rear-ending another sidewalk plow at 5 km/hr;
  - The \$18,477 undercarriage damage sustained to one of the sidewalk plows seemed inconsistent with the reported 5 km/hr collision;
  - The City’s Collision Review Committee (CRC) conducted an inadequate investigation.

## 2 KEY FINDINGS OF THE ORIGINAL 2007 AUDIT OF MISUSE AND ABUSE – VEHICLES AND EQUIPMENT

- A lack of accountability for repairs classified as misuse and abuse of vehicles and equipment was observed.
- The City incurs substantial costs on Full Service Leased (FSL) equipment.
- For the 16 work orders (WO) reviewed, the cost of repairs classified as misuse and abuse was \$277,662.
- There is no adequate oversight or investigation of the repair costs.

- The City's misuse and abuse repair costs increased substantially from \$951,692 in 2005 to \$1,788,406 in 2006 and \$1,324,830 in 2007.
- The City should restore the job repair reason description, in the Fleet Management Information System (M5), from "preventable damages" back to "misuse and abuse".
- Monthly Misuse and Abuse reports were not provided by Fleet Services consistently; only four of the sixteen work orders from our sample were reported to Surface Operations Branch (SOP).
- Surface Operations Branch did not take any specific actions on the four work orders related to misuse and abuse which were identified to them.
- While costs are charged after work orders are closed, Fleet Services does not restate repair cost information reported to client departments in previous year-end reports.
- The City of Ottawa is not compliant with provincial legislation and has destroyed pre-trip inspection logs, referred to by the Province as daily inspection reports, which should have been retained.
- The City of Ottawa is incurring some misuse and abuse repair costs likely due to non-compliance with the City's Non-Smoking Policy.
- City employees leave keys in unattended and unsecured vehicles and equipment.
- The City of Ottawa's Collision Review Committee (CRC) did not adequately investigate the collision involving the sidewalk plow to determine its legitimacy and ensure that all costs were reported. There was a lack of adequate documentation in this case.
- Extensive repairs to the sidewalk plow, totalling \$18,477, are inconsistent with the reported 5km/hr rear-end collision.

### **3 STATUS OF IMPLEMENTATION OF 2007 AUDIT RECOMMENDATIONS**

#### **2007 Recommendation 1**

**That the City assign accountability for investigating, reporting and addressing corrective action for all repairs including misuse and abuse.**

#### **2007 Management Response**

Management agrees with this recommendation.

This is the current practice and has been since amalgamation. The auditor was informed of this during the audit interview.

Through its organizational design, the City has already assigned this accountability under the Centre of Expertise (COE) model. Fleet Services is responsible for reporting any and all repairs to clients, including preventable damage, regardless of the cost of the repair. The client is responsible for investigating the damage, paying for the repairs, and addressing any corrective action. Fleet Services actively supports operating branches in their efforts and provides assistance, as requested, in driver training and technical investigation.

**Management Representation of the Status of Implementation of Recommendation 1 at December 31, 2008**

Implementation of this recommendation is considered 100% complete.

*Management: % complete* *100%*

**OAG's Follow-up Audit Findings regarding Recommendation 1**

We found no evidence that either Transit or Fleet was involved with corrective action regarding damages to their respective units. There was no evidence at all that any City department was actively involved with corrective action of any kind.

From a pure process perspective, the Fleet management answer is accurate. However, given that Fleet is moving to adopt LCCM practices and the leasing model, Fleet must take ownership for investigating accidents and incidents happening to its assets and for developing strategies and responses to misuse and abuse. To do this will require Fleet to become more directly involved in investigating, analysing, reporting and developing strategies for misuse and abuse of its equipment.

*OAG: % complete - Fleet* *50%*

*OAG: % complete - Transit* *50%*

**Management Representation of Status of Implementation of Recommendation 1 as of Winter 2010**

Fleet Services (FS):

Management agrees with the OAG's follow-up audit finding.

As part of Service Excellence, FS is introducing a Vehicle Safety Program to reduce the incidence of misuse and abuse. Fleet will take ownership for investigating accidents and incidents happening to its assets and for assisting its clients to take remedial action by assisting them in developing strategies and responses to misuse and abuse. Completion of this initiative is scheduled for Q4 2011.

*Management: % complete - Fleet* *50%*

Transit:

Transit management agrees with the OAG's recommendation and its application to Transit Services following the June 2008 transfer of management responsibilities from Fleet Services to Transit Services. Transit Services only assumed responsibility to implement this recommendation and track progress as a result of the follow-up audit in December 2009.

Transit management disagrees with the OAG's follow-up audit finding that implementation of this recommendation is only partially complete.

The Accident Review Committee reviews each accident where the cause, the mitigating factors, and any corrective action are discussed. The accountability for investigating any accident or any situation in which damage has occurred to a vehicle rests with the direct supervisor of the employee involved. The direct supervisor assigns any discipline or corrective action.

With enhanced Job Visit Reason Codes in M5, Transit Maintenance will have the ability to identify abuse or misuse of their assets. In order to fully complete this recommendation, Vendor Maintenance Repair Standards (VMRS) Codes need to be developed in M5. It is estimated that this will be completed by Q4 2010. Once the codes are completed and data is generated, the reports will be provided to the Operations Branch to address the operators involved.

Transit management considers implementation of this recommendation to be substantially complete.

*Management: % complete - Transit* *80%*

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**2007 Recommendation 2**

**That the City investigate the reason for the high quantity of circle repairs required on owned and leased graders and take steps to reduce these.**

**2007 Management Response**

Management agrees with this recommendation and corrective action has been taken.

A significant proportion of the damage was due to hidden obstacles on roadways hit during winter maintenance operations and other mechanical breakdowns resulting from the severity of our operational requirements (i.e., cold weather, 24/7 operations, etc.).

Surface Operations has proactively taken measures to ensure that all future graders will be equipped with twelve-foot mould boards (blades) versus the fourteen-foot versions to improve operator control and reduce risk of impact with curbs and obstructions.

In addition, Surface Operations staff are now assigned fixed beats and machinery throughout the season. Previously, the number of operators on these graders averaged up to ten operators per season. This has now been reduced to two or three operators per season.

**Management Representation of the Status of Implementation of Recommendation 2 at December 31, 2008**

Implementation of this recommendation is 100% complete.

*Management: % complete* **100%**

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**OAG’s Follow-up Audit Findings regarding Recommendation 2**

Fleet’s status of implementation is accurate.

This recommendation is not applicable to Transit.

*OAG: % complete - Fleet* **100%**

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**2007 Recommendation 3**

**That the City ensure all departments investigate high misuse and abuse repair costs and take appropriate action with operators when misuse and abuse repairs should and could have been avoided.**

**2007 Management Response**

Management agrees with this recommendation.

This is the current practice and has been since amalgamation. The auditor was notified of this during the audit interview.

Fleet Services provides operating branches with information on misuse and abuse repairs and actively supports them as they undertake investigations, to identify appropriate corrective action. If necessary, Fleet Services provides assistance in driver training and technical investigation.

**Management Representation of the Status of Implementation of Recommendation 3 at December 31, 2008**

Implementation of this recommendation is considered 100% complete.

*Management: % complete* **100%**

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**OAG’s Follow-up Audit Findings regarding Recommendation 3**

For Fleet and Transit this answer is only partially correct. Neither organization is currently proficient at collecting information on non-Operational repairs (of which misuse and abuse are a subset). Without this information, the ability to provide feedback to their clients and internal drivers is limited.

Under the current model Fleet has limited courses available to take action, however, given that Fleet is moving to adopt LCCM practices and the leasing model; it is in a position to take ownership for investigating accidents and incidents happening to its assets, and for developing strategies and responses to misuse and abuse.

Once the processes are put in place to accurately capture the required information, Fleet will be in a better position to advise their clients about non-operational repair issues and Transit will have better information to assess any internal repair issues that it finds.

*OAG: % complete* *50%*

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**Management Representation of Status of Implementation of Recommendation 3 as of Winter 2010**

Fleet Services (FS):

Management agrees with the OAG's follow-up audit finding.

As part of Service Excellence, FS is introducing a Vehicle Safety Program to reduce the incidence of misuse and abuse. Also, the lease-based system is designed to identify all items that are not related to the normal wear and tear of a vehicle since the lease payments are based on all predictable maintenance items. All other items fall into the category of Collision and Consumables which are reported independently. Completion of this initiative is scheduled for Q4 2011.

*Management: % complete - Fleet* *50%*

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Transit:

Transit management agrees with the OAG's recommendation and its application to Transit Services following the June 2008 transfer of management responsibilities from Fleet Services to Transit Services. Transit Services only assumed responsibility to implement this recommendation and track progress as a result of the follow-up audit in December 2009.

Transit management agrees with the OAG's follow-up audit finding.

With enhanced Job Visit Reason Codes in M5, Transit Maintenance will have the ability to identify abuse or misuse of their assets. In order to fully complete this recommendation, VMRS Codes need to be developed in M5. It is estimated that this will be completed by Q4 2010. Once the codes are completed and data is generated, the reports will be provided to the Operations Branch to address the operator's involved.

*Management: % complete* *50%*

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**2007 Recommendation 4**

**That the City investigate and mitigate the abnormally high cost of repairs incurred for full service leased equipment.**

### **2007 Management Response**

Management agrees with this recommendation.

One of management's objectives is to minimize the repair costs of all equipment, including full service leased equipment. Operating branches, with Fleet Services support, investigate all incidents where major damage has occurred.

End of lease repair costs may appear inflated due to the conscious decision to defer some repairs to the end of term. It is not considered cost-effective to proceed with repair of certain damages on leased equipment until such time as the lease expires. This can be several years after an incident, and as a result, repair costs are abnormally high upon lease termination because the repair cost will include damage from several previously investigated incidents. This is a common practice in the industry. The logic is that if similar incidents re-occur, the user will not pay twice for the same repair, thereby, minimizing costs.

The City carries out the inspection of returning leased equipment and mitigates repair costs by ensuring the claims made by the leasing company are valid, based on the inspection, and exclude normal wear items.

### **Management Representation of the Status of Implementation of Recommendation 4 at December 31, 2008**

Implementation of this recommendation is considered 100% complete.

*Management: % complete* *100%*

### **OAG's Follow-up Audit Findings regarding Recommendation 4**

This finding does not apply to Transit.

OAG agrees with the Fleet management assessment of their status with respect to this item. These pieces of equipment often carry a very high daily rate and bringing them out of service for these repairs would have unnecessary costs associated.

*OAG: % complete - Fleet* *100%*

### **2007 Recommendation 5**

**That the City ensures the integrity of data between reports within the Fleet Management Information System (M5).**

### **2007 Management Response**

Management agrees with this recommendation.

This is the current practice and has been since amalgamation. The auditor was notified of this during the audit interview.

All errors discovered in reports are reported to the vendor for correction. With respect to the two reports identified in this audit, these errors have been reported to the software vendor for correction.

**Management Representation of the Status of Implementation of Recommendation 5 at December 31, 2008**

Implementation of this recommendation is 100% complete.

*Management: % complete* 100%

**OAG's Follow-up Audit Findings regarding Recommendation 5**

Fleet's and Transit's status of implementation is accurate. Upgrades and improvements to M5 are a frequent part of operating the fleet management system. Prior to the acceptance and moving these upgrades and improvements to the 'live' system, data integrity and reports are verified to be accurate. This is an on-going and regular part of the fleet management operation.

*OAG: % complete* 100%

**2007 Recommendation 6**

**That the City assign to Fleet Services ownership and oversight responsibilities for the City's fleet client.**

**2007 Management Response**

Management disagrees with this recommendation.

Under the COE model, Fleet Services is responsible for the acquisition, maintenance, and disposal (i.e., full lifecycle) of the City's fleet. Operating branches are responsible for identifying their fleet requirements and operating the equipment in a responsible and accountable manner.

**Management Representation of the Status of Implementation of Recommendation 6 at December 31, 2008**

Implementation of this recommendation has not yet begun. This recommendation will be scheduled for discussion at an upcoming CAWG meeting.

*Management: % complete* 0%

**OAG's Follow-up Audit Findings regarding Recommendation 6**

This recommendation does not apply to Transit.

OAG understands that the previous Fleet management disagreed with this recommendation and their assessment of the response.

OAG understands that the new Fleet Management does agree with this recommendation and that by moving to adopt LCCM practices and the leasing model, Fleet will be taking more direct ownership and oversight responsibilities for the City's Fleet client.

At the time of the audit, the processes to implement the leased-based model (scheduled for January 1, 2011) are about 50% complete.

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*OAG: % complete*

*50%*

**Management Representation of Status of Implementation of Recommendation 6 as of Winter 2010**

Fleet Services (FS):

Management previously disagreed with this recommendation. However, after further consideration and taking into account additional options that have since come to light, management is now in agreement with the recommendation.

Management agrees with the OAG's follow-up audit finding.

As part of Service Excellence, FS is introducing LCCM practices and the leasing model. Through this process, Fleet will be taking more direct ownership and oversight responsibilities for the City's Fleet client.

Also, the lease-based system is designed to identify all items that are not related to the normal wear and tear of a vehicle since the lease payments are based on all predictable maintenance items. All other items fall into the category of Collision and Consumables which are reported independently. Completion of this initiative is scheduled for Q4 2011.

*Management: % complete*

*50%*

**2007 Recommendation 7**

**That the City assign to Fleet Services the authority to fully investigate misuse and abuse and recommend action to operating departments.**

**2007 Management Response**

Management disagrees with this recommendation.

It is the operating branches' responsibility to investigate preventable damage and take appropriate action. Fleet Services does advise operating branches of preventable damages found during repairs and is available to provide assistance with technical support and corrective action, such as driver training.

**Management Representation of the Status of Implementation of Recommendation 7 at December 31, 2008**

Implementation of this recommendation has not yet begun. This recommendation will be scheduled for discussion at an upcoming CAWG meeting.

*Management: % complete*

*0%*

**OAG's Follow-up Audit Findings regarding Recommendation 7**

This recommendation does not apply to Transit.

OAG understands that the previous Fleet management disagreed with this recommendation and their assessment of the response.

OAG understands that the new Fleet Management does agree with this recommendation and that the current re-organization at Fleet will allocate resource(s) to fully investigate misuse and abuse and recommend action to operating departments.

A new organization structure has been created for Fleet that recognizes this role.

*OAG: % complete* *0%*

**Management Representation of Status of Implementation of Recommendation 7 as of Winter 2010**

Fleet Services (FS):

Management previously disagreed with this recommendation. However, after further consideration and taking into account additional options that have since come to light, management is now in agreement with the recommendation.

Management agrees with the OAG's follow-up audit finding.

As part of Service Excellence, FS is introducing a Vehicle Safety Program to reduce the incidence of misuse and abuse. Also, the lease-based system is designed to identify all items that are not related to the normal wear and tear of a vehicle since the lease payments are based on all predictable maintenance items. All other items fall into the category of Collision and Consumables which are reported independently.

The City will assign the necessary authority to Fleet Services to allow them to fully investigate misuse and abuse and recommend action to operating departments by the end of Q4 2011.

*Management: % complete - Fleet* *0%*

**2007 Recommendation 8**

**That the City assign Fleet Services the responsibility to follow up with client departments on reported misuse and abuse and ensures action is taken to minimize these repair costs.**

**2007 Management Response**

Management agrees with this recommendation.

Fleet Services actively supports operating branches by providing information through regular reports and meetings on preventable damage issues, including cost. Fleet Services also provides assistance, as requested, in driver training and technical investigation.

**Management Representation of the Status of Implementation of Recommendation 8 at December 31, 2008**

Implementation of this recommendation is considered 100% complete.

***Management: % complete***

***100%***

**OAG's Follow-up Audit Findings regarding Recommendation 8**

OAG agrees that the status of the implementation is accurate, however the quality of the feedback given is questionable given the current data collection methods.

Both Fleet and Transit need to address their current WO Reason Codes and Job Reason Codes to more accurately capture non-operational repair information of which Misuse and Abuse are a subset. The current Reason Codes do not provide clear answers to the question 'why', resulting in questionable classifications and non-operational repairs being mixed in with operational repairs. There is also evidence that there is a stigma associated with classifying repairs as Misuse and Abuse or Preventable Damage and it appears that many miscellaneous damage ends up not being appropriately identified. Until these fundamental classification and cultural issues are addressed, the quality of the feedback that Fleet is able to provide client departments will be limited, and Transit will lack the information to ensure action is taken to minimize these repair costs.

***OAG: % complete***

***50%***

**Management Representation of Status of Implementation of Recommendation 8 as of Winter 2010**

Fleet Services (FS):

Management agrees with the OAG's follow-up audit finding.

Fleet agrees that there is a stigma associated with classifying repairs as misuse and abuse.

The City will assign the necessary authority to Fleet Services to allow them to fully investigate misuse and abuse and recommend action to operating departments by the end of Q4 2011.

As part of the Fleet Services (FS) Service Excellence Plan, FS is introducing a Vehicle Safety Program to reduce the incidence of misuse and abuse. Also, the lease-based system is designed to identify all items that are not related to the normal wear and tear of a vehicle since the lease payments are based on all predictable maintenance items. All other items fall into the category of Collision and Consumables and are reported independently. Under the supervision of the new Life Cycle Manager positions, the performance level will be consistently monitored. Completion of this initiative is scheduled for Q4 2011.

***Management: % complete - Fleet***

***50%***

Transit:

Transit management agrees with the OAG's recommendation and its application to Transit Services following the June 2008 transfer of management responsibilities from Fleet Services to Transit Services. Transit Services only assumed responsibility to implement this recommendation and track progress as a result of the follow-up audit in December 2009.

Transit management agrees with the OAG's follow-up audit finding.

Management agrees that there is a cultural need to change the tracking of misuse of vehicles and Job Visit Reason Codes. In order to fully complete this recommendation, VMRS Codes need to be developed in M5. It is estimated that this will be completed by Q4 2010.

*Management: % complete - Transit* *50%*

**2007 Recommendation 9**

**That the City investigate all fluctuations in repair costs including misuse and abuse and formulate and implement initiatives to actively decrease total misuse and abuse repair costs.**

**2007 Management Response**

Management agrees with this recommendation.

Under the COE model, Fleet Services is responsible for reporting any and all repairs to clients, including preventable damage, regardless of the cost of the repair. Fleet Services provides reports to larger clients on a weekly basis, in addition to meeting with them bi-weekly, to deal specifically with preventable damage issues. Any fluctuations will be noticed and investigated immediately. Fleet Services will continue to work with clients to identify any trends, and when required, will provide additional training.

**Management Representation of the Status of Implementation of Recommendation 9 at December 31, 2008**

Implementation of this recommendation is considered 100% complete

*Management: % complete* *100%*

**OAG's Follow-up Audit Findings regarding Recommendation 9**

Fleet's and Transit's status of implementation is accurate. The quality of the analysis and investigations would improve with a streamlined reason code system.

*OAG: % complete* *50%*

**Management Representation of Status of Implementation of Recommendation 9 as of Winter 2010**

Fleet Services (FS):

Management agrees with the OAG's follow-up audit finding.

FS will be implementing a lease-based system in Q1 2011 to fully address this recommendation. This new system will clearly identify and properly assign all costs. In addition, it will provide users with greater visibility of trends and performance of all assets at individual and aggregate levels. This will enable them to properly manage their fleet of vehicles. Completion of this initiative is scheduled for Q4 2011.

***Management: % complete - Fleet*** **50%**

Transit:

Transit management agrees with the OAG's recommendation and its application to Transit Services following the June 2008 transfer of management responsibilities from Fleet Services to Transit Services. Transit Services only assumed responsibility to implement this recommendation and track progress as a result of the follow-up audit in December 2009.

Transit management agrees with the OAG's follow-up audit finding.

In order to fully complete this recommendation, VMRS Codes and enhanced Work Order or Visit Codes need to be developed in M5. It is estimated that this will be completed by Q4 2010.

***Management: % complete*** **50%**

## **2007 Recommendation 10**

**That the City restore the classification of “misuse and abuse” in accordance with American Trucking Association (ATA) standards.**

### **2007 Management Response**

Management disagrees with this recommendation.

Management believes that the classification description "preventable damages" is more accurate than "misuse and abuse". The reason for coding damage as “preventable” is that the definition goes beyond “misuse and abuse” and includes both insufficient or inadequate training, as well as the technical limitations of equipment.

### **Management Representation of the Status of Implementation of Recommendation 10 at December 31, 2008**

Implementation of this recommendation has not yet begun. This recommendation will be scheduled for discussion at an upcoming CAWG meeting.

***Management: % complete*** **0%**

**OAG's Follow-up Audit Findings regarding Recommendation 10**

Fleet's and Transit's status of implementation is accurate. Neither Fleet nor Transit are currently using Misuse or Abuse as Order Line Reason Codes.

Changes to reason codes are core to the work order process and the work order history so this project must be planned well before changes can actually be implemented.

Both organizations have avoided the use of Misuse and Abuse because of the stigma associated with classifying repairs this way. Preventable Damage was used instead but even that has not been entirely successful in allowing non-operational repairs such as damage to be collected in a consistent fashion.

Fleet is currently looking at streamlining its WO Reason Codes and Job Reason Codes so that all non-operational repairs which will also include misuse, abuse, theft, negligence, and vandalism will be captured and classified accurately.

***OAG: % complete – Fleet and Transit*** ***0%***

---

**Management Representation of Status of Implementation of Recommendation 10 as of Winter 2010**

Fleet Services (FS):

Management agrees with the OAG's follow-up audit finding.

Fleet is currently looking at streamlining its Work Order Reason Codes and Job Reason Codes so all non-operational repairs will include not only misuse and abuse but also theft, negligence, and vandalism. This will ensure all items are captured and classified accurately.

It should also be mentioned that management believes that the classification description "preventable damages" is more accurate in some cases than "misuse and abuse". The reason for coding damage as "preventable" is that the definition goes beyond "misuse and abuse" and includes both insufficient or inadequate training, as well as the technical limitations of equipment. Preventable damages, will therefore, also be introduced as a reason code.

As a result of the widely different work processes between Transit and Fleet, the introduction of these changes can only take place after the separation of Asset Work (M5) into separate databases for Municipal Fleet and Transit. This is currently scheduled for July 2010. Based on this date, the remediation work required to meet the recommendation will be completed by Q1 2011.

***Management: % complete – Fleet*** ***0%***

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Transit:

Transit management agrees with the OAG's recommendation and its application to Transit Services following the June 2008 transfer of management responsibilities from Fleet Services to Transit Services. Transit Services only assumed responsibility to implement this recommendation and track progress as a result of the follow-up audit in December 2009.

Transit management agrees with the OAG's follow up audit finding.

Implementation of this recommendation requires a separation of Asset Work (M5) into separate databases for Municipal Fleet and Transit. This is currently scheduled for July 2010. With this split of M5, Transit Maintenance will be moving forward with Original Equipment Maintenance (OEM) - Vendor Maintenance Repair Standards (VMRS) coding in lieu of American Trucking Association (ATA) standards.

After this separation, Transit will be working on creating WO Reason Codes and Job Reason Codes so that all non-operational repairs which will also include misuse, abuse, theft, negligence, and vandalism will be captured and classified accurately. Based on this date, the remediation work required to meet the recommendation will be completed by Q1 2011.

It should also be mentioned that management believes that the classification description "preventable damages" is more accurate in some cases than "misuse and abuse". The reason for coding damage as "preventable" is that the definition goes beyond "misuse and abuse" and includes both insufficient or inadequate training, as well as the technical limitations of equipment. Preventable damages, will therefore, also be introduced as a reason code.

*Management: % complete* *0%*

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## **2007 Recommendation 11**

**That, where misuse and abuse costs have increased for any reason, whether due to adjustments or end-of-period billing, the City ensure these be restated in order to reflect actual costs.**

### **2007 Management Response**

Management agrees with this recommendation.

Fleet Services has updated their reports to more accurately reflect adjustments to preventable damage costs previously reported to clients in year-end comparisons. Reports will now be generated using the 'closed' work order date rather than the 'open' date to ensure all costs are captured.

**Management Representation of the Status of Implementation of Recommendation 11 at December 31, 2008**

Implementation of this recommendation is 100% complete.

*Management: % complete* *100%*

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**OAG's Follow-up Audit Findings regarding Recommendation 11**

Transit and Fleet's status of implementation is accurate.

*OAG: % complete* *100%*

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**2007 Recommendation 12**

**That the City ensure that work orders not be closed prior to a repair being performed and billed.**

**2007 Management Response**

Management agrees with this recommendation.

This is the current practice and has been since amalgamation. The auditor was informed of this during the audit interview.

All work associated with a particular job must be completed and recorded on a work order before the work order can be closed. Billing can only take place once the work order is closed.

**Management Representation of the Status of Implementation of Recommendation 12 at December 31, 2008**

Implementation of this recommendation has not yet begun. Further to the August 28, 2008 Council meeting and comments raised by Councillor Monette this recommendation is to be scheduled for discussion at an upcoming CAWG meeting. Management indicated that this practice was already in place and the Auditor General believes that the audit findings indicate otherwise.

*Management: % complete* *0%*

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**OAG's Follow-up Audit Findings regarding Recommendation 12**

If mistakes are found, work orders can be reopened, modified and then closed again which can create billing issues should this occur after the work order has been billed. A control process over the reopening of a work order needs to be created to make sure that double billing does not occur.

The biggest problem with work orders is the increase in parts being allocated to Work Orders after the work order has been closed. The normal procedure, before closing a work order, is to have the foreman or supervisor double check all of the postings for accuracy before actually closing the work order and moving it forward for billing. This double check is occurring but a significant number of parts have

not been allocated to the work order when the double check is done and thus no validation is occurring for those parts.

The average number of parts (based on part quantity) posted to closed work orders over the period 2004 thru 2007 was 3.1%. This rose to 6% in 2008 and a very large 12.1% in 2009. This is a very serious issue that may stem from the implementation of the SAP inventory module. When M4 was the system of record for parts inventory this problem was at a 3.1% level, once SAP took over as the system of record for parts inventory this problem increased to 12.1%.

***OAG: % complete*** ***0%***

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**Management Representation of Status of Implementation of Recommendation 12 as of Winter 2010**

Fleet Services (FS):

Management agrees with the OAG's follow-up audit finding.

As part of the Fleet Efficiencies Program, and subject to all necessary approvals, FS is committed to having the deployment of a new outsourced parts provider operational by the end of Q4 2011. As a result, FS plans to assume responsibility for Parts Stores operations under the 2010 Efficiencies Initiative and the use of sound specifications, to secure the selection of a competent firm for parts services. Through this initiative, the City will get instant parts costs through immediate electronic billing negating the need to wait for invoices to post prices to the work order. The characteristics of this outsourcing initiative will enable FS to effectively address the concerns of the OAG.

Work orders will not be closed prior to a repair being performed and billed by Q4 2011.

***Management: % complete - Fleet*** ***0%***

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Transit:

Transit management agrees with the OAG's recommendation and its application to Transit Services following the June 2008 transfer of management responsibilities from Fleet Services to Transit Services. Transit Services only assumed responsibility to implement this recommendation and track progress as a result of the follow-up audit in December 2009.

Transit management disagrees with the OAG's follow-up audit finding. This is currently controlled through M5 authorizations to specific users. The on-shift supervisor verifies that all repairs are completed prior to closing a work order in M5. Transit does not charge back (bill) other departments.

Management considers implementation of this recommendation to be complete.

***Management: % complete - Transit*** ***100%***

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**2007 Recommendation 13**

That the City carefully scrutinize any added cost to closed work orders and report these to client departments.

**2007 Management Response**

Management agrees with this recommendation.

Fleet Services will begin running a monthly report to scrutinize all costs to closed work orders in Q2 2008. Fleet Services will work with clients through Q3 and Q4 to determine how best to use this information.

**Management Representation of the Status of Implementation of Recommendation 13 at December 31, 2008**

Implementation of this recommendation is 100% complete

*Management: % complete* **100%**

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**OAG's Follow-up Audit Findings regarding Recommendation 13**

Fleet's and Transit's status of implementation is accurate. Both organizations are monitoring parts allocated to Work Orders after the work orders have been closed. This problem has become more of an issue now that the parts inventory is in SAP. This problem is occurring because the parts are not always entered into the system in a timely manner, which must be done so that they can be allocated to the work order before the work order is closed.

Fleet is going to outsource parts and for them, this issue will go away. However, Transit will still need to address this problem.

*OAG: % complete* **100%**

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**Management Representation of Status of Implementation of Recommendation 13 as of Winter 2010**

Transit:

The current process for issuing parts from inventory utilizes the new bar coding system which records parts to a work order at time of issue to the technician.

Historically, these entries could be recorded off-line and entered after the fact. Management direction requires the recording of parts at time of issue which the bar coding system by design functionality leverages.

*Management: % complete* **100%**

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**2007 Recommendation 14**

That the City notify client departments on a timely basis of any changes to legislation

**2007 Management Response**

Management agrees with this recommendation.

This is the current practice and has been since amalgamation. The auditor was notified of this during the audit interview.

**Management Representation of the Status of Implementation of Recommendation 14 at December 31, 2008**

Implementation of this recommendation has not yet begun. Further to the August 28, 2008 Council meeting and comments raised by Councillor Monette this recommendation is to be scheduled for discussion at an upcoming CAWG meeting. Management indicated that this practice was already in place and the Auditor General believes that the audit findings indicate otherwise.

*Management: % complete* *0%*

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**OAG's Follow-up Audit Findings regarding Recommendation 14**

We found no indication that this is not being done.

*OAG: % complete* *100%*

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**Management Representation of Status of Implementation of Recommendation 14 as of Winter 2010**

Management agrees with the OAG's follow-up audit findings.

*Management: % complete* *100%*

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**2007 Recommendation 15**

**That the City ensure that Pre-trip inspection logs are treated as official business records and ensure that the City complies with provincial legislation and its own Records Retention and Disposition By-law.**

**2007 Management Response**

Management agrees with this recommendation.

Management will work with IT Services to ensure pre-trip inspection logs (also known as Circle Check logs) are treated as official business records. These records will be managed in accordance with the Corporate Records Management Policy and the Records Retention and Disposition By-law (By-law 2003-527), which take into account relevant legislative requirements. IT is currently confirming retention requirements. Fleet Services will ensure that this new practice is communicated to clients by the end of Q2 2008.

**Management Representation of the Status of Implementation of Recommendation 15 at December 31, 2008**

Implementation of this recommendation is 100% complete.

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*Management: % complete*

*100%*

**OAG's Follow-up Audit Findings regarding Recommendation 15**

Transit and Fleet's status of implementation is accurate. The equipment daily inspection log book is to be filled out by the first driver of any unit for the day and kept in the vehicle. (Transit's buses are exempt from this requirement). The white copy is to be given to the supervisor for records retention. When units are brought in for work at a Fleet shop the log book is brought to the service desk and scanned to determine compliance. Non-compliance does occur and anecdotal evidence suggests that non-compliance could be as high as 20%. Client records were not audited and it is recommended that a more detailed audit be done of this issue focussing on Fleets clients' compliance.

Transit has excellent training and well documented policies with regards to meeting the legal requirements for pre-trip inspections. However, Transit has no means of recording whether pre-trip inspections were completed, by whom or when and this could pose a liability issue with regards to Bill C-45 should an accident occur.

*OAG: % complete*

*80%*

**Management Representation of Status of Implementation of Recommendation 15 as of Winter 2010**

Fleet Services (FS):

Management agrees with the OAG's follow-up audit finding.

This responsibility rests with fleet operators. Fleet will include a reminder in all of its courses provided to operators. It will also work with operating departments to remind them of this ongoing requirement. This will be completed by Q4 2010.

*Management: % complete - Fleet*

*80%*

Transit:

Transit management agrees with the OAG's recommendation and its application to Transit Services following the June 2008 transfer of management responsibilities from Fleet Services to Transit Services. Transit Services only assumed responsibility to implement this recommendation and track progress as a result of the follow-up audit in December 2009.

Transit management disagrees with the OAG's follow-up audit finding that implementation of this recommendation is only substantially complete.

As part of the Transit Re-engineering Program, the countdown process has been reviewed and enhanced. Given the enhanced countdown process, coupled with the requirement of the operators to circle check the bus prior to leaving the premises, management considers implementation of this recommendation to be complete. The countdown process is documented by the Quality and Assurance team and is audited by the service supervisor daily.

As indicated by the OAG, Transit is exempt from the requirement to maintain an equipment daily inspection log book. Transit is in compliance with federal legislation and is comfortable that the enhanced countdown process and its documentation by the Q&A team meet all requirements.

Transit management considers implementation of this recommendation to be complete.

*Management: % complete - Transit* *100%*

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**2007 Recommendation 16**

**That the City comply with the Non-Smoking Policy.**

**2007 Management Response**

Management agrees with this recommendation.

Management regularly communicates the City’s Non-Smoking Policy to all staff and responds to all reported or observed infractions.

**Management Representation of the Status of Implementation of Recommendation 16 at December 31, 2008**

Implementation of this recommendation is 100% complete.

*Management: % complete* *100%*

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**OAG’s Follow-up Audit Findings regarding Recommendation 16**

Transit and Fleet’s status of implementation is accurate.

*OAG: % complete* *100%*

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**2007 Recommendation 17**

**That the City ensure proper due diligence by physically investigating, within appropriate time frames, all major collisions and approving repair costs before repairs are performed.**

**2007 Management Response**

Management agrees with this recommendation.

The client branch supervisor is responsible for performing the physical investigation of all major collisions within appropriate time frames. Fleet Services provides support to investigate collisions and reviews all collision reports for accuracy before determining preventability. All work associated with major collisions, including repair costs, are approved according to branch approved spending authority.

**Management Representation of the Status of Implementation of Recommendation 17 at December 31, 2008**

Implementation of this recommendation is considered 100% complete.

*Management: % complete* **100%**

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**OAG’s Follow-up Audit Findings regarding Recommendation 17**

Fleet’s reorganization has allocated a dedicated resource for investigating these incidents. Currently Fleet only investigates accidents which it has been invited to investigate and it is recommended that Fleet investigate all incidents involving its equipment.

*OAG: % complete Fleet* **50%**

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*OAG: % complete Transit* **100%**

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**Management Representation of Status of Implementation of Recommendation 17 as of Winter 2010**

Fleet Services (FS):

Management disagrees with the OAG’s follow-up audit finding that implementation of this recommendation is only partially complete.

All major collisions are investigated within the appropriate timeframes and all repair costs are approved prior to the repairs being performed.

However, as a further enhancement as part of the Fleet Services (FS) Service Excellence Plan, FS is introducing a Vehicle Safety Program in order to further reduce the incidence of misuse and abuse. Also, additional manpower has been assigned to accident investigation. Completion of this initiative is scheduled for Q4 2011.

*Management: % complete - Fleet* **100%**

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**2007 Recommendation 18**

**That the City develop a policy or a procedure to ensure that vehicles and equipment are not left unsecured and unattended and that the ignition key is never left in a vehicle or in equipment.**

**2007 Management Response**

Management agrees with this recommendation.

Management believes the City’s Code of Conduct already adequately prescribes behaviour toward corporate assets under the “Use of City Property and Assets” section. Specifically, “...employees must ensure that any property (including cash, cheques, documents, inventories and equipment) in their care as part of their job duties is properly secured and protected at all times.”

**Management Representation of the Status of Implementation of Recommendation 18 at December 31, 2008**

Implementation of this recommendation is considered 100% complete.

*Management: % complete* *100%*

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**OAG’s Follow-up Audit Findings regarding Recommendation 18**

Transit and Fleet’s status of implementation is accurate.

*OAG: % complete* *100%*

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**2007 Recommendation 19**

**That the City ensure that Vehicle and Equipment Collision Reports are completed promptly within the prescribed 24 hours by appropriate staff and are provided to Fleet Services and Risk Management.**

**2007 Management Response**

Management agrees with this recommendation and it has already been implemented.

**Management Representation of the Status of Implementation of Recommendation 19 at December 31, 2008**

Implementation of this recommendation is considered 100% complete.

*Management: % complete* *100%*

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**OAG’s Follow-up Audit Findings regarding Recommendation 19**

Transit and Fleet’s status of implementation is accurate. The Fleet and Risk Management process for dealing with these occurrences is well established and works well when their clients comply. No detailed audit of Fleet’s clients was done to determine how well they were complying with this process but anecdotal evidence during the interview indicated that most clients did comply.

*OAG: % complete* *100%*

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**2007 Recommendation 20**

**That the City adequately investigate all Vehicle and Equipment Collision Reports.**

**2007 Management Response**

Management agrees with this recommendation.

This is the current practice and has been since amalgamation. The auditor was notified of this during the audit interview.

Fleet Services investigates all Vehicle and Equipment Collision Reports submitted by operating branches for content and accuracy. When requested, on-site support is

provided. For major collisions involving a critical injury, an on-site investigation is conducted in conjunction with Occupational Health and Safety. In the instance of a death, Police Services are involved.

**Management Representation of the Status of Implementation of Recommendation 20 at December 31, 2008**

Implementation of this recommendation has not yet begun. Further to the August 28, 2008 Council meeting and comments raised by Councillor Monette this recommendation is to be scheduled for discussion at an upcoming CAWG meeting. Management indicated that this practice was already in place and the Auditor General believes that the audit findings indicate otherwise.

*Management: % complete* *0%*

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**OAG's Follow-up Audit Findings regarding Recommendation 20**

OAG found no indication that Fleet and Transit are not adequately investigating these accidents and incidents. The above management representation to this recommendation makes no sense given what has actually been going on with regards to investigating these collision reports.

*OAG: % complete* *100%*

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**Management Representation of Status of Implementation of Recommendation 20 as of Winter 2010**

Fleet Services (FS):

There is confusion in the text of the recommendation and the follow-up audit comments from both the Auditor and previous Fleet comments. The important fact is that Fleet is committed to adequately investigating all Vehicle and Equipment Collision Reports as one of its major Service Excellence initiatives.

*Management: % complete* *100%*

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**2007 Recommendation 21**

**That, as part of their investigation/review, the Collision Review Committee confirm the dollar value of the damages being repaired due to a collision prior to ruling.**

**2007 Management Response**

Management disagrees with this recommendation.

The cost associated with a collision has no bearing on the determination of preventability. The Collision Review Committee bases its findings on driver error, not the consequence of the error.

**Management Representation of the Status of Implementation of Recommendation 21 at December 31, 2008**

Implementation of this recommendation has not yet begun. This recommendation will be scheduled for discussion at an upcoming CAWG meeting.

*Management: % complete* 0%

**OAG's Follow-up Audit Findings regarding Recommendation 21**

Transit understands they must confirm the dollar value of the damages being repaired due to a collision prior to Collision Review Committee making a ruling.

Currently there is no capability to associate repair costs in M5 with an accident report from Risk Master. This capability is currently in the process of being created. Once the capability to associate this information is provided and the processes for establishing the link is put into place, Fleet will be able to confirm the dollar value of the damages being repaired due to a collision prior to Collision Review Committee making a ruling.

*OAG: % complete* 25%

**Management Representation of Status of Implementation of Recommendation 21 as of Winter 2010**

Fleet Services (FS):

Management previously disagreed with this recommendation. However, after further consideration and taking into account additional options that have since come to light, management is now in agreement with the recommendation.

Management agrees with the OAG's follow-up audit finding that action has been initiated to implement this recommendation.

As part of the Fleet Services (FS) Service Excellence Plan, FS is introducing a Vehicle Safety Program to reduce the incidence of misuse and abuse.

Fleet understands it must confirm the dollar value of the damages being repaired due to a collision prior to the Collision Review Committee making a ruling. Completion of this initiative is scheduled for Q4 2011.

*Management: % complete - Fleet* 25%

Transit:

Transit management disagrees with the OAG's recommendation and its applicability to Transit Services.

Transit is not required to participate at the Collision Review Committee as this committee is specific to Municipal Fleet. Transit participates in an Accident Review Committee.

The Accident Review Committee is the forum for a bus operator involved in a collision to challenge the risk management classification of said collision as an “avoidable incident”. The dollar value of the damages is not discussed at these meetings. Collision repair estimates are provided for all major incidents or as requested by Risk Management staff.

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*Management: % complete* *N/A%*

### **2007 Recommendation 22**

**That the City ensure that work orders and Vehicle and Equipment Collision Reports are linked in both the Fleet Management Information System (M5) and the Risk Management System – Risk Master.**

#### **2007 Management Response**

Management agrees with this recommendation.

This has been the City’s practice since 2005. The auditor was notified of this during the audit interview.

The Vehicle and Equipment Collision Report is sent to both Fleet Services and Risk Management within 24 hours of an incident occurring. While there is no electronic interface between M5 and Risk Master, both of these systems share a common field, which is the unit number. This allows for cross-reference of information across both systems.

#### **Management Representation of the Status of Implementation of Recommendation 22 at December 31, 2008**

Implementation of this recommendation has not yet begun. Further to the August 28, 2008 Council meeting and comments raised by Councillor Monette this recommendation is to be scheduled for discussion at an upcoming CAWG meeting. Management indicated that this practice was already in place and the Auditor General believes that the audit findings indicate otherwise.

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*Management: % complete* *0%*

#### **OAG’s Follow-up Audit Findings regarding Recommendation 22**

Currently there is no capability to associate repair costs in M5 with an accident report from Risk Master. This capability is currently in the process of being created. Once the capability to associate this information is provided and the processes for establishing the link is put into place, Fleet will be able to confirm the dollar value of the damages being repaired due to a collision prior to Collision Review Committee making a ruling.

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*OAG: % complete* *30%*

**Management Representation of Status of Implementation of Recommendation 22 as of Winter 2010**

Fleet Services (FS):

Management agrees with the OAG’s follow-up audit finding.

The integration of both systems is an IT initiative within the FS Service Excellence Plan, and will be completed by the end of Q4 2011.

***Management: % complete - Fleet*** ***30%***

Transit:

Transit management disagrees with the OAG’s recommendation and its applicability to Transit Services.

Currently Transit follows the Corporate Risk Management policy requirement with respect to reporting accidents however, Transit is not required to participate at the Collision Review Committee, as this committee is specific to Municipal Fleet. Transit participates in an Accident Review Committee.

The Accident Review Committee is the forum for a bus operator involved in a collision to challenge the risk management classification of said collision as an “avoidable incident”. The dollar value of the damages is not discussed at these meetings. Collision repair estimates are provided for all major incidents or as requested by Risk Management staff.

***Management: % complete*** ***N/A%***

**2007 Recommendation 23**

**That the City improve monitoring of all collision reports from operating departments.**

**2007 Management Response**

Management disagrees with this recommendation.

The practice since amalgamation has been to monitor 100% of Collision Reports from operating departments.

**Management Representation of the Status of Implementation of Recommendation 23 at December 31, 2008**

Implementation of this recommendation has not yet begun. This recommendation will be scheduled for discussion at an upcoming CAWG meeting.

***Management: % complete*** ***0%***

**OAG’s Follow-up Audit Findings regarding Recommendation 23**

This recommendation does not apply to Transit.

Fleet does monitor all collision reports. What is missing is the trend analysis which helps find the root causes of these collisions. Once root causes have been identified training or other strategies can be developed and implemented to reduce these occurrences.

*OAG: % complete* *70%*

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**Management Representation of Status of Implementation of Recommendation 23 as of Winter 2010**

Fleet Services (FS):

Management previously disagreed with this recommendation. However, after further consideration and taking into account additional options that have since come to light, management is now in agreement with the recommendation.

Management agrees with the OAG's follow-up audit finding.

As part of the Fleet Services (FS) Service Excellence Plan, FS is introducing a Vehicle Safety Program to reduce the incidence of misuse and abuse. All collisions are to be reported under the new system. Completion of this initiative is scheduled for Q4 2011.

*Management: % complete* *70%*

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## 4 SUMMARY OF THE LEVEL OF COMPLETION

The tables below outline our assessment of the level of completion of each recommendation as of Fall 2009.

### Fleet

CATEGORY	% COMPLETE	RECOMMENDATIONS	NUMBER OF RECOMMENDATIONS	PERCENTAGE OF TOTAL RECOMMENDATIONS
NOT APPLICABLE		-	-	-
LITTLE OR NO ACTION	0 – 24	7, 10, 12,	3	13%
ACTION INITIATED	25 – 49	21, 22	2	9%
PARTIALLY COMPLETE	50 – 74	1, 3, 6, 8, 9, 17, 23	7	30%
SUBSTANTIALLY COMPLETE	75 – 99	15	1	4%
COMPLETE	100	2, 4, 5, 11, 13, 14, 16, 18, 19, 20	10	44%
TOTAL			23	100%

### Transit

CATEGORY	% COMPLETE	RECOMMENDATIONS	NUMBER OF RECOMMENDATIONS	PERCENTAGE OF TOTAL RECOMMENDATIONS
NOT APPLICABLE		2, 4, 6, 7, 23	5	22%
LITTLE OR NO ACTION	0 – 24	10, 12	2	4%
ACTION INITIATED	25 – 49	21, 22	2	9%
PARTIALLY COMPLETE	50 – 74	1, 3, 8, 9	4	17%
SUBSTANTIALLY COMPLETE	75 – 99	15	1	9%
COMPLETE	100	5, 11, 13, 14, 16, 17, 18, 19, 20	9	39%
TOTAL			23	100%

## 5 CONCLUSION

Both Fleet and Transit have made good progress in responding to the recommendations of the 2007 Audit of Misuse and Abuse – Vehicles and Equipment.

The fleet management system utilized by both organizations (M5) is more than capable of allowing the repair facilities to classify repairs as operational vs. non-operational and of identifying repairs as the result of misuse, abuse, theft, vandalism, negligence, etc. The system needs to be set up to do this however, and the repair technicians and supervisors actually responsible for these repair classifications need to be trained.

Fleet is in the process of modifying their Work Order and Job Reason Codes to facilitate these classifications and it is recommended that Transit do the same. Once modifications have been completed, repair technicians and their supervisors will need to be trained so that their understanding of the new classification methodology will form the basis of consistent and accurate repair classifications.

Only after these repairs are being consistently and accurately captured in the Fleet Management system, will analysis and reporting be available to communicate to Fleet clients. Current reporting exists but the quality of the data being reported is questionable.

The Pre-trip log books are excellent, but how well these forms are being utilized and how well the copies are being filed by the applicable clients is in question. Fleet needs to ensure the logs are being properly used. Although Transit has been exempted from this paper trail, it is recommended that they create one as a 'best in class' business practice.

The collision reporting procedures are well established and compliance is high. However, it is recommended that Fleet have its own investigation team and proactively investigate all collisions involving Fleet assets as opposed to waiting to be invited by the using department as the current practice exists today.

### **Overall Management Response:**

In the past, management reported 100% completion for the status of some of the recommendations made in the 2007 Audit of Misuse and Abuse – Vehicles and Equipment. After further consideration and taking into account additional options that have since come to light, management agrees that more effort is required to ensure completion.

Further, at the time of the follow-up assessment, nine recommendations were awaiting resolution by the Audit, Budget and Finance Committee. In all cases, agreement between the OAG and management has now been achieved.

Many of the follow-up recommendations will be addressed through the Fleet Services' Service Excellence Plan as outlined in the management responses to the recommendations.

Some of the recommendations of the 2007 audit were not originally related to Transit Services. Where the OAG has applied a recommendation to Transit, management has confirmed applicability and agreement with the original recommendation prior to assessing the OAG's follow-up audit findings.

## **6 ACKNOWLEDGEMENT**

We wish to express appreciation to the staff and management for their cooperation and assistance throughout the audit process.