

MARICOPA COUNTY SHERIFF'S OFFICE

Bureau of Internal Oversight

Audits and Inspections Unit



Fleet Management Division Audit


Final Audit Report

Audit #A2017-0003

April 18, 2018

Bureau of Internal Oversight

Executive Summary

	To: Captain Cory Morrison #1509 Division Commander Bureau of Internal Oversight	From: Ronda Jamieson B3178 Senior Auditor Audit and Inspections Unit
	Audit #: A2017-0003 Fleet Management Division Final Report	Date: April 18, 2018

The Maricopa County Sheriff's Office (MCSO) is responsible for patrolling over 9,200 square miles of cities, towns, desert, lakes and recreational areas, transporting inmates daily, and conducting search and rescue missions. To accomplish this task MCSO has assembled a vast number of vehicles and equipment which is managed by the Fleet Management Division (FMD). This fleet includes cars, trucks, boats, RV's, buses, helicopters, airplanes, quads, generators, and many other vehicles and pieces of equipment.

We focused our audit procedures on fleet inventory as of June 30, 2017, as well as fuel key tracking and fuel key purchases through August 31, 2017.

MCSO had 861 vehicles and pieces of equipment as identified by a master list maintained by FMD as of June 30, 2017. The Maricopa County Equipment Services (Equipment Services) and Maricopa County Financial Services (Financial Services) both maintain master lists of vehicles and equipment assigned to MCSO. For accountability, we reconciled FMD's master list to both the Equipment Services master list and the Financial Services master list and found the following:

- 11 vehicles and equipment listed on FMD's master list were out of service and needed to be removed
- 3 pieces of equipment were not found on FMD's master list and needed to be added

FMD should annually reconcile their master list to Maricopa County Equipment Services and Maricopa County Financial Services master lists to ensure accuracy and resolve any discrepancies. They should also ensure that all additions and deletions to the fleet are current and up to date.

Fuel can be obtained for MCSO fleet vehicles and equipment through county maintained fuel stations located at various areas within the county, or personnel can purchase fuel from outside vendors using county issued Purchase Cards (P-Cards). To obtain fuel at county maintained fuel stations the vehicle must have Automated Information Module (AIMS) installed in the fuel tank, or they must use a fuel key issued by Maricopa County Equipment Services. Fuel keys are issued to vehicles that are: 1) too old to have AIMS installed; 2) vehicles that the Office leases or utilize as RICO vehicles; 3) posse vehicles; or 4) divisions with equipment requiring fuel to operate (such as generators). Per the Standard Operating Procedures of Maricopa County Equipment Services who issues these fuel keys, FMD is responsible for maintaining a list of which division and which individual a fuel key has been issued to. When an employee is transferred from a division, it is the responsibility of the division to notify FMD and the list should be updated accordingly.

In 2016, MCSO Finance inquired about the need for FMD to continue to maintain and utilize fuel keys. FMD advised that the fuel keys were needed due to the number of RICO and leased vehicles used by the Sheriff's Office, since these vehicles were unable to have AIMS installed and utilize county fuel pumps without the fuel keys.

The current process for payment of all fuel purchases from county fuel stations involves Equipment Services sending MCSO Finance a monthly invoice and detail of monthly purchases. Prior to Finance approving payment, they review the mileage of each vehicle; however no reconciliation of fuel purchases is conducted. Fuel key purchases and P-Card fuel purchases are not forwarded to FMD or the divisions for reconciliation. This reconciliation would help ensure that purchases are reasonable for the vehicle's assigned task and that fuel purchases are warranted.

Equipment Services currently utilizes two types of fuel keys; a black fuel key - assigned to a specific vehicle/equipment number and a blue fuel key - assigned to a division, who then assigns the key to a specific employee within the division. We obtained the current list of blue fuel keys and found that there were 195 active keys, of which 47 keys were assigned to former MCSO employees. When an employee is transferred from a division or leaves MCSO employment the key should be returned to the division and they should notify FMD who the key has been reassigned to. This number of keys still assigned to former employees indicates that the current process is flawed and not being followed.

We reviewed fuel purchases using blue keys from April 1, 2016 to August 31, 2017:

Fuel Keys	# used	# of gallons	Cost of fuel
Per list employee is assigned multiple fuel keys-testing shows only 1 key was used	1	1,403.2	\$2,854.90
Reactivated during the audit period	3	843.2	1,645.57
Listed as canceled on master list	3	2,303.1	4,876.87
Assigned to former employee	5	2,037.4	4,075.83
Assigned to vehicle that is not on FMD master list	7	4,937.7	9,879.97
Assigned only to divisions	13	12,907.1	25,629.69
Key number is not listed on master list	21	16,747.4	33,847.54
Assigned to current employee	63	53,393.7	107,747.95
Total	116	94,572.8	\$190,558.32

FMD should update and ensure that the blue fuel key master list is current and accurate and all unnecessary fuel keys are deactivated. Annually, FMD should reconcile the master list with the divisions to ensure that all unnecessary keys are accounted for and deactivated.

FMD and the divisions should, at minimum, conduct a quarterly reconciliation of fuel key purchases and P-Card fuel purchases to ensure that only current employees are purchasing fuel and that these purchases appear reasonable for the vehicle/equipment job assignment. If an issue is identified in which it is believed a former employee is purchasing fuel with a fuel key, FMD personnel should quickly deactivate the fuel key and report the issue for immediate resolution.



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Introduction

The Maricopa County Sheriff's Office (MCSO, Office) serves Maricopa County, the fourth largest county in the United States at just over 9,200 square miles. To properly serve the people of Maricopa County, MCSO requires a number of different types of vehicles and equipment to complete its mission, such as police vehicles (marked and unmarked), passenger vehicles, golf carts, fork lifts, traffic control devices, trailers, boats, all-terrain vehicles, semi-trucks, generators, planes, helicopters, fuel pumps, prisoner transport buses, and other specialty items.

According to MCSO Policy GE-4, *Use, Assignment, and Operation of Vehicles*, "To ensure the efficient operation and management of Office vehicles, the Fleet Management Division, subject to consultation with executive command staff, shall have the responsibility and authority to initiate the purchase of all Office vehicles. The Fleet Management Division shall also be responsible for vehicle assignment, reassignment, repair, and replacement."

The Fleet Management Division (FMD) also manages the Office's Impound Lot at the Durango Complex.

Figure 1 - Various MCSO Fleet Vehicles



Vehicle Accident and Damage Claims

With hundreds of vehicles and items of equipment in the fleet, the likelihood of accidents and/or damage to vehicles or equipment is very high. Since FMD is the division responsible for managing the Office’s fleet, to include repair and replacement, we looked at the claims process for both accidents and damage.

As of June 21, 2017, Maricopa County Risk Management (Risk Management) paid out \$254,771 for the period of April 1, 2016 to March 31, 2017 to settle 268 vehicle and equipment accident and damage claims filed by or against MCSO employees.

When a MCSO vehicle or piece of equipment is involved in an accident, pursuant to MCSO Policy GE-4, *Use, Assignment, and Operation of Vehicles*, the following should be done:

- The employee’s supervisor completes the *Maricopa County Risk Management Claim Form* and *Auto Loss Notice* and/or *Property Loss Notice* and submits them electronically to Risk Management and prints a copy for the Blue Team entry.
- The employee prepares a memorandum detailing the circumstances of the accident; if the employee is physically incapable, the supervisor completes the memo.
- The supervisor makes a Blue Team entry with an incident type of Vehicle Accident (VA); the entry should include, but not be limited to, a copy of the Risk Management Loss Notice and/or Property Loss Notice, any photographs, and the memorandum.
- The supervisor faxes a copy of the Loss Notice Form to the FMD within 24 hours of the accident.

MCSO Policy GH-5, *Early Identification System (EIS), Attachment A* requires that damage to equipment/vehicles be entered into Blue Team by the employee who caused the damage, or who identified the damage. The policy does not provide guidance for an employee, as to what extent of damage qualifies for a Blue Team entry.

Based on policy requiring a Blue Team entry for all accident and damage claims to fleet vehicles or equipment, we reviewed Blue Team for the 268 vehicle and equipment accident and damage claims reported by Risk Management. Although the Blue Team entry process is outside the control of FMD, it is important to note the following:

Blue Team Entry	#	%
Entry made but incorrect entry type input by reporting employee (SN, IA, or COACH)	13	5%
Entry made but no number assigned	35	13%
Entry made – no errors	107	40%
No entry found	113	42%
Total	268	100%

We found that 31 of the 113 claims not entered into Blue Team were for cracked windshields and 16 of the 113 claims not entered were due to the employee not knowing who caused the damage. MCSO Policy GH-5 does not specify if the Blue Team entry must be made if a claim is filed.

Accident and damage notification to FMD is inconsistent; it depending on the supervisor who completes the paperwork. In most cases they received a phone call from Maricopa County Equipment Services that a vehicle needed repair and that they needed the claim number to proceed with the repair. Risk Management paperwork was not forwarded by the division as required by policy. As noted above, due to the fact that FMD cannot

control the reporting for the divisions, this information is not being included in the audit as a finding since it is out of FMD's ability to address.

Objectives

Our audit objectives were to determine if the Maricopa County Sheriff's Office (MCSO, Office) had adequate controls to ensure:

1. The Office's fleet inventory was adequately recorded and safeguarded
2. Fuel Keys and their related purchases were adequately tracked and reconciled

Scope

The Bureau of Internal Oversight (BIO) conducted a process audit of the Fleet Management Division as of June 30, 2017. For fuel key purchases testing, the scope date was expanded to August 31, 2017. The audit was performed as part of our 2016 Annual Audit Plan.

This report and its recommendations are based on information taken from a sample of transactions and do not represent an examination of all related transactions and activities. The testing period was from April 1, 2016 through August 31, 2017 for fuel purchases. We reviewed data from the following:

- MCSO Fleet Access Database
- Maricopa County Equipment Services FASTER – fleet management system
- Maricopa County Equipment Services FuelMaster – fuel management system
- Maricopa County Finance Department FASS – fixed asset sub-system
- Maricopa County Risk Management

Methodology

Our audit was based on the approach of The Institute of Internal Auditors (IIA) and included a review and analysis of internal control procedures as they related to the MCSO Fleet Management Division. We utilized several methodologies to achieve the audit objectives. These evidence gathering techniques included, but were not limited to, the following:

- Collecting information and documentation,
- Reviewing MCSO and Maricopa County policies,
- Conducting interviews with appropriate MCSO and Maricopa County employees,
- Researching similar audits and best practices,
- Observing facilities and processes,
- Performing selected tests and other procedures, and
- Analyzing and evaluating the results of tests performed.

BIO is free from organizational impairments to independence in our reporting as defined by the IIA *International Standards for the Professional Practice of Internal Auditing*. We report directly and are accountable to the Chief of Staff and Special Counsel. Organizationally, we are outside the staff or line management function of the units that we audit. We report the results of our audits to the Chief of Staff and Special Counsel, and reports are available to the public.

Findings and Recommendations

1. Fleet additions and deletions are not properly recorded.

Fleet Management Division (FMD) is tasked with the efficient operation and management of the Office vehicles and equipment. FMD maintains an Access database with all MCSO vehicles and equipment they initiated the purchase of. As of June 22, 2017, FMD has 861 vehicles and pieces of equipment listed on its master list.

In order to ensure that the FMD master list was accurate, we obtained the Maricopa County Equipment Services (MCES) master list and the Maricopa County Finance (MCF) master list and reconciled to the FMD master list.

While FMD does conduct an annual physical inventory of the MCSO fleet, our reconciliation determined that weakness in the FMD inventory process has resulted in inaccuracies in the FMD master list. Without an accurate master list, FMD and management cannot determine where vehicles should be assigned or when they should be replaced. Although FMD is responsible for processing all vehicle purchases, repairs, and replacements, no verification of accuracy of the fleet inventory is performed.

Our reconciliation of the FMD master list found the following exceptions:

Additions:

- 2 pieces of equipment needed to be added in 2014
- 1 piece of equipment needed to be added in 2016
- **3 total**

Deletions:

- 1 piece of equipment needed to be deleted in 2014
- 1 piece of equipment needed to be deleted in 2015
- 1 piece of equipment needed to be deleted in 2016
- 1 piece of equipment needed to be deleted in 2017
- 3 vehicles needed to be deleted in 2016
- 4 vehicles needed to be deleted in 2017
- **11 total**

Recommendation: The Fleet Management Division should ensure they annually reconcile its master fleet list to the lists maintained by the Maricopa County Equipment Services Department and Finance Department and resolve any differences. The Fleet Management Division should ensure that all additions and deletions to the fleet are current and up to date.

Division Response: Fleet Management Division will reconcile the Fleet Access Database with Equipment Services Faster database and MCSO Finance fixed asset records. By doing the reconciliation we can ensure the additions and deletions to the database are accurate.

2. Controls over blue fuel keys issued by FMD to MCSO divisions were weak.

There are two ways to fuel MCSO vehicles and equipment:

- County fueling station

- AIMS – automotive information module installed in the vehicle/equipment fuel tank
- Black fuel key – MCES issues to a specific vehicle/equipment number
- **Blue fuel keys – MCES issues to a division who then issues the key to a person within the division to use while assigned to the division**
- County issued P-Cards

Blue fuel keys are issued by MCES at the request of FMD; for billing purposes FMD needs to tell MCES which division the key will be assigned to. FMD is responsible for maintaining a master list of who the key is issued to. Divisions are then responsible to notify FMD when the key is transferred to another person within the division. At this time, FMD should update the master list. We determined there is a breakdown in this process. The division does not always notify FMD when a person is transferred and the key is given to someone else. This has contributed in part, to the fuel keys showing as still being assigned to former employees. Also, keys are sometimes kept and not returned. Blue fuel keys are issued for older vehicles without AIMS, posse vehicles, RICO vehicles, some equipment such as generators and lights, and leased vehicles.

We obtained the current list of blue fuel keys from the FMD as of July 13, 2017 to determine if the list is being maintained and found the following:

Active blue keys:	Total # of keys
Employees assigned multiply keys (9 employees)	18
Assigned to vehicle not on FMD master vehicle list	19
Assigned to Posse Organizations	22
Assigned to Divisions	36
Assigned to former employees	47
Assigned to current employees	53
Total active blue keys	195

Monthly, MCES will submit an invoice along with detail purchasing information to Finance for payment. Finance reviews each vehicle’s change in mileage and approves payment. The Director of Finance expressed concerns that no reconciliation is performed between fuel purchased using fuel keys and purchases using P-Cards. In theory, an employee could fuel a vehicle using a fuel key and fuel another vehicle using their P-Card and this would not be identified as the two fueling systems are not reconciled with one another. Currently, there is no reconciliation to ensure there is no misuse, such as a key and/or a P-Card are not being used to purchase fuel multiple times in the same day, around the same time, by the same individual. In 2016, the Director of Finance recommended deactivating all of the fuel keys, as most employees have P-Cards that could be utilized; however, it was determined this was not a workable solution due to the number of divisions or personnel requiring the use of the fuel keys. FMD did review the fuel key list to see if some fuel keys could be deactivated; the list we obtained shows they deactivated 16 keys as a result of this inquiry.

The fuel key list is not being properly maintained by FMD. FMD does not require or request the divisions send them periodic updates of who fuel keys are assigned to in order to ensure accuracy of their list. Without a current list, there is no control over how employees use fuel keys.

We reviewed fuel purchased using blue fuel keys from April 1, 2016 - August 31, 2017 and found the following:

Fuel key:	# of keys used	# of gallons	%	cost of fuel	%
Per list employee is assigned multiply keys-testing shows only 1 key was used	1	1,403.2	1.5	\$2,854.90	1.5
Reactivated during the audit period	3	843.2	0.9	1,645.57	0.9
Listed as canceled on master list	3	2,303.1	2.4	4,876.87	2.6
Assigned to former employees	5	2,037.4	2.2	4,075.83	2.1
Assigned to vehicle not on the FMD master vehicle list	7	4,937.7	5.2	9,879.97	5.2
Assigned only to a division	13	12,907.1	13.6	25,629.69	13.4
Key number is not listed on master list	21	16,747.4	17.7	33,847.54	17.8
Assigned to current employees	63	53,393.7	56.5	107,747.95	56.5
Total	116	94,572.8	100.0	\$190,558.32	100.0

Recommendation: Fleet Management Division should update the blue fuel key master list and ensure that it is current and accurate and that all unnecessary fuel keys are deactivated. Annually, Fleet Management should reconcile the fuel key list with the divisions and ensure that all unnecessary keys are accounted for and deactivated.

Fleet Management Division and the divisions should, at least semi-annually, reconcile fuel key purchases and P-Card fuel purchases to ensure that only current employees are purchasing fuel and that these purchases appear reasonable for the vehicle/equipment job assignments.

Division Response: On March 28, 2018, Fleet Management wrote a memo to request each division begin to maintain a list of fuel keys and to verify fuel key numbers. The memo was forwarded through the chain of command. Annually the fuel key list will be reconciled and maintained with divisions. Fleet Management will work with Finance to verify drivers purchasing fuel is a current employee. Spoke with Kelly Grennan, in Human Resources, and she is now forwarding a list of current employees.

BIO Comment: Administrative Broadcast email went out to all Sheriff Office employees about fuel key tracking on 04/11/18.

Summary of Recommendations

- The Fleet Management Division should annually reconcile its master fleet list to the lists maintained by the Maricopa County Equipment Services Department and Finance Department and resolve any differences.
- The Fleet Management Division should also ensure that all addition and deletions to the fleet are current and up to date.
- Fleet Management Division should update the blue fuel key master list and ensure that it is current and accurate and that all unnecessary fuel keys are deactivated.
- Annually, Fleet Management should reconcile the fuel key list with the divisions and ensure that all unnecessary keys are accounted for and deactivated.
- Fleet Management Division and the divisions should, at least semi-annually, reconcile fuel key purchases and P-Card fuel purchases to ensure that only current employees are purchasing fuel and that these purchases appear reasonable for the vehicles/equipment job assignments.



MARICOPA COUNTY SHERIFF'S OFFICE

Fleet Management Division

Corrective Action Plan

Audit #A2017-0003



Prepared by: Commander Julie Cole

Finding/ Recommendation	Responsible Staff	Corrective Action	Completion Date		Status
			Estimated	Actual	
<p>1. Fleet additions and deletions are not properly recorded.</p> <p>The Fleet Management Division should ensure they annually reconcile its master fleet list to the lists maintained by the Maricopa County Equipment Services Department and Finance Department and resolve any differences.</p> <p>The Fleet Management Division should ensure that all additions and deletions to the fleet are current and up to date.</p>	<p>Julie Cole</p> <p>Julie Cole</p>	<ul style="list-style-type: none"> Fleet Management will reconcile the Fleet Access Database with Equipment Services Faster database and MCISO Finance fixed asset records. By doing this reconciliation we can ensure the additions and deletions to the database are accurate. 	<p>June 2018</p> <p>June 2018</p>		<p>Pending</p> <p>Pending</p>
<p>2. Controls over blue fuel keys issued by the Fleet Management Division to various Sheriff's Office Divisions were weak.</p> <p>The Fleet Management Division should update the blue fuel key master list and ensure that it is current and accurate and that all unnecessary fuel keys are deactivated.</p>	<p>Julie Cole</p>	<ul style="list-style-type: none"> On March 28, 2018, Fleet Management wrote a memo to request each division begin to maintain a list of fuel keys and to verify fuel key numbers. The memo was forwarded through the chain of command. Status: Currently waiting on approval of memo. 	<p>May 2018</p>		<p>Completed</p>

Finding/ Recommendation	Responsible Staff	Corrective Action	Completed Date		Status
			Estimated	Actual	
<p>Annually, Fleet Management should reconcile the fuel key list with the division and ensure that all unnecessary keys are accounted for and deactivated.</p> <p>The Fleet Management Division and the divisions should, at least semi-annually, reconcile fuel key purchases and P-Card fuel purchases to ensure that only current employees are purchasing fuel and that these purchases appear reasonable for the vehicle/equipment job assignment.</p>	Julie Cole	<ul style="list-style-type: none"> Annually the fuel key list will be reconciled and maintained with the divisions Fleet Management will work with Finance to verify drivers purchasing fuel is a current employee. Spoke with Kelly Grennan and she is now forwarding a list of current employees. 	May 2018		Pending
			May 2018		Pending
			May 2018		Pending

MARICOPA COUNTY SHERIFF'S OFFICE

BIO Tracking Sheet

Audit Number: A2017-0003 FLEET MANAGEMENT DIV. Date: 5/22/18

Final Review Conducted:

LT. JERRY KITZ S1520 5/22/18
AIU Section Commander's Signature Serial # Date

Comments: REVIEWED AND APPROVED. FORWARD FOR CHAIN OF
COMMAND REVIEW AND APPROVAL.

W.C. MORRISON S1509 5/22/18
BIO Commander's Signature Serial # Date

Comments: REVIEWED AND APPROVED

A.H. JONES 2641 641 5/25/18
Deputy Chief's Signature Serial # Date

Comments: APPROVED. FORWARD TO CHIEF FINANCIAL OFFICER PRINDIVILLE FOR REVIEW AND
APPROVAL.

S.M. AUST 060418
Executive Chief's Signature Serial # Date

Comments: APPROVED

[Signature] 04107 9-13-18
Chief Deputy/Chief of Staff/CFO's Signature Serial # Date

Comments: Approved

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JUN 05 2018
C.F.O.

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MAY 23 2018
PATROL BUREAU