Minutes – Executive Policy Committee – September 14, 2022

AUDIT COMMITTEE

Item No. 2 Fleet Management Audit

EXECUTIVE POLICY COMMITTEE RECOMMENDATION:

The Executive Policy Committee, in its capacity as the Audit Committee, concurred in the recommendation of the Winnipeg Public Service and recommended to Council:

1. That the Fleet Management Audit Report be received as information.

DECISION MAKING HISTORY:

Moved by Councillor Allard,

That the recommendation of the Winnipeg Public Service be concurred in and forwarded to Council.

Yea:	Bowman, Allard, Chambers, Mayes, Rollins	5
Nay:		0

Carried

ADMINISTRATIVE REPORT

Title: Fleet Management Audit

Critical Path: Audit Committee – Council

AUTHORIZATION

Author	Department Head	CFO	CAO
B. Mansky City Auditor	B. Mansky City Auditor		

EXECUTIVE SUMMARY

This audit examined management of the City's municipal light and medium fleet and assessed the efficiency of effectiveness of the fleet. In 2021, the municipal light and medium fleet consisted of approximately 782 units with a value of approximately $12 million.

A summary of the key observations include:

- The vehicle inventory and performance data maintained by Winnipeg Fleet Management Agency (WFMA) contained errors and anomalies, and therefore the data was not sufficiently reliable, limiting the depth of analysis conducted. While, this limited the depth of assessment, the data was suitable for general insight about the municipal light and medium fleet of vehicles.
- The City's decentralized approach to fleet management has contributed to autonomous Department fleets, limiting opportunity for potential efficiencies associated with a whole-of-government approach.
- The City does not have documented standards or guidance to set acceptable minimums for vehicle use in support of service delivery or to set parameters on the acceptable types and sizes of municipal light and medium vehicles required to support achievement of service delivery objectives.
- We identified 67 percent of the municipal light and medium fleet met the WFMA's definition of light utilization in 2021, accumulating under 12,000 km annually with 29% percent accumulating less than 5,000 km. We also found limited examples of sufficiently documented rationale outlining the need of a specific size, type, or feature of vehicle.
- We were informed that between 2017 and 2021, approximately 85% of municipal light and medium vehicles had been extended beyond their originally planned replacement date. Budgetary limitations, supply chain limitations, and departmental authority over individual vehicle decisions has affected WFMA's ability to adhere to the life cycle costing model, and as a result this increases the risk of higher fleet costs, and lower resale values moving forward.
- All City Departments are accountable for vehicle procurement and performance through the regular budget request/approval process. WFMA has reported annually on vehicle types and quantities per City Department; however, we did not find any reporting on specific details, such as the quantity, type/sizes and utilization rates of vehicles used by

the department in support of achieving service delivery objectives to the City's corporate offices or Council.

- While the City's process for identifying and reporting damage on municipal light and/or medium vehicles is adequate and consistent across departments, we found the process for identifying responsibility and enforcing accountability for preventable incidents involving a City vehicle was inconsistent and not based on City standards or guidance. We found limited examples of employee and/or contractor remedial training or reimbursement of an insurance deductible for vehicle operators deemed responsible for repeated preventable incidents.
- Measurable progress made towards the emission reduction goal of the Green Fleet Plan is inconclusive; fuel and emissions have not been sufficiently tracked or reported as required by the Council-approved Plan.

RECOMMENDATIONS

1. That the Fleet Management Audit Report be received as information.

REASON FOR THE REPORT

The report is being submitted in accordance with the City Organization By-law 7100/97 section 19(d)(iv) that the Audit Committee will "receive and review audit reports, and table such reports with its recommendations at a regular meeting of Executive Policy Committee."

IMPLICATIONS OF THE RECOMMENDATIONS

The most important component of an audit recommendation is its implementation. The Public Service is responsible for providing a management response to the report; their responses have been included in the attached report.

The Public Service has agreed to implement all ten recommendations.

HISTORY/DISCUSSION

The Fleet Management Audit was included in the Council approved 2021 Audit Plan. This performance audit assessed the efficiency and effectiveness of the municipal light and municipal medium classification of the vehicle fleet.

FINANCIAL IMPACT

Financial Impact Statement

Date: August 18, 2022

Project Name:
Fleet Management Audit

COMMENTS:
There are no financial implications associated with the recommendations in this report.

Jason Duke - August 18, 2022
Jason Duke, CPA, CGA
A/ Manager of Finance (Campus)
Corporate Finance Department

CONSULTATION

This Report has been prepared in consultation with:

Winnipeg Fleet Management Agency
Public Works
Chief Administrative Office

OURWINNIPEG POLICY ALIGNMENT

Leadership and Good Governance

1. Establish and implement priority actions through evidence-informed decision-making processes.
2. Promote trust and government responsiveness through meaningful, inclusive and informed community engagement.
3. Achieve community-responsive service delivery through an aligned, integrated, collaborative and results-oriented organizational culture.

WINNIPEG CLIMATE ACTION PLAN ALIGNMENT

The City of Winnipeg Audit Department provides assurance on the efficiency, effectiveness and economy of City programs and activities, thus enabling an organizational operating environment that promotes support of the vision and targets of the Winnipeg Climate Action Plan.

WINNIPEG POVERTY REDUCTION STRATEGY ALIGNMENT

N/A

SUBMITTED BY

Department: Audit Department
Prepared by: Bryan Mansky, City Auditor
Date: September 2022

Attachments: