EVENTS & TRANSPORTATION

FLEET & TRANSIT

SHOP OPERATIONS

 AUDIT REPORT #16-602201

Audit & Advisory Services

September 2016

EVENTS & TRANSPORTATION

FLEET & TRANSIT

SHOP OPERATIONS

####  AUDIT REPORT #16-602201

# Background

In accordance with the UCLA Administration fiscal year 2015-16 audit plan, Audit & Advisory Services (A&AS) conducted a limited review of the Fleet & Transit (F&T) Shop Operations.

F&T is a department comprised of two operating units: Fleet Services, a self-supporting auxiliary enterprise; and Transit Operations, a subsidized service enterprise. Fleet Services provides fleet management services for approximately 1,200 vehicles which include low speed vehicles and carts, as well as specialty vehicles for specific departmental applications such as ambulances and shuttle buses. Core services include vehicle procurement, monthly lease program, vehicle maintenance and repair services, vessel management, on and off campus fuel provision, compliance programs, BruinCar daily rental program, and the GoGreen clean fuel vehicle program to meet UC and California clean air mandates.

Providing on-site maintenance for campus vehicles, UCLA Fleet Services is recognized as a National Institute for Automotive Service Excellence (ASE) Blue Seal of Excellence Station. The unit’s primary focus is on preventative maintenance to keep UCLA’s vehicles on the road at all times.

The Fleet Services Maintenance Shop functions as the campus’s maintenance and repair facility for non-diesel vehicles that weigh one ton or less. The Maintenance Shop performs all types of vehicle maintenance and repairs except for body damage and other repairs that require specialized equipment.

Fleet Services uses FleetFocus, a fleet management software that includes comprehensive preventive maintenance schedules, work orders and labor tracking, as well as parts and inventory management. The FleetFocus system plays an integral role in the recharge and sundry debtor billing process. The Fleet Assistant Manager oversees the Fleet Services Maintenance Shop operations, which has a staff of approximately 17 Full-Time Equivalents (FTEs), and currently reports to the F&T Director. The F&T Director reports to the Executive Director of Events & Transportation.

## Purpose and Scope

The purpose of the review was to ensure that the Fleet Services Maintenance Shop’s organizational structure and controls and the related systems and procedures were conducive to accomplishing its business objectives. Where applicable, compliance with University policies and procedures was also evaluated. The review focused on the following areas:

* Work Orders
* Billing

The review was conducted in conformance with the *International Standards for the Professional Practice of Internal Auditing* and included tests and other procedures considered necessary in achieving the purpose. Interviews were conducted with Fleet Services Maintenance Shop management and staff, and supporting documentation related to various work order processes was examined.

#### Summary Opinion

Based on the results of the work performed within the scope of the audit, the Maintenance Shop’s overall organizational structure and controls are generally conducive to accomplishing its business objectives. However, management should ensure that all parts, labor, and commercial repairs are entered completely and accurately into the FleetFocus system. In addition, management’s review and approval of work orders should be clearly documented and adequate supporting documentation should be maintained in work order files.

The results of the audit and the related recommendations follow.

Audit Results and Recommendations

Work Orders

A&AS conducted interviews with F&T management and staff to understand the processes and controls over Maintenance Shop operations, with an emphasis on work order processing. The overall work flow for work orders is described below.

A&AS also selected a judgmental sample of 20 work orders (10 selected from departmental files and 10 selected from the FleetFocus system) in order to verify the accuracy and completeness of the fleet management system. Supporting documentation for the work orders were reviewed to determine if labor, parts, and commercial repairs were recorded correctly from the hard copy work order into FleetFocus; the work order was reviewed by management; and the Parts Order form was completed.

The accuracy and completeness of data entered into the FleetFocus system could be improved. The following issues were identified:

* Out of the 10 hard copy work orders selected from the department files, A&AS noted three instances where, as a result of input errors, labor, parts, or commercial repairs were not fully captured in the FleetFocus system (i.e., Work Order Detail Report). All work orders appeared to have been reviewed by management, and the Parts Order forms were adequately completed.
* Out of the 10 work orders selected from the FleetFocus system, A&AS found that one hard copy work order had no evidence of management review/approval, and labor was not fully captured in FleetFocus for another work order.

The risk of billing errors increases when data entry errors are not identified during management review.

Recommendation: Management should enhance its review of work orders to ensure that all parts, labor, and commercial repairs are entered completely and accurately into FleetFocus. The review and approval of work orders should be clearly documented and supporting documentation related to each job should be maintained with the work order.

Response: We concur. The Fleet Assistant Manager has reinforced the importance of accurately and completely entering all parts, labor, and commercial repairs into FleetFocus with the impacted Fleet Services staff. The Fleet Assistant Manager has enhanced the procedures pertaining to work orders to ensure that the review and approval of work orders is clearly documented. Fleet Services will continue to maintain supporting documentation with the work order as appropriate.

Billing

Interviews were conducted with F&T management and staff to obtain an overview of work order billing processes and controls. Using the selected sample of work orders, A&AS reviewed supporting documentation that included FleetFocus work order detail reports and the general ledger to verify that Fleet Services customers were recharged or billed accurately and in a timely manner. Total recharges were recalculated and general ledgers were reviewed to verify that transactions were posted in the appropriate ledger period.

No significant control issues were found in this area.

160721-2
REP