

**INTERNAL AUDIT  
DEPARTMENT- OFFICE OF  
THE CONTROLLER**

**REPORT 2023/01**

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**Audit of motor vehicle management in  
the County of Delaware**

**The County needed to develop and implement  
oversight and internal control mechanisms on  
its motor vehicle management and operations**

**September 29, 2023**

**Assignment No. AP2022/02**

# Audit of the motor vehicle management in the County of Delaware

## EXECUTIVE SUMMARY

The Internal Audit Department (IAD)- Controller's Office conducted an audit of motor vehicle management in the County of Delaware. The objective of the audit was to assess the effectiveness and efficiency of motor vehicle management in the County. The audit covered the period from November 2020 to November 2022 and covered areas in motor vehicle management in Delaware County, and included fleet establishment and assignment of vehicles; monitoring of vehicles; fleet maintenance and repairs; vehicle inventory management system; surpluses and disposal of vehicles; and road safety awareness and investigation of road accidents.

The County needs to improve, develop, and implement oversight and internal control mechanisms on its motor vehicle management and operations.

In summary, to address issues identified in the audit, the County of Delaware needs to:

- Develop policy and procedures on vehicle management to ensure that management's directives to mitigate operational and financial risks are achieved;
- Put in place oversight mechanisms to allocate vehicles; align acquisition plan based on tasks, and operational consideration; and determine if personal assignment of vehicles is necessary as opposed to relying upon departmental or pool vehicle assignment;
- Develop procedures and conduct physical inventory and reconciliation of records on motor vehicles; maintain complete and accurate records and ensure that all inventory had proper identification;
- Establish an oversight body or a risk management function to review road accidents and recommend policy and procedures to improve driving safety;
- Develop a vehicle maintenance plan; review accuracy and completeness of entries on work orders and develop procedures for in-house and outside maintenance services;
- Develop mechanisms on vehicle write-off and replacement, assessment of vehicles with past life expectancy, analysis of aging and mileage of fleet and high history of repair costs;
- Designate a person outside of MVM to administer auction sales, develop policy and internal controls on disposal of vehicles such as: a) segregation of duties on performing transactions and authorization; b) oversight on disposal and sale; c) establish mechanisms on processing and recording of surplus vehicles.; d) establish internal control measures on financial reporting, bidding procedures, validating bidders and buyers, and proceeds from sales of surplus vehicles; and
- The Controller's Office will evaluate compensation issues related to personal use of vehicles.

The County accepted all recommendations and has yet to initiate action to implement them.

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# Audit of the motor vehicle management in the County of Delaware

## I. BACKGROUND

1. The Controller’s Office- Internal Audit Department (IAD) conducted an audit of the motor vehicle management in the County of Delaware.
2. The Department of Motor Vehicle Management (MVM) is mandated to coordinate ground transportation and responsible for providing safe, efficient, reliable, and cost-effective transportation services in the County of Delaware (County). <sup>1</sup> These services included the administration of day-to-day transport operations, maintenance and repair of vehicles and monitoring road safety elements.
3. MVM is currently headed by an Interim Director, formerly the Chief Mechanic and supported by two full time mechanics and an office manager. The department was previously headed by a Director. Through executive decision, effective November 2021, the Department reports to the newly created Delaware County Office of Sustainability (DCOS) headed by a Chief Sustainability Officer.
4. The MVM was aligned under the DCOS, in part, to implement a transition plan to jointly initiate the transformation of the vehicle portfolio and embrace a more environmentally friendly and cost-efficient use of transport resources. The plan was to reduce emissions from vehicles, promote electric vehicles, clean fuels, and improve access to electric vehicle charging stations.
5. The MVM manages and maintains a fleet of 379 vehicles plus other equipment and trailers with a total original acquisition cost of \$9.56 million that are used to provide county services.<sup>2</sup> The Department adopted an operating budget of \$238,711 for 2022 while the proposed operating budget for 2023 is \$529,129<sup>3</sup>.
6. Key operational and financial indicators of DCOS on Transportation:<sup>4</sup>

2022 Goals	
Goals	Status
Reduce the County’s Greenhouse Gas emissions and reliance upon fossil fuels.  <b>Total fleet in 2022 is 379 vehicles</b>	<ul style="list-style-type: none"> <li>15 Electric Vehicles (EVs) purchased in 2022 (4.79% of fleet)</li> <li>14 Hybrid Vehicles (4.47% of fleet)</li> <li>29 EVs and 4 Hybrid Trucks ordered in 2022 for delivery in 2023</li> <li>12 EV Charging Stations installed at 3 locations</li> <li>\$600,000 in Alternative Fuels Incentive Grants funds awarded in 2022</li> </ul>

*2022 Key Performance Indicators*

Percent of vehicles not reliant upon fossil fuels	8% in 2022; Anticipated 17% in 2023
Average age of vehicle fleet	6 years
Repair cost per vehicle	To be determined in 2023
Total Number of task orders completed	<ul style="list-style-type: none"> <li>Serviced over 275 vehicles between January to September 2022</li> <li>Completed 188 PA State Inspections</li> <li>Completed 171 PA State Emissions Tests</li> <li>Completed scheduled and unscheduled services</li> </ul>

7. Based on the County Capital Improvement Plan (CIP) for 2022, the Department of Motor Vehicle Management manages and maintains a fleet of 379 vehicles plus other equipment and trailers

<sup>1</sup> Delaware County on the Mission Statement of Motor Vehicle in 2023 Budget under Sustainability Office  
<sup>2</sup> Delaware County List and Cost of Motor Vehicles as of September 30, 2022  
<sup>3</sup> Delaware County Sustainability Office Key Performance Indicators 2022 from the Sustainability Office  
<sup>4</sup> Delaware County Sustainability Office Key Performance Indicators 2022

that are used to provide county services. Currently, three departments are using Caravans which are over 15 years old and require extensive repairs/maintenance yearly. \$161,000 will be used to replace aging vehicles for general fleet use and will purchase electric solutions when they become available in FY2023. Beyond FY2022, the County allocates approximately \$500,000 each year for 5 years to continue the lifecycle replacement of County vehicles. The CIP also allocated replacement of vehicles for Fair Acres (\$187,000), Parks and Recreation (\$52,000), Facilities Department (\$69,000), Park Police (\$105,000), Sheriff's Department (\$94,000) and the District Attorney's Office (\$225,000).<sup>5</sup>

## II. AUDIT OBJECTIVE, SCOPE, AND METHODOLOGY

8. The objective of the audit was to assess the effectiveness and efficiency of motor vehicle management in the County.

9. The audit was conducted between December 2022 to February 2023. The audit covered the period from November 2020 to November 2022. Based on an activity-level risk assessment, the audit covered higher and medium risk areas in motor vehicle management in Delaware County, which includes fleet establishment and assignment of vehicles; monitoring of vehicles; fleet maintenance and repairs; vehicle inventory management system; surpluses and disposal of vehicles; and road safety awareness and investigation of road accidents. The audit did not include vehicle spare parts management, repairs to auto body works, fleet insurance and fuel management as this may be covered in the future.

10. The audit methodology includes: interviews of key personnel, reviews of relevant documentation and analytical reviews of data random sample testing: vehicle ratios and allocations; fleet acquisition; direct transport expenditures; minutes of Sustainability Committee meetings; reports on fleet utilization, vehicle maintenance work orders; reports on: a) repaired vehicles; b) vehicle inventory; c) requisitions; d) aging and mileage listing; e) physical inspection of vehicles; f) write-off and replacement of vehicles; g) road accident reports; h) road safety program; and i) process to create and retire vehicle fixed assets in SAP.

11. The audit was conducted in accordance with the International Standards for the Practice of Internal Auditing.

## III. AUDIT RESULTS

### A. Oversight of vehicle operations

#### Need to develop written policies and procedures for key fleet management processes

12. The term "Internal Controls" is used by organizations to describe a system of policies and procedures established by management to enhance the likelihood of achieving the organization's objectives. The Committee of Sponsoring Organizations (COSO)<sup>6</sup> has published a recognized framework for designing, implementing, and conducting internal control and for assessing the effectiveness of internal control. "Internal Control – Integrated Framework" defines internal control as "a process, effected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting, and compliance."<sup>7</sup>

<sup>5</sup> Delaware County Adopted 2022 Budget- Capital Improvement Program Volume 2

<sup>6</sup> COSO was organized in 1985 to sponsor the National Commission on Fraudulent Financial Reporting and developed recommendations for public companies and their independent auditors, for the SEC and other regulators, and for educational institutions.

<sup>7</sup> Please note that this framework is incorporated into "Standards for Internal Control in the Federal Government." These Standards have been adopted by various state and local governments and strongly recommended by the Government Finance Officers Association (GFOA). The Delaware County Internal Audit Department-Controller's Office supports the COSO report and the Standards.

13. Under the COSO framework of internal controls, there are five interrelated components that are applicable to all organizations, regardless of size or type. These five components: a) control environment; b) risk assessment; c) control activities; d) information and communication; and e) monitoring activities are aimed at achieving one or more of the objectives relating to operations, reporting, and compliance.

14. During our audit, we analyzed the system of internal controls over the County's fleet, looking at the five different components. We concluded that the County's motor vehicle operations' internal controls are inadequate mainly due to lack of written policies and procedures in key areas.

15. The County had formulated a policy on its Fleet Safety Program. However, there were no written policies and procedures for key business processes<sup>8</sup> such as vehicle establishment and assignment, vehicle acquisitions with a view to replacing vehicles that need to be retired due to reason such as mileage, irreparable damage, or operational failure, fleet inventory management and reconciliation, fleet performance and utilization monitoring, fleet maintenance and repairs, surpluses and disposal, reporting accidents, investigations and safety awareness.

16. The above weaknesses occurred due to insufficient attention by MVM to this priority area, including assigning staff to effectively coordinate with all relevant The County fleet operation components to systematically document the business process of motor vehicle management. The DCOS advised that MVM was short-staffed and there was an abrupt change of management in MVM in separation of the Director in July 2022. The Interim Director of MVM (formerly the MVM Lead Mechanic) assumed the post without the benefit of written procedures and with limited knowledge of prior administrative processes and functions related to the operation of MVM but was able to navigate his way through the administrative requirements of MVM.

17. The lack of written policy and procedures on key fleet operations posed a risk of ineffective, unauthorized, and inadequate allocation of the county's limited motor vehicles and inconsistent implementation of management's directives. For example, except for one Collective Bargaining Agreement (CBA), 77 out of the 262 or 30% of the county-owned cars were brought home by employees without any written justification or formal authorization. From the 77 employees, 48 (mostly under the DA-CID) usage was covered by the CBA while the remaining 29 employees were not covered by the CBA.

**(1) Delaware County should develop policy and procedures on vehicle management to mitigate risk. The procedures should address but are not limited to the following: a) vehicle assignment; b) vehicle acquisitions and replacement; c) inventory management; d) utilization and performance; e) maintenance and repairs; f) disposal of used vehicles; g) insurance; h) accident reporting; and i) needs assessment.**

*Delaware County (County) accepted recommendation 1 and stated that MVM had established informal procedures for items 1a through 1h, however, there were no formal written policies. MVM will include a request in its 2024 operating budget for additional administrative staff and the services of a consultant to develop policies and procedures for vehicle assignment; vehicle acquisitions and replacement; inventory management; utilization and performance; maintenance and repairs; disposal of used vehicles; insurance; accident reporting; and needs assessment. Recommendation 1 remains open pending development of policies and procedures for vehicle management.*

#### **Lack of oversight for vehicle allocation resulting in ineffective acquisition planning**

<sup>8</sup> Internal control weaknesses on these areas will be subsequently discussed in this report.

18. Vehicle establishment and assignment requires an oversight body such as a Vehicle Establishment Committee or department equivalent to review: (a) motor vehicle ratio , allocation and assignment based on actual operational demand; and (b) planned vehicle acquisitions with a view to replacing vehicles that need to be retired due to reason such as mileage, irreparable damage, or operational failure.

19. A review of the Delaware County organizational chart, 2022 CIP on Vehicle Acquisition, 2023 County Budget and Sustainable Development Action Plan on Motor Vehicles<sup>9</sup> and its minutes of meetings, indicated the following control weaknesses:

a) The MVM had no written strategy or policies and procedures on vehicle establishment and assignment. Creation of an oversight body will: a) adequately establish its fleet composition; b) adequately establish the proper motor vehicle ratio, allocation and assignment based on actual operational demand; and c) properly plan vehicle acquisitions with a view to replacing vehicles that need to be retired due to reason such as mileage, irreparable damage, or operational failure.

b) Furthermore, the Sustainable Development Action Plan on Motor Vehicles and CIP on Vehicle Acquisition was not based on factors influencing vehicle establishment such as reasons to support a vehicle request, assigned tasks, area of coverage and operation, vehicle maintenance available, identified transport needs translated into plans and budgets and incorporated all vehicles necessary for the proper functioning of the County and its stakeholders.

c) The CIP on Vehicle Acquisition had little documentation to: a) capture planned initiatives, objectives, goals, timelines, milestones, and other considerations on replacement of vehicles; b) evaluate the motor vehicles and composition from the requesting Departments; c) consider alternative motor vehicle acquisition options; c) potential increase in efficiency and cost effectiveness of the motor vehicle fleet. For example, the CIP allocated \$2.90 million for the five-year period 2022 to 2026 and projected an amount of \$500,000 per year for the period 2023 to 2026 without a documented evaluation of motor vehicles and composition from Department. There were no documents to show: a) recommendations to request for new vehicle; b) determination of the number and types of vehicles to be replaced and the acquired cost for those vehicles.

d) The CIP on Vehicle Acquisition does not account for and is not aligned based on assigned tasks of the requesting Department, area of coverage and operation, vehicle maintenance available within the area; and identified transport needs. For example, the County had a total of 2,943 employees under 58 departments/offices<sup>10</sup> and there was no documentation that a fleet rightsizing or optimization evaluation was conducted. This includes factors like department mission (critical or non-essential), or whether the need will be short-term (met by rentals or “pool” units) or long term (met by lease or purchase).

e) The MVM was not able to assess Countywide vehicle needs including any changes necessary as a result of the change in operational tasks, establish procedure for submission and approval of transport budget consisting of: (a) strategic assumptions and major resourcing priorities; (b) forecast requirements and details of the operating environment, maintenance concept and general condition of the fleet.

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<sup>9</sup> The County had established a Sustainable Development Action Plan which includes the goal to reduce the county’s greenhouse gas emissions and reliance upon fossil fuels by phasing out fossil fuel burning vehicles, procure electric vehicles, install additional electric vehicle charging stations and apply for additional Alternative Fuels Incentive Grants.

<sup>10</sup> Delaware County employee report as of January 13, 2023

20. Because of lack of adequate governance and oversight mechanism on vehicle allocation and assignment, the MVM and DCOS were not able to effectively establish an Acquisition Plan that will identify, plan and budget County vehicle needs including any changes necessary because of the change in operational tasks. This impedes the efficient and effective use of resources of the County to meet its operational needs.

21. DCOS advised that MVM interacts with each Department head to determine vehicle allocation and assignment for the Department's use. Vehicles are assigned to staff members by Department heads. However, there was no documentation to show motor vehicle ratio and allocation were based on actual operational demand and the planned vehicle acquisitions were not aligned in replacing vehicles that need to be retired due to reason such as mileage, irreparable damage, or operational failure.

**(2) Delaware County should put in place governance and oversight mechanisms to establish and allocate vehicles, to adequately identify, plan and budget County vehicle needs including any changes in operational task.**

*The County accepted recommendation 2 and stated that the current practice for allocating vehicles to departments and individuals should be changed to include greater governance and oversight mechanisms. MVM will seek guidance from the Executive Director's Office and/or County Council, as well as Personnel, to determine the most appropriate mechanism to implement this recommendation. Recommendation 2 remains open pending evidence of governance and oversight mechanisms to establish and allocate vehicles and identify vehicle needs of the County.*

**(3) Delaware County should align its acquisition plan based on assigned tasks of the requesting Department, area of coverage and operation, vehicle maintenance available within the area, and identified transport needs.**

*The County accepted recommendation 3 and stated that MVM will include a request in its 2024 operating budget for the services of a consultant to implement this recommendation. The current MVM staffing level prohibits this recommendation from being implemented immediately. Recommendation 3 remains open pending evidence of alignment of acquisition plan based on assigned tasks of the requesting Department, area of coverage and operation, vehicle maintenance available within the area, and identified transport needs.*

**(4) Delaware County should determine if personal assignment of vehicles is necessary as opposed to relying upon departmental assignment.**

*The County accepted recommendation 4 and stated that MVM has not historically had the authority to question directors about their departmental vehicle needs, specifically, if a vehicle is assigned to an individual or as a pool vehicle for a department. To implement this finding, direction is needed from County Council and the Executive Director's Office. Recommendation 4 remains open pending evidence of assigning vehicles based on department needs and justification/authorization for personal use.*

**(5) Delaware County should evaluate compensation issues related to personal use of vehicles.**

*The County accepted recommendation 5 and stated that to implement this finding, direction is needed from County Council and the Executive Director's Office. Recommendation 5 remains open pending evidence on the evaluation of compensation issues related to personal use of vehicles.*



## B. Regulatory framework

### Need to conduct physical inventory and reconciliation of records on motor vehicles

22. The Action Tracking Spreadsheet on Fleet Inventory prepared by the Delaware County Sustainability Commission <sup>11</sup> recommended as permitted for a high priority action *“to review the current inventory of its fleet or if it does not exist already take an inventory of its fleet, including vehicle age, miles, repair history, etc. The county should assess if they have too many, too few or just enough vehicles and purchase or sell as necessary. The committee is unaware of the county’s current fleet records.”* To ensure objective reporting of inventory items, a physical inventory should be performed by personnel having no direct responsibility (custody and receipt/issue authority) for assets subject to the inventory count.

23. The Controller’s Office- Internal Audit Department (IAD) performed a reconciliation (using the Vehicle Identification Number (VIN) and Plate Number as basis of comparison) of the List of Motor Vehicles provided by MVM <sup>12</sup> against an Audit Confirmation of County Owned Motor Vehicles conducted by IAD as of November 30, 2022, under the custody of Delaware County Departments and Offices <sup>13</sup> performed by the IAD which disclosed the following discrepancies:

- a) MVM recorded 379 motor vehicles on its MVM List of Motor Vehicles while the Departments/Offices of the County confirmed 251 vehicles in their custody or a difference of 128 vehicles. From the 379 vehicles recorded by MVM, 116 or 31% were not confirmed to be in the custody of the Departments/Offices. These include, among others, 45 vehicles recorded by MVM under Emergency Services, 7 vehicles under Emergency Service Training Center of the Delaware County Fire Safety Board, 4 under Facilities Management, 6 under Department of Human Services and 19 under County Pool. The vehicles include 2018 Chevy Tahoe, 2020 Chevy Silverado, 2020 Ford F-550, 2012 Ford Expedition, 2019 Dodge Caravan, 2018 Chevy Malibu, 2020 Ford Fusion, 2018 Ford Explorer, 2020 Chevy Tahoe, and 2021 Chevy Bolt. Ten (10) of these vehicles <sup>14</sup> were brought home by employees without any written authorization, and the name of employee/employee function and vehicle location were not indicated. Moreover, assignment of vehicles should be based on written documentation signed by an authority stating that the assignment is critical to the mission of the Department.
- b) Fifteen (15) motor vehicles were confirmed to be under the custody of the Department/Offices but were not recorded in the books of MVM. For example, two (2) 2019 Ford F-250 were under the custody of Emergency Services while a 2012 Dodge Caravan and 2008 Chevy Uplander were under the custody of Department of Human Services but were not in the books of MVM.
- c) Seven (7) motor vehicles were recorded twice by MVM. For example, three (3) Dodge Ram 2017 and a Ford 2013 were recorded in the books of the Sheriff’s Office and again recorded in Domestic Relations while a Chevy Malibu 2011 was recorded twice under both DCHD and Environmental Health.
- d) Nineteen (19) motor vehicles were recorded by MVM to be under the custody of a department/office but were confirmed to be under a different department/office. For example, two (2) 2017 Dodge Charger, a 2013 Ford Explorer and two (2) 2017 Dodge Ram were recorded under Domestic Relations by MVM but confirmed under custody of Sheriff’s Office. Also, a 2011 Chevy Malibu was recorded under County Pool by MVM but confirmed under custody of Health

<sup>11</sup> This spreadsheet is a compilation of recommendations made by the Sustainability Commission and is available online in Delaware County Intranet SharePoint.

<sup>12</sup> MVM List of Motor Vehicles provided by DCOS to IAD on January 13, 2023

<sup>13</sup> IAD sent to all departments and offices on December 2, 2022 an email to confirm physical custody of county owned vehicles

<sup>14</sup> Formed part of the 77 county-owned cars that were brought home by employees.

Department while a 2018 Ford Fusion was recorded by MVM under County Pool but the Criminal Investigation Division (CID) confirmed that it was under its custody.

24. These discrepancies/internal control weaknesses were mainly due to lack of complete, accurate and full count annual inventory by MVM in all locations, inaccurate/not updated inventory records, and lack of periodic reconciliation of MVM records against physical count. Also, MVM had no established inventory count procedures and no regular inventory count was performed.

25. In the absence of accurate and complete up-to-date inventory records of motor vehicles, it is extremely difficult for MVM to track and monitor inventory of County owned motor vehicles in the custody of departments and offices, thereby increasing the risk that such motor vehicles may be lost or stolen and go undetected.

26. DCOS advised that they conducted a physical count of County vehicles annually and maintained an accurate inventory of county vehicles<sup>15</sup>. However, there is no documentation to show that a physical count was conducted, and the inventory list provided by MVM was inaccurate and incomplete as shown in this report. To reiterate, this deficiency was cited by the Sustainability Committee's Action Tracking Spreadsheet on Fleet Inventory which recommended for a high priority action "to review the current inventory of its fleet or if it does not exist already take an inventory of its fleet, including vehicle age, miles, repair history, etc."

**(6) Delaware County should conduct physical inventory and reconciliation of records on motor vehicles.**

*The County accepted recommendation 6 and stated that MVM will conduct an "all hands-on deck" reconciliation inspection event over a short period of time annually. This will be conducted with the sole intention of MVM "putting eyes" on every vehicle and confirming who/what department is assigned to the vehicle to reconcile the inventory. VIN and license plate/tag numbers will be utilized as the unique identifiers for each vehicle and a report will be generated documenting the findings. Recommendation 6 remains open pending evidence that the County had conducted physical inventory and reconciliation of records on motor vehicles.*

**(7) Delaware County should maintain complete, accurate and updated records of County owned vehicles and ensure that all inventory had proper identification labels or marks.**

*The County accepted recommendation 7 and stated that MVM will conduct an "all hands-on deck" reconciliation inspection event over a short period of time annually. This will be conducted with the sole intention of MVM "putting eyes" on every vehicle and confirming who/what department is assigned to the vehicle to reconcile the inventory. VIN and license plate/tag numbers will be utilized as the unique identifiers for each vehicle and a report will be generated documenting the findings. Recommendation 7 remains open pending evidence that the County had maintained complete, accurate and updated records of County owned vehicles and ensure that all inventory had proper identification labels or marks.*

**(8) Delaware County should develop procedures for conducting annual inventory and ensure annual inventory counts are undertaken in the future.**

*The County accepted recommendation 8 and stated that MVM will conduct an "all hands-on deck" reconciliation inspection event over a short period of time annually. This will be conducted with the sole intention of MVM "putting eyes" on every vehicle and confirming who/what department is assigned to the vehicle to reconcile the inventory. Recommendation 8 remains open pending evidence that the County had developed procedures for conducting annual inventory and ensure annual inventory counts are undertaken in the future.*

<sup>15</sup> DCOS response dated January 13, 2023, to audit question 1.1 and 4.1

**Need for oversight on road safety to identify unsafe behaviors and conditions**

27. The Delaware County Fleet Safety Program establishes guidance on the safety of individuals operating any motor vehicle on County business. Protecting employee drivers, passengers and the public is of the highest priority of the County. <sup>16</sup>The program included authorization of driving privileges, authorized vehicle use, Driver Motor Vehicle Record (MVR) check, reporting responsibilities of drivers, vehicle accident reporting procedure for county owned vehicles, county pool vehicle and safety regulation requirements.

28. A review of Motor Vehicle Accident Report (MVAR) prepared by County risk management personnel, covering the period 2021 and 2022, and 21 sample cases of damage and incident reports (issued by the Delaware County Department of Public Safety – Bureau of Park Police) indicated the following weaknesses:

- No review of road accidents to identify unsafe human behaviors and conditions. As a result, there were road accidents cases which failed to identify any unsafe human behaviors and conditions associated with the operation of vehicles, and monitor progress of the road safety program. For example, on June 18, 2020, while assisting State Police, a trooper vehicle struck a County car driven by a CID personnel which resulted to a repair cost of \$9,800 to the County. On May 13, 2020, a box truck, driven by an employee from Fair Acres Food and Nutrition Department, struck a parking bollard at loading dock and cost the county \$7,771.20. On January 28, 2021, a County vehicle, driven and solely used by an employee from Parks and Recreation, was struck by car exiting a driveway and the County paid \$10,624.97. On November 19, 2020, a driver from CID, caused vehicle damage of \$3,906.14 because of hitting another car at traffic light. On January 21, 2020, a driver from Emergency Services, caused vehicle damage of \$5,115.74 to the County because it rear-ended a car in front.
- The DCOS and MVM advised “ *that the Risk Management and Park Police handle the investigation of accidents, incidents and insurance claims including assessing vehicle damage and acknowledged that there was no road safety program which will address cases of road accidents including unsafe human behaviors and condition associated with operation of vehicles and monitor road safety*”. <sup>17</sup>

**(9) Delaware County should establish an oversight body such as Road Safety Committee or risk manager equivalent to : a) review road accidents and recommend formulation of policy and procedures to improve the overall standard of road and driving safety; b) review traffic offenses and recommend sanctions; and c) oversee the implementation of road and driving safety campaigns.**

*The County accepted recommendation 9 and stated that establishing an oversight body to review road accidents and recommend policy and procedures for road and driving safety falls into another governing body. If MVM receives additional staffing or a consultant to complete this task, it is possible that the role could be expanded to include this work. Recommendation 9 remains open pending evidence of coordination measures by the Executive Director Office in establishing an oversight body such as Road Safety Committee or risk manager equivalent to*

<sup>16</sup> County of Delaware Fleet Safety Program par. 1

<sup>17</sup> DCOS response to audit query 7.1 to 7.4 dated January 13, 2023

review road accidents, traffic offenses and recommend formulation of policy and procedures to improve the overall standard of road and driving safety.

**Need to report critical details in vehicular accidents to establish accountability**

29. The County of Delaware Fleet Safety Program on Vehicle Reporting Procedure for County owned vehicles requires employee to dial 911 for any accident involving an injury. All accidents, no matter how minor, must be reported immediately to the employee's supervisor and the Park Police. All vehicles are supplied with an Auto Accident Report and must be completed in its entirety and submitted to the Park police.<sup>18</sup>

30. A review of MVAR prepared by risk management personnel, covering the period 2021 and 2022, and 21 sample cases of incident reports (prepared by the Delaware County Department of Public Safety – Bureau of Park Police) showed that the MVAR recorded 54 vehicular accident cases for 2020, 12 cases for the period January to March 2021, and none for 2022. Both reports were not reviewed by MVM, and the County did not report or record MVAR cases after March 2021. The MVAR and the Incident Report were used for insurance claims and not to promptly identify and investigate vehicular accidents.

31. The MVAR report described details such as date of report, County driver, department, passengers, description, repair cost and payment while the Incident Report described details such as incident report number, report type, location, landmark, premise, patrol zone, date and time reported, status, disposition, vehicle year, make, model, style, color, license, VIN/Serial Number and Owner, Investigating Officer, and approving officer.

32. However, the following weaknesses were noted in the MVAR and Incident Report:

- Both reports failed to provide critical details and analysis needed to assess the conditions of the vehicles, passengers, and drivers and to identify damages and establish accountability.
- Both reports did not include critical information typically found in an accident report such as: a) severity of accident b) accident class c) collision type, d) road surface condition, e) contributing circumstances by road, f) driver condition, g) extent and severity of damage, h) conclusion and recommendation and i) number of parties injured. There were no municipal or state police reports.
- For example, Incident Report 20210129M0175 reported County owned vehicle accident (2017 Ford Explorer, HPD 3315 PA) on January 28, 2021 without any other details to establish accountability or identify damage. Further analysis show that the County paid \$10,624.97 because the County vehicle was struck by a car exiting a driveway and this vehicle was exclusively used by the employee from Parks and Recreation without written authorization. The same driver was involved in another accident on March 16, 2021 when the same vehicle hit a pothole causing damage to wheel and tire. No other details were reported. In another example, on November 9, 2020, a driver from CID caused vehicle damage of \$6,679.18 as a result of hitting a pole while backing up and the same driver had another accident

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<sup>18</sup> County of Delaware Fleet Safety Program on Vehicle Accident Reporting procedure page 3 par. VII

on January 9, 2020 due to car collision while on car stop which caused damage of \$456.56. The same driver from CID had an accident on August 22, 2019 because it struck a railroad gate pillar while avoiding another vehicle and the County paid \$11,148.63.

33. The above resulted as the Motor Vehicle Management (MVM) Department had not factored in critical, accurate and complete details in its vehicular accidents report to establish accountability and identify unsafe human behaviors and conditions associated with the operation of vehicles. As a result, there was a risk of increased rate of accidents and financial loss.

**(10) Delaware County should document critical, accurate and complete details in its vehicular accidents report to establish accountability and identify any unsafe human behaviors and conditions associated with the operation of vehicles.**

*The County accepted recommendation 10 and stated that another governing body should be responsible for documenting critical, accurate and complete details in its vehicular accidents report to help establish accountability and identify any unsafe human behaviors and conditions associated with the operation of vehicles. Park Police and risk management personnel have taken on this role in the past. If MVM receives additional staffing or a consultant to complete this task, it is possible that the role could be expanded to include this work. Recommendation 10 remains open pending evidence of coordination measures by the Executive Director Office in establishing an oversight body to document critical, accurate and complete details in its vehicular accidents report to establish accountability and identify any unsafe human behaviors and conditions associated with the operation of vehicles.*

#### **Need to develop a vehicle maintenance plan and create accurate work orders for vehicle repair**

34. MVM is required to develop a vehicle maintenance plan to keep all vehicles and related equipment in safe, reliable, and operational condition. MVM should : a) manage the repair of vehicles and identify workshop tools, conduct technical evaluations, and ensure safe and environmentally friendly workplace; b) provide guidance on the evaluation and conduct of technical proposals for maintenance and repair and monitor work of MVM fleet maintenance and service contractors and provide guidance on how vehicle maintenance should be conducted by qualified personnel in accordance with manufacturer's recommendations; and c) monitor the overall performance of fleet maintenance and quality of work completed by service contractors.

35. A review of 93 samples out of 850 vehicle repairs work orders covering the period 2021 to 2022, inspection of the MVM workshop facility and tools, and interview of MVM personnel indicated the following weaknesses:

- MVM had no documented vehicle maintenance plan to keep all vehicles and related equipment in safe, reliable, and operational condition. All repaired vehicles have no work order requisition to ensure that technical evaluation was made prior to repair or maintenance was performed. According to MVM, any County vehicle that goes to the workshop was not required to have a documented work requisition and MVM renders repair and maintenance service to them. <sup>19</sup> For example, in 93 cases reviewed, there were no technical evaluation document to show that vehicles were taken for maintenance as per manufacturers recommendation. In a work order number SYS30555 dated February 7, 2022, MVM performed a preventative maintenance although the odometer reading shows only 533 miles. In another case, work order number SYS30466 dated January 3, 2022, MVM performed a preventative maintenance

<sup>19</sup> Interview with MVM staff dated February 8, 2023

although the meter reading was 293 miles and a work order number SYS30549 dated February 3, 2022, preventative maintenance was performed in a vehicle with 603 miles reading.

- The data on work orders for vehicle repairs and maintenance were inaccurate and unreliable to determine efficiency of workshop mechanics. - MVM records and processes vehicle repairs using a Work Order (WO) database system called "Dossier". The WO system contained information such as the date when the work was closed, status, vendor, meter readings, nature of repair, breakdown of cost of labour, parts, and services. However, the entries and information on vehicle repairs generated from the Dossier Work Order (WO) database system were unreliable, incomplete and inaccurate because : a) Repaired vehicles are not identified by a Vehicle Identification Number (VIN) and Plate Numbers so there is no way to identify the history of total repair and labour cost for each vehicle; b) Work orders only indicate the date when a work order was closed and not the date when labour and parts were charged to the job, and duration of time rendered by MVM mechanics. MVM records all time billed on the day the work order is closed. For example, Work Order number SYS29693 showed a mileage of 74,899 miles (vehicle cannot be identified) was closed on March 26,2021 and the MVM mechanics performed labour task on emission test, preventative maintenance and repair of air-conditioning and heating; however, the Work Order failed to indicate whether the work was done over several days. In another example, Work Order number SYS30198 showed mileage of 76,094 miles (vehicle cannot be identified) was closed on September 21, 2021 and the MVM mechanics rendered labour task on change of tires, tubes, liners and valves, change of wipers, brakes and preventative maintenance but the work order failed to indicate whether the work was done over several days. Also, Work Order number SYS30808 (vehicle cannot be identified with mileage of 76,878 miles) was closed on June 7, 2022 and MVM mechanics rendered labour task on fixing the steering wheel, brakes, exhaust system, electrical group, change oil, tires, tubes, liners and valves, safety state inspection and lighting system; however, the work order failed to indicate whether the work was done over several days.

- Labour hours were not recorded when incurred to ensure accurate documentation to track performance. It is impossible to compare the time billed to the time a given mechanic allotted time for a vehicle; however, it is important for MVM to be able to perform such a comparison so that it could determine whether it is utilizing its mechanics efficiently or need more staff to keep vehicles in use.

36. This was mainly due to: a) insufficient attention to document the factors required for an effective vehicle maintenance plan and b) lack of review on accuracy and completeness of entries on work orders and; c) lack of procedures to guide the initiation, approval, and reporting of in-house and external maintenance services.

37. As a result, there is a risk that timely maintenance critical to the longevity and functionality of the motor vehicles were not rendered on the county's fleet by MVM and its service contractors to avoid major motor vehicle issues that can accumulate with time and lack of routine maintenance.

**(11) Delaware County should develop a vehicle maintenance plan which includes elements such as: a) identification of vehicles by Vehicle Identification Number and plate numbers; b) ensuring safe and environmentally sound workplace; c) providing guidance on the evaluation and conduct of technical proposals for maintenance and; d) monitoring overall performance of fleet maintenance.**

*The County accepted recommendation 11 and stated that MVM will submit a request for a position to complete this administrative task in its 2023 budget request. Additionally, the*

*Information Technology Department will be asked to provide a recommendation on an appropriate software tool to manage this project. The guidance of a technical consultant may also be required. Recommendation 11 remains open pending evidence of a vehicle maintenance plan which includes elements such as: a) identification of vehicles by Vehicle Identification Number and plate numbers; b) ensuring safe and environmentally sound workplace; c) providing guidance on the evaluation and conduct of technical proposals for maintenance and; d) monitoring overall performance of fleet maintenance.*

**(12) Delaware County should perform periodic review on accuracy and completeness of entries on work orders for in-house and outside maintenance services.**

*The County accepted recommendation 12 and stated that MVM will submit a request for funding a position to complete this administrative task in its 2023 budget request. Additionally, the Information Technology Department will be asked to provide a recommendation on an appropriate software tool to manage this project. A consultant may also be required to develop a written procedure for performing a periodic review on accuracy and completeness of entries on work orders for in-house and outside maintenance services. Recommendation 12 remains open pending evidence of periodic review on accuracy and completeness of entries on work orders for in-house and outside maintenance services.*

**(13) Delaware County should develop procedures to guide the initiation, approval and reporting of in-house and external maintenance services.**

*The County accepted recommendation 13 and stated that MVM will submit a request for funding a position to complete this administrative task in its 2023 budget request. Additionally, the Information Technology Department will be asked to provide a recommendation on an appropriate software tool to manage this project. A consultant may also be required to develop a written procedure for performing a periodic review on accuracy and completeness of entries on work orders for in-house and outside maintenance services. Recommendation 13 remains open pending evidence of procedures to guide the initiation, approval and reporting of in-house and external maintenance services.*

**Need for effective mechanism to determine vehicle write-off and replacement**

38. The County retains its vehicles based on mileages, frequency of use and usage patterns for a more efficient fleet. In this regard, MVM is required to maintain its vehicle holdings and liquidation of surpluses as an ongoing process and documentation to provide justification for the retirement of vehicles. Criteria includes vehicle age/high mileage, high operating or maintenance cost and market resale value.

39. A review of the list of motor vehicles of MVM, list of vehicle mileage, County Capital Improvement Plan (CIP) Project document and repair history record covering the period 2020 to 2022 indicated the following weaknesses:

- Inadequate and unreliable mechanism to determine for the write-off and replacement of vehicles based on economic life. For example, the CIP on motor vehicles for 2022, indicated that three departments are using Caravans which are over 15 years old and require extensive repairs/maintenance yearly of which \$161,000 will be used to replace aging vehicles for general fleet use and will purchase electric solutions when they become available in FY2022.<sup>20</sup> However, the MVM Vehicle Mileage List showed 35 Caravans were acquired between the period 2001 to 2019 of which 5 Caravans, over 15 years old, recorded low mileage ranging from 1,298 to 5,861 miles (total mileage). The recorded low mileage on vehicles beyond its economic life is considered inaccurate and unreliable. Furthermore, the Repair History

<sup>20</sup> Vol.2 Capital Improvement Plan (CIP) dated 12.22.2021 page 104 on Vehicles showing a low prioritization score of 1.25 out of 5.

database did not provide any record to show any extensive repairs and high cost on these vehicles as basis for replacement.

- The County allocated approximately \$2.143 million for a 5-year period 2022 to 2026 of which beyond 2022, \$500,000 was budgeted each year to continue the lifecycle replacement of County vehicles<sup>21</sup>. However, there are no aging and mileage report of County fleet to identify any vehicle that have reached their maximum economic life for replacement and no analysis whether vehicles with high history of repair costs were assessed for possible write off. For example, the CIP allocated replacement of vehicles for the Fair Acres (\$187,000), Parks and Recreation (\$52,000), Facilities Department (\$69,000), Park Police (\$105,000), Sheriff's Department (\$94,000) and the District Attorney's Office (\$225,000)<sup>22</sup>. The justifications were based on CIP Project Prioritization Scoring. However, the prioritization scores for these departments were low and these scores does not justify that these departments be selected as a priority for replacement of vehicles, shown as follows: 0.75/5 for Fair Acres, 0.75/5 for Parks and Recreation, 2/5 for Facilities, 2/5 for Park Police, 1.25/5 for Sheriff's and 1/5 for District Attorney's Office.<sup>23</sup> Also, there were other competing priorities on replacement of fully depreciated vehicles for other departments which were not considered in the CIP allocation. For example, for the year 1997 to 2013, there were 85 vehicles (55 passenger vehicles, 11 heavy trucks and 19 light trucks) that were way past life expectancy (fully depreciated), of which 15 were from Civil Defense, 5 from Court House Police, 4 from Children and Youth Services, 5 from Consumer Affairs and 3 from Community Corrections, among others.

40. The above resulted mainly because MVM lacked mechanisms which includes: a) reports and procedures to determine vehicle write-off and replacement; and b) assessment of vehicles with past life expectancy, analysis of aging and mileage of County fleet and high history of repair costs leading for possible write off based on not being economical to maintain and operate.

41. Consequentially, the County faced the risk of paying a high cost of maintaining and operating vehicles well past their usefulness and misaligned acquisition of vehicles for low priority users instead of departments with high priority needs.

**(14) Delaware County should develop mechanisms on reports and procedures to determine vehicle write-off and replacement.**

*The County accepted recommendation 14 and stated that the current level of MVM staffing prohibits this recommendation from being implemented immediately. MVM will include a request in its 2024 operating budget for the services of additional administrative staffing and a consultant to develop mechanisms on reports and procedures to determine vehicle write-off and replacement. Recommendation 14 remains open pending evidence of mechanisms on reports and procedures to determine vehicle write-off and replacement.*

**(15) Delaware County should develop mechanisms on assessment of vehicle life expectancy, analysis of aging and mileage of County fleet and high history of repair costs leading for possible write off based on not being economical to maintain and operate.**

*The County accepted recommendation 15 and stated that the current level of MVM staffing prohibits this recommendation from being implemented immediately. MVM will include a request in its 2024 operating budget for the services of additional administrative staffing and a consultant to develop mechanisms on assessment of vehicles with past life expectancy, analysis of aging and mileage of County fleet and high history of repair costs leading for possible write off based on not being economical to maintain and operate. Recommendation 15 remains open*

<sup>21</sup> Vol.2 Capital Improvement Plan (CIP) dated 12.22.2021 page 104 on Vehicles showing a low prioritization score of 1.25 out of 5.

<sup>22</sup> Vol.2 Capital Improvement Plan (CIP) dated 12.22.2021 page 105 to 110 on Vehicles

<sup>23</sup> Vol.2 Capital Improvement Plan (CIP) dated 12.22.2021 page 105 to 110 on Vehicles



pending evidence of mechanisms on assessment of vehicles with past life expectancy, analysis of aging and mileage of County fleet and high history of repair costs leading for possible write off based on not being economical to maintain and operate.

### Need oversight on disposal and sale of County vehicles

42. The Capital Improvement Plan (CIP) criteria on protecting and replacing existing assets include vehicles that can no longer serve their intended purpose and may pose a hazard to the health, safety, and welfare to County residents and employees alike.<sup>24</sup> In this regard, MVM is required to evaluate the entire fleet to identify vehicles meeting the County replacement criteria to provide justification for the retirement of vehicles. Criteria includes vehicle age/high mileage, high operating or maintenance cost and market resale value.

43. A review of list of MVM vehicles disposed for the period January 2020 to June 2022 show that the County sold 68 vehicles through online auction amounting to \$ 192,405 without : a) undergoing decommission process prior to disposal; b) documented approval from an authorized body; c) evaluating the entire fleet to identify vehicles meeting the County replacement criteria to provide justification for the retirement of vehicles; d) appraisals or analysis made to determine market resale value of the vehicles; and e) soliciting from departments by a completed decommissioning/ dead lining work orders prior to completing the vehicle retirement and allowing the removal of the vehicle for sale.

44. This was due to: a) the lack of designated person, outside of Motor Vehicle Management, to approve auction sales b) the absence of minimum internal control on disposal of vehicles such as segregation of duties on performing transactions, authorization and asset custodianship ; c) the lack of policy and procedures on disposal of vehicles and d) inadequate control mechanisms in the oversight on disposal and sale of county vehicles. These includes evaluating the entire fleet to identify vehicles meeting the County replacement criteria to provide justification for the retirement of vehicles. For example, a 2006 Dodge Caravan was sold for \$460 on June 6, 2021 and a 2004 Pontiac Grand Am on February 11, 2021 for \$460 to the same person without evidence of : a) competitive bidding, b) approval from an authorized body c) evaluation to identify these vehicles meet the criteria for the retirement of vehicles; and d) appraisal to determine market resale value of the vehicles.

45. As a result, the County could be exposed to the risk of fraud in the disposal and sale of county vehicles. For example, two county vehicles were sold to a county employee who is in charge in the evaluation, processing, certifying, recording, and monitoring online auction of vehicles.

**(16) Delaware County should designate a person outside of Motor Vehicle Management to approve auction sales.**

*The County accepted recommendation 16 and stated that MVM has ceased selling vehicles and items through Municibid. Central Purchasing has taken the lead on this task. Recommendation 16 remains open pending evidence on the approval, disposal and selling of County vehicles by a person outside of Motor Vehicle Management.*

**(17) Delaware County should develop internal control mechanisms on disposal of vehicles such as: a) segregation of duties on performing transactions, authorization, and asset custodianship; b) the creation of policy and procedures on disposal of vehicles and c) oversight on disposal and sale.**

<sup>24</sup> 2022 Capital Improvement Plan scoring on protecting assets

*The County accepted recommendation 17 and stated that MVM will include a request in its 2024 operating budget for the services of additional administrative staffing and a consultant to develop internal control mechanisms. Recommendation 17 remains open pending evidence on internal control mechanisms on disposal of vehicles such as: a) segregation of duties on performing transactions, authorization, and asset custodianship; b) the creation of policy and procedures on disposal of vehicles and c) oversight on disposal and sale.*

**Need to monitor vehicles sold due to gross discrepancy in recording and weak internal control**

46. Without an existing policy and procedures on disposal of vehicles, the County utilizes an online auction to sell vehicles that are out of service. These vehicles are sold through an auction website, [www.municibid.com](http://www.municibid.com). According to MVM, *“This site features government vehicles from many jurisdictions and for Delaware county vehicles, the seller name is listed as The County. People interested in bidding on vehicles for sale can visit the website and register to bid. Delaware County, vehicles are usually auctioned for a period of two weeks with highest bidders being notified once the auction has ended. Vehicles may be inspected during the hours specified in each listing.”*<sup>25</sup>

47. A review of : a) list of MVM vehicles disposed and sold for the period January 2020 to June 2022; b) Asset History Sheet from the SAP and c) supporting documents for the online sale including, among others, a Certificate of Title for a Vehicle, payments on vehicle sold, Municibid online invoice and memo from MVM to the County Treasurer on the deposit of the sale showed gross discrepancies and weak internal control on the disposal and sale of vehicles, as follows:

- The Delaware County Motor Vehicle Management (MVM) had a recorded inventory of 379 motor vehicles amounting to \$9.56 million of which the county sold 68 vehicles through online auction amounting to \$ 192,405 for the period January 2020 to June 2022.
- From the 68 vehicles, 30 vehicles or 45% with a total amount of \$70,371 were sold online but were not recorded and not retired from the Asset History Sheet of Motor Vehicles in the SAP (SAP register) because MVM failed to coordinate with parties involved on the process and recording of surplus vehicles such as the Office of the Controller and the Treasurer. As a result, there was a risk of: a) financial misstatement in the cost and number of vehicles officially reported by the County is higher compared to its actual holdings; b) legitimacy of the actual buyer of these vehicles cannot be determined; c) financial exposure on insurance coverage on non-existing asset; d) bidding was rigged; and e) proceeds from the sale was not credited to the account of the County. For example, a 2009 GMC Sierra 1500 4x4 (with an extension cab) with acquisition cost of \$33,970 was sold online for \$9,000 (Municibid Invoice# 38578784) on September 9, 2021 without identifying the winning bidder. It remained outstanding in the SAP fixed asset register and the proceeds of sale cannot be determined if it was credited to the account of the County. In another example, a 2014 Chevrolet Impala with acquisition cost of \$25,830 was sold online for \$6,600 (Municibid Invoice# 33536149) on January 26, 2021 without identifying the winning bidder, remained outstanding in the SAP register and the proceeds of sale cannot be determined if it was credited to the account of the County. Similar circumstances were discovered with the remaining 28 vehicles.

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<sup>25</sup> Guidelines set by the Motor Vehicle Management Department in the Delaware County website:  
<https://www.delcopa.gov/departments/motorvech.html>

- From the 68 vehicles, 38 vehicles or 55% with a total amount of \$122,034 were sold online with supporting documents. However, 13 out of the 38 or 34% with a total amount of \$49,111 were not recorded or not found in the SAP Fixed Assets register due to lack of physical inventory and reconciliation of records on motor vehicles by MVM. For example, two (2) 2005 Chevrolet Classic were sold to the same buyer for a total amount of \$ 4,800 on January 19, 2021 although these vehicles were not recorded in the SAP Fixed Assets register. As a result, there pose a risk of: a) not recording a gain or loss on the transaction in the reporting period when the disposal occurred; and b) undervaluation of amount of revenue from sale of motor vehicle in the financial statement.

**(18) Delaware County should establish coordinated mechanisms between Motor Vehicle Management and other parties involved on the processing and recording of surplus vehicles.**

*The County accepted recommendation 18 and stated that MVM will include a request in its 2024 operating budget for the services of additional administrative staffing and a consultant to establish coordinated mechanisms between Motor Vehicle Management and other parties involved on the processing and recording of surplus vehicles. Recommendation 18 remains open pending evidence on coordinated mechanisms between Motor Vehicle Management and other parties involved on the processing and recording of surplus vehicles.*

**(19) Delaware County should establish reconciliation and inventory procedures on vehicles disposed through auction.**


*The County accepted recommendation 19 and stated that MVM will include a request in its 2024 operating budget for the services of additional administrative staffing and a consultant to establish reconciliation and inventory procedures on vehicles disposed through auction. Recommendation 19 remains open pending evidence on reconciliation and inventory procedures on vehicles disposed through auction.*

**(20) Delaware County should establish internal control measures on key areas such as financial reporting (including notification to the using department), bidding procedures, validating bidders and buyers, and proceeds from sale.**

*The County accepted recommendation 20 and stated that MVM will include a request in its 2024 operating budget for the services of additional administrative staffing and a consultant to identify internal control measures on key areas such as financial reporting (including notification to the using department), bidding procedures, validating bidders and buyers, and proceeds from sale. Recommendation 20 remains open pending evidence on internal control measures on key areas such as financial reporting (including notification to the using department), bidding procedures, validating bidders and buyers, and proceeds from sale.*

#### IV. ACKNOWLEDGEMENT

48. The Controller and the Controller's Office- Internal Audit Department wish to express their appreciation to the management and staff of Delaware County for the assistance and cooperation extended to the auditors during this assignment.

  
(Signed) Tony Aguirre, CPA, CFE, CRMA, MBA  
Audit Manager, Delaware County

**STATUS OF AUDIT RECOMMENDATIONS**  
**Audit of motor vehicle management in Delaware County**

Rec. no.	Recommendation	Critical <sup>26</sup> / Important <sup>27</sup>	C/O <sup>28</sup>	Actions needed to close recommendation	Implementation date <sup>29</sup>
1	Delaware County should develop policy and procedures on vehicle management to mitigate risk. The procedures should address but are not limited to the following: a) vehicle assignment; b) vehicle acquisitions and replacement; c) inventory management; d) utilization and performance; e) maintenance and repairs; f) disposal of used vehicles; g) insurance; h) accident reporting; and i) needs assessment.	Critical	O	Receipt of evidence of development of policies and procedures for vehicle management.	February 28, 2024
2	Delaware County should put in place governance and oversight mechanisms to establish and allocate vehicles, to adequately identify, plan and budget County vehicle needs including any changes in operational task.	Critical	O	Receipt of evidence of governance and oversight mechanisms to establish and allocate vehicles and identify vehicle needs of the County.	February 28, 2024
3	Delaware County should align its acquisition plan based on assigned tasks of the requesting Department, area of coverage and operation, vehicle	Important	O	Receipt of evidence of alignment of acquisition plan based on assigned tasks of the requesting Department, area of coverage and operation, vehicle	February 28, 2024

<sup>26</sup> Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the County of Delaware.

<sup>27</sup> Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the County of Delaware.

<sup>28</sup> C= closed, O= Open

<sup>29</sup> Target date of County of Delaware

Rec. no.	Recommendation	Critical <sup>26</sup> / Important <sup>27</sup>	C/O <sup>23</sup>	Actions needed to close recommendation	Implementation date <sup>29</sup>
	maintenance available within the area, and identified transport needs.				
4	Delaware County should determine if personal assignment of vehicles is necessary as opposed to relying upon departmental assignment.	Important	O	Receipt of evidence of assigning vehicles based on department needs and justification/authorization for personal use.	February 28, 2024
5	Delaware County should evaluate compensation issues related to personal use of vehicles.	Important	O	Receipt of evidence on the evaluation of compensation issues related to personal use of vehicles.	February 28, 2024
6	Delaware County should conduct physical inventory and reconciliation of records on motor vehicles.	Critical	O	Receipt of evidence that the County had conducted physical inventory and reconciliation of records on motor vehicles.	February 28, 2024
7	Delaware County should maintain complete, accurate and updated records of County owned vehicles and ensure that all inventory had proper identification labels or marks.	Critical	O	Receipt of evidence that the County had maintained complete, accurate and updated records of County owned vehicles and ensure that all inventory had proper identification labels or marks.	February 28, 2024
8	Delaware County should develop procedures for conducting annual inventory and ensure annual inventory counts are undertaken in the future.	Important	O	Receipt of evidence that the County had developed procedures for conducting annual inventory and ensure annual inventory counts are undertaken in the future.	February 28, 2024
9	Delaware County should establish an oversight body such as Road Safety Committee or risk manager equivalent to : a) review road accidents and recommend formulation of policy and procedures to improve the overall standard of road and driving safety; b) review traffic offenses and recommend sanctions; and c) oversee the implementation of road and driving safety campaigns.	Important	O	Receipt of evidence of coordination measures by the Executive Director Office in establishing an oversight body such as Road Safety Committee or risk manager equivalent to review road accidents, traffic offenses and recommend formulation of policy and procedures to improve the overall standard of road and driving safety.	February 28, 2024

Rec. no.	Recommendation	Critical <sup>26</sup> / Important <sup>27</sup>	C/O <sup>28</sup>	Actions needed to close recommendation	Implementation date <sup>29</sup>
10	Delaware County should document critical, accurate and complete details in its vehicular accidents report to establish accountability and identify any unsafe human behaviors and conditions associated with the operation of vehicles.	Important	O	Receipt of evidence of coordination measures by the Executive Director Office in establishing an oversight body to document critical, accurate and complete details in its vehicular accidents report to establish accountability and identify any unsafe human behaviors and conditions associated with the operation of vehicles.	February 28, 2024
11	Delaware County should develop a vehicle maintenance plan which includes elements such as: a) identification of vehicles by Vehicle Identification Number and plate numbers; b) ensuring safe and environmentally sound workplace; c) providing guidance on the evaluation and conduct of technical proposals for maintenance and; d) monitoring overall performance of fleet maintenance.	Important	O	Receipt of evidence of a vehicle maintenance plan which includes elements such as: a) identification of vehicles by Vehicle Identification Number and plate numbers; b) ensuring safe and environmentally sound workplace; c) providing guidance on the evaluation and conduct of technical proposals for maintenance and; d) monitoring overall performance of fleet maintenance.	February 28, 2024
12	Delaware County should perform periodic review on accuracy and completeness of entries on work orders for in-house and outside maintenance services.	Important	O	Receipt of evidence of periodic review on accuracy and completeness of entries on work orders for in-house and outside maintenance services.	February 28, 2024
13	Delaware County should develop procedures to guide the initiation, approval and reporting of in-house and external maintenance services.	Important	O	Receipt of evidence of procedures to guide the initiation, approval and reporting of in-house and external maintenance services.	February 28, 2024
14	Delaware County should develop mechanisms on reports and procedures to determine vehicle write-off and replacement.	Important	O	Receipt of evidence of mechanisms on reports and procedures to determine vehicle write-off and replacement.	February 28, 2024
15	Delaware County should develop mechanisms on assessment of vehicle life expectancy, analysis of aging and mileage	Important	O	Receipt of evidence of mechanisms on assessment of vehicles with past life expectancy, analysis of aging and mileage	February 28, 2024

Rec. no.	Recommendation	Critical <sup>26</sup> / Important <sup>27</sup>	C/O <sup>28</sup>	Actions needed to close recommendation	Implementation date <sup>29</sup>
	of County fleet and high history of repair costs leading for possible write off based on not being economical to maintain and operate.			of County fleet and high history of repair costs leading for possible write off based on not being economical to maintain and operate.	
16	Delaware County should designate a person outside of Motor Vehicle Management to approve auction sales.	Important	O	Receipt of evidence on the approval, disposal and selling of County vehicles by a person outside of Motor Vehicle Management.	February 28, 2024
17	Delaware County should develop internal control mechanisms on disposal of vehicles such as: a) segregation of duties on performing transactions, authorization, and asset custodianship; b) the creation of policy and procedures on disposal of vehicles and c) oversight on disposal and sale.	Critical	O	Receipt of evidence on internal control mechanisms on disposal of vehicles such as: a) segregation of duties on performing transactions, authorization, and asset custodianship; b) the creation of policy and procedures on disposal of vehicles and c) oversight on disposal and sale.	February 28, 2024
18	Delaware County should establish coordinated mechanisms between Motor Vehicle Management and other parties involved on the processing and recording of surplus vehicles.	Important	O	Receipt of evidence on coordinated mechanisms between Motor Vehicle Management and other parties involved on the processing and recording of surplus vehicles.	February 28, 2024
19	Delaware County should establish reconciliation and inventory procedures on vehicles disposed through auction.	Critical	O	Receipt of evidence on reconciliation and inventory procedures on vehicles disposed through auction.	February 28, 2024
20	Delaware County should establish internal control measures on key areas such as financial reporting (including notification to the using department), bidding procedures, validating bidders and buyers, and proceeds from sale.	Important	O	Receipt of evidence that internal control measures on key areas such as financial reporting (including notification to the using department), bidding procedures, validating bidders and buyers, and proceeds from sale.	February 28, 2024

**APPENDIX I**

**Management Response**