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## **Main points**

This chapter reports on the adequacy of the processes that the Ministry of Government Services (Ministry) uses to maintain its vehicle fleet.

We concluded the Ministry did not have adequate processes at December 31, 2007 to maintain its vehicles in a safe condition and in an economical manner.

The Ministry needs to establish processes to ensure its vehicle fleet meets the safety standards of *The Traffic Safety Act*. The Ministry needs to keep reliable maintenance and repairs records for its vehicles. Senior management of the Ministry needs to receive reports to verify that vehicles are appropriately maintained.

## Introduction

The Ministry of Government Services (Ministry) provides vehicles and fleet services to ministries and agencies of the Government of Saskatchewan. By providing these services centrally, the Ministry reports it is able to capture economies of scale, which help ensure effective and efficient operation and lower the cost of vehicle services to the Government.<sup>1</sup>

The Ministry has assembled a fleet of 5,200 vehicles with a replacement cost of \$136 million. The Ministry's vehicles travel over 1.3 million kilometres in total each year. The Ministry's repair expenses for vehicles totalled \$5 million for the year ended March 31, 2007.

The Ministry looks after the maintenance for approximately 3,200 of its vehicles. For the other 2,000 vehicles that the Ministry owns, it contracts the maintenance of the vehicles to the user government agencies.

Proper maintenance of vehicles helps to ensure vehicles are safe and operated economically. All vehicles operated in Saskatchewan must meet certain minimum safety standards.<sup>2</sup> Detecting and correcting deficiencies before they develop into major defects results in lower maintenance costs. Proper maintenance also reduces fuel consumption and increases the vehicles' resale value.<sup>3</sup>

Without adequate fleet maintenance, the Ministry's vehicles may not be safe, nor operated economically.

## Audit objective and conclusion

The objective of this audit was to assess whether at December 31, 2007 the Ministry had adequate processes to maintain its vehicle fleet in a safe condition and in an economical manner. In this audit, we focused our examination solely on the 3,200 vehicles maintained by the Ministry.

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<sup>1</sup> Saskatchewan Property Management. *2006-07 Annual Report* p. 10.

<sup>2</sup> Government of Saskatchewan. *The Traffic Safety Act*.

<sup>3</sup> United States. US General Services Administration. (2005). *Guide to federal fleet management, sections 5.7.3 and 5.14.4*.

Throughout our audit, we followed the *Standards for Assurance Engagements* established by The Canadian Institute of Chartered Accountants.

The exhibit below sets out the criteria that we used to assess the adequacy of the Ministry's processes. We based our criteria on international literature and the work of other auditors listed in the selected references. The Ministry agreed that the criteria are reasonable and attainable.

**Exhibit – Audit criteria**

To have adequate processes to maintain its vehicle fleet in a safe condition and in an economical manner, the Ministry should have:

- ◆ Leadership and corporate support
- ◆ Reliable and adequate information
- ◆ Monitoring and reporting

Based on our examination of the Ministry against the above criteria, we reached the following conclusion.

**At December 31, 2007, the Ministry of Government Services did not have adequate processes to maintain its vehicle fleet in a safe condition and in an economical manner.**

Management told us that the Ministry is finalizing requirements for development work on its fleet management system and that hiring processes are underway to address the current limitations in leadership, monitoring, and reporting.

## **Key findings (by criterion) and recommendations**

We describe below what we expected (in italics) and key findings for the three criteria.

## Leadership and corporate support

*We expect the Ministry to provide leadership and corporate support to:*

- ♦ *set standards to maintain its vehicle fleet*
- ♦ *define procedures to meet the standards*
- ♦ *carry out the maintenance work plan*
- ♦ *adequately communicate with vehicle users*

The Ministry must have processes to know that the vehicles in its fleet are safe. All vehicles operated in Saskatchewan must meet the minimum safety standards set by *The Traffic Safety Act* (Act). The Ministry must meet these standards. However, the Ministry does not have processes to ensure its vehicle fleet meets the safety standards of the Act.

The Ministry requires vehicle operators (i.e., the users of the vehicles from the various agencies) to appropriately maintain the Ministry's vehicles in a safe condition. Operators must do this by following the preventative maintenance suggested in the vehicle manufacturer's owners manual. The Ministry also directly sets some maintenance requirements (such as oil change intervals, tire wear inspection, brakes and front-end inspection every third oil change). The Ministry communicates these maintenance requirements to operators. This communication is not sufficient. As stated later, the Ministry does not have adequate records and procedures to know if operators carry out the maintenance requirements. Also, the Ministry does not allow vehicle operators to "request or purchase mileage interval inspections" (commonly known as safety inspections or maintenance inspections).

The Ministry does not know if it maintains its vehicle fleet in a safe condition and in a cost effective manner.

The Ministry helps control the maintenance cost of its vehicle fleet by setting certain purchase limits. The Ministry delegates to vehicle operators the authority to purchase up to \$200 of operating supplies and repairs at any one time without prior approval from the Ministry. The Ministry must authorize supplies and repairs greater than \$200 before such repair commences.

**1. We recommend the Ministry of Government Services establish processes to ensure its vehicle fleet meets the safety standards of *The Traffic Safety Act*.**

Management told us that it is developing new processes including semi-annual safety inspections and reporting. Management told us that it plans to implement the new processes in April 2008.

## **Reliable and adequate information**

*We expected that the Ministry would have processes to:*

- ◆ *gather data*
- ◆ *verify the accuracy and completeness of data*
- ◆ *maintain integrity of data*

The Ministry has a system that records maintenance and repairs done on its vehicles. Because the Ministry uses the system to manage the vehicle fleet, the system must provide information that is timely, accurate, and complete. The system, however, is not reliable.

Employees update the system for repair authorizations upon approval and for maintenance and repair invoices when received from suppliers. The Ministry has not clearly defined who can update the system and how. Nor has it appropriately secured the system by restricting access and training staff. Most employees can record data but not all employees have sufficient training to do so. Management told us it supervises employees entering data into the system. Lack of proper training could result in employees not accurately recording data. We found several examples of repair data not accurately recorded (e.g., brake repairs).

**2. We recommend the Ministry of Government Services keep reliable maintenance and repairs records for its vehicles.**

Management told us the Ministry is reviewing its processes for data accuracy and integrity, and that process revisions, employee training, and system development work have been initiated.

## Monitoring and reporting

*We expected that the Ministry would*

- ♦ *report progress against work plan*
- ♦ *monitor that standards are met*

The Ministry does not have adequate processes to monitor if the required vehicle maintenance procedures (i.e., those outlined in the vehicle manufacturer's owners manual) have been completed. Senior management of the Ministry do not receive reports to verify that required maintenance of vehicles occurred. Therefore, the Ministry does not know that it maintained its vehicles in a safe condition.

The Ministry monitors only one maintenance procedure related to economy. Semi-annually it monitors the need for oil changes. However, this procedure is not adequate because the Ministry does not follow up to ensure oil changes that are required are actually carried out.

If the Ministry does not maintain its vehicles in accordance with the manufacturer's recommendations, the manufacturer may refuse warranty repairs resulting in additional costs. Also, the fleet vehicles may not meet minimum safety standards of *The Traffic Safety Act*. Operating unsafe vehicles could bring harm to government employees and other users of the roads.

### **3. We recommend that senior management of the Ministry of Government Services receive reports to verify that vehicles are maintained in a safe condition and in an economical manner.**

Management of the Ministry told us that as part of its revised process it will provide monthly summary reporting to the Ministry's executive management including targets and measures.

## Selected references

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