PRINCE WILLIAM COUNTY, VIRGINIA

Prince William County, Virginia

Internal Audit of
Fleet Management Division

Table of Contents

McGladrey

September 11, 2013

The Audit Committee of
Prince William County, Virginia
1 County Complex Court
Prince William, Virginia 22192

Pursuant to the approved internal audit plan for Prince William County, Virginia ("the County"), we hereby present the internal audit of the Fleet Management Division for the County. We will be presenting this report to the Audit Committee of Prince William County at the next scheduled meeting on October 8, 2013. Our report is organized in the following sections:

Executive Summary	This provides a summary of the issues related to our internal audit of the Fleet Management Division.
Background	This provides an overview of the Fleet Management Division processes covered as a part of this audit.
Objectives and Approach	The internal audit objectives and focus are expanded upon in this section as well as a review of the various phases of our approach.
Issues Matrix	This section gives a description of the items noted during our internal audit and recommended actions as well as management's response, responsible party and estimated completion date.
Process Map	This section provides a depiction of each process in flow chart format.

We would like to thank the staff and all those involved in assisting the Internal Auditors in connection with the internal audit of the Fleet Management Division.

Respectfully Submitted,

McGladrey LLP

INTERNAL AUDITORS

Executive Summary

Executive Summary

The objective of this audit was to assess whether the system of internal controls over the Fleet Management Division's various select processes are adequate and appropriate for promoting and encouraging the achievement of management's objectives for effective recording and monitoring. In addition to evaluating the Division's approach and policies, the internal audit and testing focused on the following processes:

- Parts Inventory – Inform System
- Parts Invoices – Performance System
- Mechanic Labor – Inform System
- Mechanic Labor – Submission to HR / Payroll
- Work Order Billing
- Contract Administration (select agreements)

The following section provides a summary of the Issues identified during our procedures. We have assigned relative risk factors to each Issue identified. A summary of issues identified and their relative risk rating is provided below. This is the evaluation of the severity of the concern and the potential impact on the operations. There are many areas of risk to consider including financial, operational, and/or compliance as well as public perception or 'brand' risk when determining the relative risk rating. Items are rated as High, Moderate, or Low.

- *High Risk Items* are considered to be of immediate concern and could cause significant operational issues if not addressed in a timely manner.
- *Moderate Risk Items* may also cause operational issues and do not require immediate attention, but should be addressed as soon as possible.
- *Low Risk Items* could escalate into operational issues, but can be addressed through the normal course of conducting business.

The details of these Issues are included within the Issues and Recommendations section of this report.

Issues	Risk Rating
1. Segregation of Duties	**High**

Fleet Accountant
During our review, McGladrey noted that the Fleet Accountant performs the following tasks:

- Receipt of checks for unused credits, vehicle sales, etc. directly through the mail or by "hand delivery". These cash receipts are forwarded to the County's Finance department by the Fleet Accountant; however, a log of checks received is not maintained by anyone in the Division.

- Receipt, tracking and application of credit memos without review (Issue #3)

- Posting authority to Performance System without source documentation review (Issue #4)

Based upon the results of our inquiries and observations, McGladrey has determined the opportunity for fraud / error exists due to a lack of segregation of duties within the procedures performed by the Fleet Accountant. Lack of a cash receipts / deposit log can result in, misappropriation of assets and incomplete or inaccurate deposits. The risks associated with lack of cash receipts log are increased due to the lack segregation of duties issued noted above. Our detailed procedures consisted of the testing of a sample of 30 invoices / work orders. No exceptions or fraud were noted in the items tested.

Issue continued on the next page

Executive Summary - continued

Issues	Risk Rating
1. Segregation of Duties – continued	**High**

Auto Parts Specialist

During our review, McGladrey noted that individual Auto Parts Specialists each perform the following tasks:

- Parts ordering responsibility / authority

- Invoice / Ship ticket receipt responsibility

- Parts receiving and stocking responsibility

- Posting authority to Inform System

Based upon the results of our inquiries and observations, McGladrey has determined the opportunity for fraud / error exists due to a lack of segregation of duties within the procedures performed by the Division's Auto Parts Specialists. This risk of fraud or error is increased in association with the lack of regular inventory counts and the lack of a 3 way match noted in Issue #5.

The results of our detailed testing procedures revealed that 6 out of 30 parts invoices tested did not include the Fleet Inventory Supervisor's review / approval signature. This was due to a unique set of circumstances where the Fleet Inventory Supervisor was on an extended period of leave. Our detailed testing procedures also revealed that 2 out of 30 parts invoices did not include an Auto Parts Specialist review signature.

Dual review / approval by both the Fleet Inventory Supervisor and Auto Parts Specialist serves as an important mitigating control to the parts invoicing process. The importance of this control is increased due to the lack of segregation of duties noted in this issue. Lack of these review procedures increases the risk of fraud or error as identified above.

Issues	Risk Rating
2. Fuel Contract Administration Testing and Reconciliation	**High**

During our procedures for obtaining and understanding the Division's fuel contract, we noted fuel pricing is, *"based on the current OPIS (Oil Price Information Service) price plus a fixed charge…"*

The Division's current review procedures include a reconciliation between the weekly fuel invoice pricing and an html (web based) document provided by the vendor that reflects market index pricing for the period. However, the Division's invoice review procedures do not include validating the price with a source independent of the vendor; OPIS membership (or the like).

Lack of independent pricing verification can result in overpayment of fuel invoices. To provide quantitative context to the potential issue in question, we noted for the most recent fiscal year ended June 30, 2013, payments to the Division's primary fuel vendor totaled $2,721,608. No exceptions were noted in the items subjected to our testing procedures.

Executive Summary - continued

Issues	Risk Rating
3. Credit Memo Tracking	**Low**

During our review, McGladrey noted that the credit memo function in the Performance System has been disabled, thus, requiring manual spreadsheet tracking of all vendor credits. In addition, there is currently not a review process in place to ensure these manually tracked credit memos are fully utilized and applied accurately to invoices / purchase orders.

Lack of accurate and complete credit memo tracking and recording can result in the following:

- Unused credits

- Incorrect credit application (wrong invoice, wrong P.O., wrong amount)

- Misappropriation of assets – (in association with Issue #1)

No exceptions or fraud were noted in the items subjected to our testing procedures.

Issues	Risk Rating
4. Parts Invoice Review – Performance System	**Low**

During our review, McGladrey noted that invoice documentation is not included in the with the invoice data entered by the Accountant into the Performance System. When the Accountant receives the invoice it has already been reviewed and coded by the Fleet Inventory Supervisor in preparation for data entry. However, subsequent to the Accountant's data entry into the Performance System, the invoice is filed at the Accountant's desk and is not re-circulated to Management for review and approval to ensure the information entered by the Accountant is accurate. Members of Fleet Management, as well as process owners in AP / Purchasing, receive notification from the Performance System indicating that the invoice is pending their approval, but the source document is not attached for review.

Lack of detailed review of accounting system data entry can result in invoices posted for incorrect amounts, in the wrong period, against the wrong purchase order or to the wrong ledger account.

Our detailed procedures consisted of the testing of a sample of 30 invoices. No exceptions were noted related to invoice accuracy through our procedures. However, based upon the process design and controls noted, the opportunity exists for the risks noted above.

Issues	Risk Rating
5. Parts Inventory – 3 Way Match & Regular Inventory Counts	**Low**

During our review and in association with Issue #4 above, we noted that the Fleet Inventory Supervisor is responsible for account coding and review of parts invoices before they are processed into the Performance System. This review consists of a 3 way match between the invoice, purchase order and the delivery ticket for each item. We identified during our inquiries that delivery tickets are discarded subsequent to performing the 3 way match and are not attached to the invoice as it is moved along through the additional review process steps.

Exclusion of this document from the additional steps of the review process can result in payment of invoices for incorrect quantities received.

We also noted that no formal process exists for periodic inventory counts. The Fleet Inventory Supervisor stated he performs random, undocumented, periodic counts and that an annual inventory is performed; however, no formal, documented process exists for regular inventory counting.

Lack of regular, documented inventory counts can result in misappropriation of assets through fraud or error. No exceptions or fraud were noted in the items subjected to our testing procedures.

Due to the relatively small magnitude of parts inventory, the fact that a 3 way match is being performed but not documented, and that undocumented inventory counts are conducted, we have determined that the financial and operation risk associated with this issue is considered low.

Executive Summary - continued

Issues	Risk Rating
6. Efficiency and System Integration	**Low**

During our review, we noted that the lack of integration between the Inform work order system and the Performance accounting system has resulted in several instances of duplication of effort in the work order, parts inventory and labor entry processes. We have included a chart below that depicts the multiple data entry points for each respective process. These data entry points represent instances where the same information is entered into multiple places, and by whom:

Description	Data Entry Point	Resource Responsible for Data Entry
Fleet Invoices	Inform System Performance System W:Drive P.O. Spreadsheet W:Drive Fuel Spreadsheet	Auto Parts Specialist Fleet Accountant Fleet Accountant Contracts Administrator
New Vehicle Data	Inform System Performance System W: Drive P.O. Spreadsheet W: Drive Fixed Asset Listing W: Drive Fixed Asset Lead Sheet W: Drive Maintenance Schedule	Shop Superintendent Fleet Accountant Fleet Accountant Fleet Accountant Fleet Accountant Shop Supervisor
Payroll Data	Inform System W: Drive Timesheet - Spreadsheet W: Drive Summary Spreadsheet Performance System Hand written timesheet Hand written work order	Shop Supervisor Mechanics ASA III Payroll / Finance Dept. Mechanics Mechanics
Purchase Order Data	W: Drive P.O. Spreadsheet Performance System	Fleet Accountant Contracts Administrator
Maintenance Schedule	Inform System W: Drive Maintenance Schedule Summary Email to Depts.	Shop Superintendent Shop Supervisor ASA III

Based upon our discussions with Fleet management and process owners, we were made aware of the fact that during the process of obtaining the Inform System, integration with the County's accounting software was considered. However, due to software compatibility issues and other limiting circumstances, integration was determined unfeasible at the time.

Background

Background

Overview

The Fleet Management Program within the Department of Public Works was created in 1975 as its own division operating through an internal service fund. Partnering with internal county customers, Fleet Management's responsibilities include the repair, acquisition, disposal, fueling and maintenance of approximately 1500 county vehicles and pieces of equipment. Currently there are approximately 30 employees in the Division with a budget of approximately $9 million. This budgetary figure does not include expenditures that are managed by the Division but passed on to other agencies through the work order billing process.

A schedule for preventive maintenance of vehicles and equipment is strictly adhered to in order to achieve Fleet's primary goal of safety and efficiency. Departments will be called when it is time to bring one of their vehicles in for regular maintenance returning the vehicle to the department within a two-week timeframe. Preventive measures help keep the overall maintenance costs down by detecting and correcting potential problems.

The mission of the Division is to provide safe and environmentally responsible services that include the acquisition, maintenance and surplus of vehicles and mechanized equipment. This mission is accomplished by trained and dedicated employees who provide cost effective and quality services that exceed industry standards.

Performance Monitoring

Weekly, monthly, quarterly, and annual key performance reports are reviewed to determine whether changes are necessary in the preventive maintenance programs. These reports are used to monitor trends in performance, cost efficiency, and operational effectiveness. These performance reports help to determine deviations from the average targets as stated in the budget document.

Systems

An aspect unique to Fleet Management is the common practice and necessity to maintain records on two different information technology systems:

- Inform System – parts inventory, work order processing / labor, key reports for internal billing of work orders
- Performance System – countywide accounting software

The lack of a sufficient fleet management module within Performance was the impetus for the Division to procure and implement the Inform System. Currently, there is no integration between the two systems, resulting in many instances of data entry duplication as discussed in Issue #6.

Key members of Division management are working in concert with the Finance Department in the current pursuit of a new accounting system to replace Performance. In that light, Division leadership will be evaluating any opportunities for integration or module replacement that may be of assistance to Fleet Management's processes.

Included in the additional pages of the Background section below is the Division's organizational chart, a process flow for the parts purchase/receipt/recording and a process flow for the work order labor recording process.

Background - continued

Fleet Management – Organizational Chart
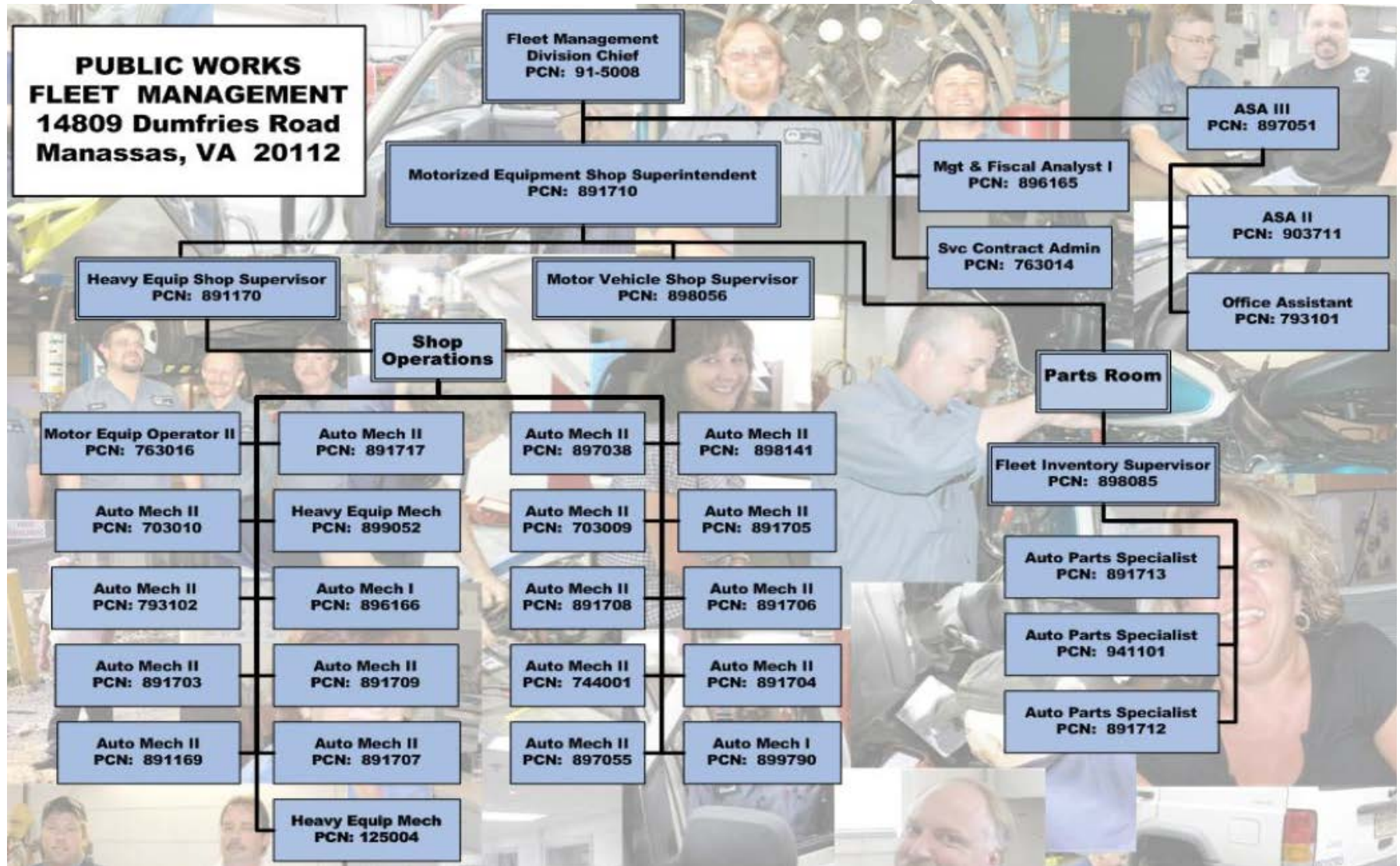
Objectives and Approach

Objectives and Approach

Objectives

The objectives of this audit were to assess whether the system of internal controls over select processes at the Fleet Management Division   are adequate and appropriate for promoting and encouraging the achievement of management's objectives for effective recording and monitoring. In addition to evaluating the Division's approach and policies, the internal audit and testing focused on the following sub processes:

- Parts Inventory – Inform System
- Parts Invoices – Performance System
- Mechanic Labor – Inform System
- Mechanic Labor – Submission to HR / Payroll
- Work Order Billing
- Contract Administration (select agreements)

Approach

Our audit approach consisted of the following three phases:

Understanding and Documentation of the Process
During this phase we conducted interviews with representatives from Fleet Management to discuss the scope and objectives of the audit work, obtained preliminary data, and established working arrangements. We also obtained copies of standard operation procedures manuals and other documents deemed necessary. We reviewed the applicable State and County policies related to this internal audit. We then interviewed each individual process owner determined to be relevant to the Work Order process to obtain an understanding of their duties, identify risks, identify applicable controls, and develop our test plan.

Detailed Testing
The purpose of this phase was to test compliance and internal controls based on our understanding of the Work Order process. Our fieldwork testing was conducted utilizing a sample of all completed work orders for FY 2013 and other audit procedures to meet our audit objectives outlined above. The time period covered by testing was July 1, 2012 through May 16, 2013. Specific procedures performed include:

- Gathering and evaluating background information on the Division's procedures and any required controls or documentation;
- Obtain a complete population of Work Orders completed
- Testing a sample of 30 work orders to determine if County policies and procedures were followed, appropriate supporting documentation was obtained, proper approvals were made, and transactions were recorded accurately and completely.
- Assessing the Division's processes and controls to determine effectiveness.

Reporting
At the conclusion of this audit, we summarized our findings related to the Fleet Management Division into this report. We have reviewed the results of our testing with the Fleet Management Division Chief.

Issues Matrix

Issues Matrix

Fleet Management

Rating	Issues
High	**1. Segregation of Duties**
	Fleet Accountant During our review, McGladrey noted that the Fleet Accountant performs the following tasks: • Receipt of checks for unused credits, vehicle sales, etc. directly through the mail or by "hand delivery". These cash receipts are forwarded to the County's Finance department by the Fleet Accountant; however, a log of checks received is not maintained by anyone in the Division. • Receipt, tracking and application of credit memos without review (Issue #3) • Posting authority to Performance System without source documentation review (Issue #4) Based upon the results of our inquiries and observations, McGladrey has determined the opportunity for fraud / error exists due to a lack of segregation of duties within the procedures performed by the Fleet Accountant. Lack of a cash receipts / deposit log can result in, misappropriation of assets and incomplete or inaccurate deposits. The risks associated with lack of cash receipts log are increased due to the lack segregation of duties issued noted above. Our detailed procedures consisted of the testing of a sample of 30 invoices / work orders. No exceptions or fraud were noted in the items tested. ***Auto Parts Specialist*** During our review, McGladrey noted that individual Auto Parts Specialists each perform the following tasks: • Parts ordering responsibility / authority • Invoice / Ship ticket receipt responsibility • Parts receiving and stocking responsibility • Posting authority to Inform System Based upon the results of our inquiries and observations, McGladrey has determined the opportunity for fraud / error exists due to a lack of segregation of duties within the procedures performed by the Division's Auto Parts Specialists. This risk of fraud or error is increased in association with the lack of regular inventory counts and the lack of a 3 way match noted in Issue #5. The results of our detailed testing procedures revealed that 6 out of 30 parts invoices tested did not include the Fleet Inventory Supervisor's review / approval signature. This was due to a unique set of circumstances where the Fleet Inventory Supervisor was on an extended period of leave. Our detailed testing procedures also revealed that 2 out of 30 parts invoices did not include an Auto Parts Specialist review signature. Dual review / approval by both the Fleet Inventory Supervisor and Auto Parts Specialist serves as an important mitigating control to the parts invoicing process. The importance of this control is increased due to the lack of segregation of duties noted in this issue. Lack of these review procedures increases the risk of fraud or error as identified above. *Issue continued on the next page*

Issues Matrix - continued

Fleet Management

Rating	Issues
High	**1. Segregation of Duties – continued**
	Recommendation
	Fleet Accountant In association with the recommendations included in Issues #3 & 4, we recommend the Division implement procedures to segregate the duties of the Fleet Accountant listed above. These procedures may include, but not limited to requiring an employee independent of the credit memorandum process maintain a log of all checks received by the Division. This log should be submitted by the independent employee directly to the County's Finance department for reconciliation with the check copies submitted by the Fleet Accountant. ***Auto Parts Specialist*** We recommend the Division implement procedures to segregate the duties of the Auto Parts Specialist noted above. As a means of achieving this segregation, the Division may consider limiting Inform System posting authority to one Specialist. Under this structure, the Specialist <u>without</u> posting authority would be responsible for placing orders and receiving parts.
	Management's Response
	Response: 1) Management will comply with an incoming check log. It should be noted that the volume of checks average two per month and are predominately related to the proceeds from the auction disposal of property that is copied to many persons in different groups. Other checks received have been for corrections to billing errors and are also closely tracked. Mail Log has been established as per Department SOP 1.003.4 to ensure establishment of a paper trail. 2) Management practice has changed based on preliminary discovery of audit. Duties were segregated so that any Specialist could Order and/or Receive, but Posting could only be done by a separate Specialist. In the event only one Specialist is at work, an employee outside of parts will count and receive goods so that the part can be posted by the Ordering Specialist and still become available for repair work by mechanics. Receipt of Goods record is matched to invoice and not discarded. **Responsible Party:** Division Chief established SOP and has instructed staff to comply. **ECD:** August 30, 2013

Issues Matrix - continued

Fleet Management

Rating	Issues
High	**2. Fuel Contract Administration Testing and Reconciliation**

During our procedures for obtaining and understanding the Division's fuel contract, we noted fuel pricing is, *"based on the current OPIS (Oil Price Information Service) price plus a fixed charge…"*

The Division's current review procedures include a reconciliation between the weekly fuel invoice pricing and an html (web based) document provided by the vendor that reflects market index pricing for the period. However, the Division's invoice review procedures do not include validating the price with a source independent of the vendor; OPIS membership (or the like).

Lack of independent pricing verification can result in overpayment of fuel invoices. To provide quantitative context to the potential issue in question, we noted for the most recent fiscal year ended June 30, 2013, payments to the Division's primary fuel vendor totaled $2,721,608. No exceptions were noted in the items subjected to our testing procedures.

Recommendation

We recommend the Division obtain market pricing directly from the OPIS's web based pricing services (http://www.opisnet.com/about/global-coverage.aspx) and perform invoice to market price reconciliation based upon the data derived from this source.

Management's Response

Response: Management will comply. Management has been receiving independent OPIS price reports through the Solid Waste division contract. We have been comparing charged prices from the fuel vendor, since early August, based on the news stories about Flying J fuel overcharges. No discrepancies have been found to date. It should be noted that Fleet has found pricing errors from other vendors and have been reimbursed by those vendors.

Responsible Party: Contract Specialist has completed four weeks compare.

ECD: August 1, 2013

Issues Matrix - continued

Fleet Management

Rating	Issues
Low	**3. Credit Memo Tracking**

Issues
During our sample testing of 30 work order invoices, McGladrey noted that the credit memo function in the Performance System has been disabled, thus, requiring spreadsheet tracking of all vendor credits outside of the accounting system. In addition, there is currently not a review process in place to ensure these credit memos are fully utilized and applied accurately to invoices / purchase orders.
Lack of accurate and complete credit memo tracking and recording can result in the following:
• Unused credits
• Incorrect credit application (wrong invoice, wrong P.O., wrong amount)
• Misappropriation of assets – (in association with Issue #1)
No exceptions or fraud were noted in the items subjected to our testing procedures.

Recommendation
We recommend the Division activate the credit memo functionality in the Performance System. If it is determined that there is a County-wide limitation on using this module, we recommend the Division implement review procedures to ensure all credit memos received are applied correctly to the applicable purchase order and subsequent invoice(s).
For effective and efficient implementation, these review procedures may be performed in the same manner as those outlined in Issue #4 below.

Management's Response
Response: The Credit function in Performance has an inherent error of crediting the next invoice of the vendor, regardless of the originating user department, causing numerous tracking issues across lines of authority.   It is not used by any of the county departments. Management created the current credit tracking spreadsheet on the W:\ drive in response to concerns. Credits, and application of credits, are posted to the spreadsheet. For Fiscal Year 2013, 405 credits of $60,787.79 were applied to other invoices from the same vendor for the Fleet Management Division. Eleven checks for $3,319.30 were deposited. Six credits were washed because they belong to another entity for $3,170.67, and one credit memo was misstated for $146.00 and corrected. The spreadsheet is available to management during approval of purchases which apply credits. Fleet Management Division will perform a weekly review of credit documents and note agreement or corrections.
Responsible Party: Division Chief created a weekly tracking column on the credit spreadsheet.
ECD: September 4, 2013

Issues Matrix - continued

Fleet Management

Rating	Issues
Low	**4. Parts Invoice Review – Performance System**

	During our review, McGladrey noted that invoice documentation is not included in the with the invoice data entered by the Accountant into the Performance System. When the Accountant receives the invoice it has already been reviewed and coded by the Fleet Inventory Supervisor in preparation for data entry. However, subsequent to the Accountant's data entry into the Performance System, the invoice is filed at the Accountant's desk and is not re-circulated to Management for review and approval to ensure the information entered by the Accountant is accurate. Members of Fleet Management, as well as process owners in AP / Purchasing, receive notification from the Performance System indicating that the invoice is pending their approval, but the source document is not attached for review.
	Lack of detailed review of accounting system data entry can result in invoices posted for incorrect amounts, in the wrong period, against the wrong purchase order or to the wrong ledger account.
	Our detailed procedures consisted of the testing of a sample of 30 invoices. No exceptions were noted related to invoice accuracy through our procedures. However, based upon the process design and controls noted, the opportunity exists for the risks noted above.
	Recommendation
	We recommend a review of invoice data entry be performed by Fleet Management to ensure all attributes reflected on the source document were accurately entered into the Performance System. In addition, we recommend all parts invoices over $1,000 be scanned into the Performance System so that each system initiated approver has the ability to review the invoice should they determine the need exists.
	Management's Response
	Response: Currently, attachments are made for fixed assets at $5000 and above, but it is a cumbersome process. Management agrees that scanned copies included in Performance is preferable. This will eliminate the filing and retention of paper copies and improve workplace efficiency. Management is meeting with EDMS staff on September 9, 2013, to explore scanning to replace current copying methodology for all invoices, credits, and receipts of goods. This searchable database will eliminate paper shuffle and allow viewing of documents as needed. Originals would be kept in batch files by date of scan. **Responsible Party:** Division Chief **ECD:** October 1, 2013

Issues Matrix - continued

Fleet Management

Rating	Issues
Low	**5. Parts Inventory – 3 Way Match & Regular Inventory Counts**
	During our review and in association with Issue #4 above, we noted that the Fleet Inventory Supervisor is responsible for account coding and review of parts invoices before they are processed into the Performance System. This review consists of a 3 way match between the invoice, purchase order and the delivery ticket for each item. We identified during our inquiries that delivery tickets are discarded subsequent to performing the 3 way match and are not attached to the invoice as it is moved along through the additional review process steps. Exclusion of this document from the additional steps of the review process can result in payment of invoices for incorrect quantities received. We also noted that no formal process exists for periodic inventory counts. The Fleet Inventory Supervisor stated he performs random, undocumented, periodic counts and that an annual inventory is performed; however, no formal, documented process exists for regular inventory counting. Lack of regular, documented inventory counts can result in misappropriation of assets through fraud or error. No exceptions or fraud were noted in the items subjected to our testing procedures. Due to the relatively small magnitude of parts inventory, the fact that a 3 way match is being performed but not documented, and that undocumented counts are conducted, we have determined that the financial and operation risk associated with this issue is considered low.
	Recommendation
	We recommend the Division implement procedures to have the Fleet Inventory Manager attach the delivery ticket to each invoice as it is sent to the Fleet Accountant for processing. In association with Issue #4, we also recommend that the Fleet accountant scan delivery tickets for parts invoices over $1,000 into the Performance System so that each system initiated approver has the ability to review the invoice should they determine the need exists. We also recommend the Division formalize the process of periodic inventory counts performed by the Fleet Inventory Supervisor. These inventory counts should be performed at least quarterly, should consist of a combination of "floor to sheet" and "sheet to floor" test items, and should be formally documented and retained for future reference.
	Management's Response
	Response: Receipt of Goods has been retained and attached since the June preliminary findings. Quarterly unannounced inventory verification of selected items (Lights, brake parts, filters, connectors, etc.) will be documented and retained for inspection. **Responsible Party:** Parts Department Supervisor **ECD:** June 30, 2013

Issues Matrix - continued

Fleet Management

Rating	Issues
Low	**6. Efficiency and System Integration**

During our review, we noted that the lack of integration between the Inform work order system and the Performance accounting system has resulted in several instances of duplication of effort in the work order, parts inventory and labor entry processes. We have included a chart below that depicts the multiple data entry points for each respective process. These data entry points represent instances where the same information is entered into multiple places, and by whom:

Description	Data Entry Point	Resource Responsible for Data Entry
Fleet Invoices	Inform System Performance System W:Drive P.O. Spreadsheet W:Drive Fuel Spreadsheet	Auto Parts Specialist Fleet Accountant Fleet Accountant Contracts Administrator
New Vehicle Data	Inform System Performance System W: Drive P.O. Spreadsheet W: Drive Fixed Asset Listing W: Drive Fixed Asset Lead Sheet W: Drive Maintenance Schedule	Shop Superintendent Fleet Accountant Fleet Accountant Fleet Accountant Fleet Accountant Shop Supervisor
Payroll Data	Inform System W: Drive Timesheet - Spreadsheet W: Drive Summary Spreadsheet Performance System Hand written timesheet Hand written work order	Shop Supervisor Mechanics ASA III Payroll / Finance Dept. Mechanics Mechanics
P. O. Data	W: Drive P.O. Spreadsheet Performance System	Fleet Accountant Contracts Administrator
Maint Schedule	Inform System W: Drive Maintenance Schedule Summary Email to Depts.	Shop Superintendent Shop Supervisor ASA III

Based upon our discussions with Fleet management and process owners, we were made aware of the fact that during the process of obtaining the Inform System, integration with the County's accounting software was considered. However, due to software compatibility issues and other limiting circumstances, integration was determined unfeasible at the time.

Issue continued on the next page

Issues Matrix - continued

Fleet Management

Rating	Issues
Low	**6. Efficiency and System Integration - continued**

	Recommendation
	Through our inquiries with management, we were notified that the County is currently pursuing the selection of a new Countywide accounting system. We understand due to the plethora of complexities associated with managing and maintaining a large vehicle fleet there are barriers to obtaining an ERP system that offers an acceptable fleet management module. With that in mind, we recommend that Fleet management be actively involved in the selection of the County's new accounting system to ensure their needs are met and to assist in the consideration of system that offers integration with Inform. We also recommend the Division consider the utilization of internal or external Information Technology assistance to develop an action plan for achieving the most complete integration methodology possible with the new system. The opportunity exists for significant efficiency gains and costs savings to the Division through limiting duplicate data entry points noted above if integration between systems could be achieved.

Management's Response
Response: Management fully supports establishing a fleet management information system that integrates with the ERP and performs the multitude of fleet functions available in today's world. There are many improvements with scanning, GPS, and handheld wireless connections that can enhance the shop performance and fleet availability by freeing supervisors from manual tracking and approval tasks, and eliminate transposition errors in data entry. Diagnostic and corrective can integrate with fleet MIS to automate reporting and tracking of vehicle maintenance. Safety Recalls can be set to automatically flag vehicles for repair. Recommendation of a specific system for Fleet will be made by the end of the calendar year. **Responsible Party:** Division Chief **ECD:** December 31, 2013

Process Maps

Process Maps

Fleet Management – Process Flow Parts

Prince William County – Parts (Inform System and Performance System)

Auto Parts Specialist

- Identify need for inventory / specific part
- Contact vendor and order part(s)
- Receive Invoice and Goods **Issue #1**
- Invoice data entered into Inform System
- Place inventory in respective warehouse location
- Apply inventory used in service to executed work orders (Inform System)

Fleet Inventory Supervisor

- Identify need for inventory / specific part
- Review invoice information entered into Inform System
- Invoice copy filed - Shipping doc discarded **Issue #5**
- Performance System "clickable" invoice approval by Fleet Management
- Review Work Order information entered into Inform System
- **End**

Accountant

- Post invoice information into Performance System
- Invoice original filed at Accountant's desk **Issue #4**

Fleet Management

- Performance System "clickable" invoice approval by Fleet Management

AP / Purchasing

- Performance System prompts AP / Purchasing to review for payment approval
- **End**

Legend:			
Process Step	Process Step	Manual Control	Design Gap

17

Process Maps

Fleet Management – Process Flow Labor

Prince William County – Labor (Inform System and Performance System)

Mechanic
- Records time onto W:Drive spreadsheet
- Records time onto work order / manual log

Shop Supervisor 1
- Reviews Work Order coding to ensure time is commiserate with task performed
- Obtains Daily Manual log and enters information into Inform System

Shop Supervisor 2
- Prints the Inform System – Hours worked by employee rpt
- Reviews Manual Log and Hours Worked rpt to ensure data entry is accurate
- **End**

ASA III
- Reviews and summarizes W:Drive time for the pay period

Director Public Works
- Reviews and approves payroll summary sent by ASA III

HR / Payroll
- Enters approved summary data into HR Module
- **End**

Legend:

Process Step	Process Step	Manual Control	Design Gap

18

Our Promise to YOU

At McGladrey, it's all about understanding our clients -
Your business,
Your aspirations,
Your challenges.
And bringing fresh insights and
tailored expertise to help you succeed.

McGladrey LLP is the largest U.S. provider of assurance, tax and consulting services focused on the middle market, with more than 6,500 professionals and associates in 75 offices nationwide. McGladrey is a licensed CPA firm and a member of RSM International, the sixth largest global network of independent accounting, tax and consulting firms.

McGladrey, the McGladrey signatures, The McGladrey Classic logo, The power of being understood, Power comes from being understood and Experience the power of being understood are trademarks of McGladrey LLP.

For more information, join our Facebook fan page at McGladrey News, follow us on Twitter @McGladrey, and connect with us on LinkedIn and YouTube.

McGladrey