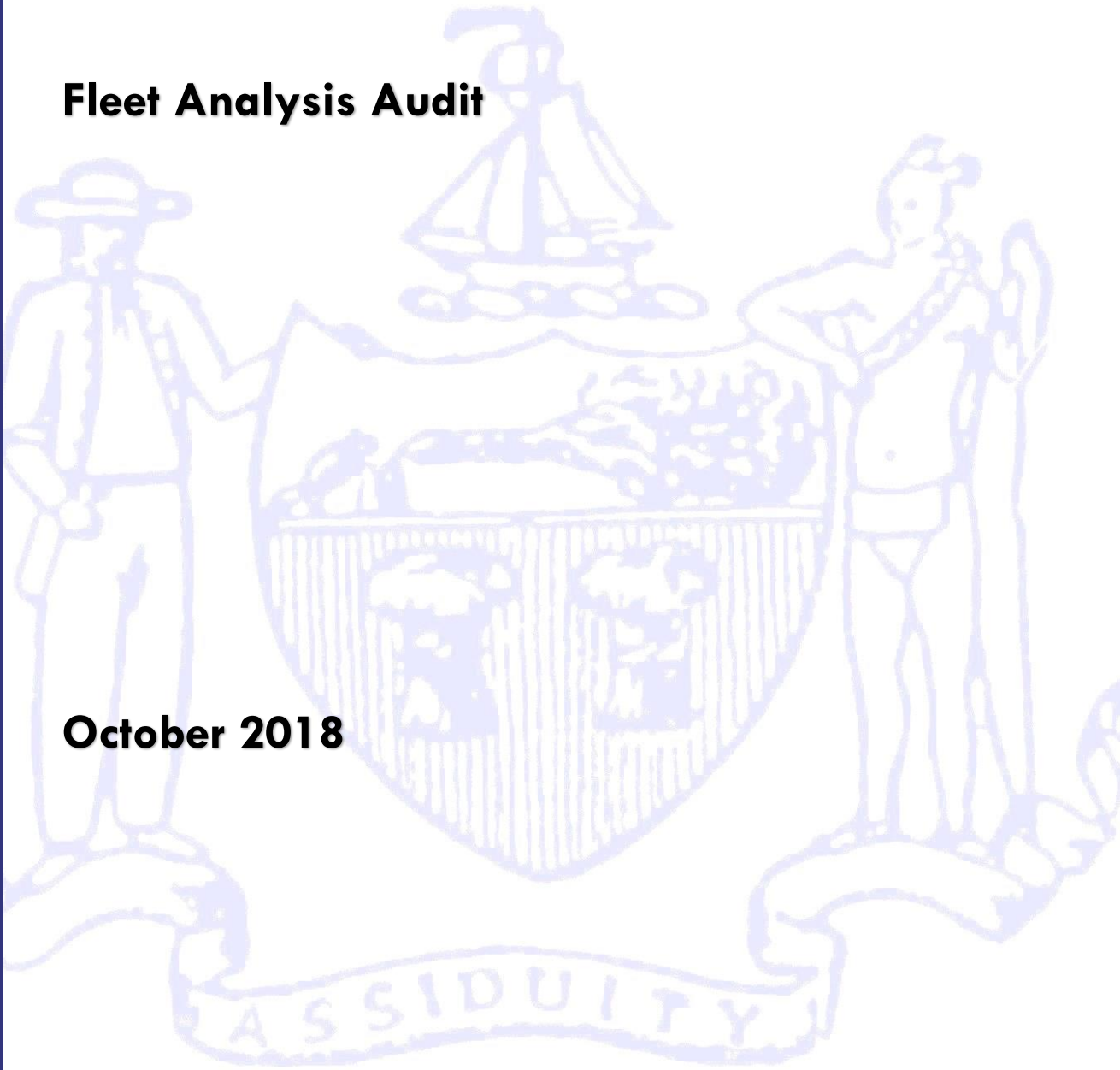# AUDIT REPORT

Fleet Analysis Audit

October 2018

Susan Rizzo
Chief City Auditor

Audit Team

Susan Rizzo, Chief City Auditor

Ransom Moore III, Deputy Chief City Auditor

Aindrea Richard, Analyst

Eric Ma, Auditor

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www.albanyny.gov/Government/Departments/OfficeofAuditandControl

You may also contact our office by email at **srizzo@albanyny.gov**

Preface

The Office of Audit and Control (OAC) exists to provide oversight, transparency, and public accountability as a means to improve the City of Albany (City) Administration accountability. This audit is a part of that function.

When the OAC takes on an audit subject and, setting aside issues of misconduct, the City department(s) or entities concerned respond positively to address the audit's findings, it is the commitment of the OAC to support and encourage use of the audit process by City departments as a means to improve overall operations.

This audit was conducted with the full cooperation of Amsure Insurance, the Department of General Services (DGS), Department of Water & Water Supply, the Police Department, the Fire & Emergency Services Department, Recreation Department, and the Department's Commissioners. The City Administration and the Departments have committed to addressing any findings.

The proper use of the audit findings in these circumstances is to provide for the oversight of the resulting changes and to serve as the basis for informed public policy discussions.

Politicized use of this audit's findings is unfair and damaging to the OAC's processes and will be viewed as detrimental to our mission.

The OAC thanks Amsure, the Department of General Services (DGS), Department of Water & Water Supply, the Police Department, the Fire & Emergency Services Department, the Recreation Department, and the Department's Commissioners for their cooperation and commitment.

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Background

The City has a comprehensive Vehicle Policy dated 2011. Within the City, some departments have their own policies and procedures to maintain the inventories of their fleets. These separate procedures include fleet procurement, maintenance and repair of equipment, accidents, and salvage of vehicles. The City does not have designated fleet management personnel supervising City-wide fleet. The OAC reviews and approves vouchers for the purchase of new vehicles and maintenance expenses on vehicles for each department. The OAC does not influence the purchasing decisions, but does inquire and can investigate whether funds are being appropriately used.

The OAC's previous audit on investments concluded the City is spending most of its capital funds several quarters later than when funds were borrowed. This audit examines incidences when the City insured vehicles no longer owned by the City and newly purchased uninsured vehicles.

The City's insurance provider is Amsure Insurance ("Amsure"). In the past, with some help from the Budget Office, Amsure had been reconciling the insured vehicle list to match each department's vehicle inventory list. The City is required to be insured for all vehicles on the road in case of an accident. Also, the procedure regarding accidents, including updating Amsure, will also be reviewed.

Introduction

In initiating this audit, the OAC's larger focus is twofold: Insurance and Maintenance. While some departments maintain vehicles in-house, other departments have outsourced maintenance to vendors including Destination Nissan, Perlman's Towing, ABS Solutions, and Pittsfield Communication, among others.

The primary objective of this audit is to confirm that vehicles registered to the City are insured, and vehicles no longer owned by the City are removed from its insured vehicle list to reduce its annual insurance cost.

The OAC requested the insured vehicle list from Amsure. The OAC cross referenced the lists provided by the departments to review and identify vehicles no longer owned by the City and vehicles that are owned by the City that were not included on the list of vehicles insured. The Chief City Auditor's team,

Amsure and the departments jointly conducted an examination of the procedures and the handling of fleet maintenance.

The audit findings are as follows:

1. The City does not have a standard written policy for removing inactive/sold vehicles and/or adding newly purchased vehicles to its insurance list. Annually the Budget Department in conjunction with the Insurance Broker determines the continued need of collision and/or comprehensive coverage for each vehicle.

2. The City has paid invoices for the repair of an unmarked police vehicle that was not registered to the City.

3. As of the initial start of this audit, the City had overlooked several vehicles registered to the City that were not insured until further analysis was done by the OAC.

4. In the past, checks from Auction International Inc. for auctioned vehicles were booked into G/L Account A.1000.2411 – Other Financing Sources. In 2018, the correct budgeted G/L account, Sale of Vehicles and Equipment A.1000.2665 was used.

Scope, Objective and Methodology

Scope

The audit focused on reconciling the insured vehicle list as of August 30, 2018 and examining paid invoices for vehicle maintenance dating back to 2017.

Objectives

The objectives of this audit were as follows:

1. Determine whether the City has a policy to add and remove vehicles from its insurance;
2. Determine the existence of insured vehicles registered to the City, as well as, insuring newly purchased vehicles;
3. Review and analyze the City's payment to vehicle maintenance vendors to verify that vehicles repaired are owned by the City; and
4. Confirm that accidents are reported and recorded.

Methodology

The overall audit methodology consisted of the following:

- Examination of the vehicle inventory by the OAC by working with the departments to review the existence of vehicles that are active, inactive, and auctioned.
- Collecting, reviewing, and evaluating all invoices pertaining to vehicle maintenance and matching VINs to the City's Vehicle Fleet database.
- The OAC created the City's Vehicle Fleet database from data collected from each department.

Amsure Insurance

As part of this audit, the OAC reviewed the insured vehicle list provided by Amsure before and after the audit. Please refer to the table below for a summary overview:

Department	Total Number of Vehicle/Equipment as of Aug 15, 2018* (Before Audit)	Total Number of Vehicle/Equipment as of Sept 15, 2018* (After Audit)
Albany Community Development Agency (ACDA)	1	1
Dept. of Youth & Workforce Services	3	3
Fire Department	63	67
Department of General Services (Includes Department of Recreation)	288	267
Police Department	208	205
Commissioner of Planning & Development	0	1
Assessment	0	1
Water Authority	112	112
Other	7	7
Total	682	664
Less Trailers	**65**	**65**
Total Insured Vehicles	**617**	**599**

Note: DGS transferred an older vehicle to the Assessment and Taxation office. The purpose of this vehicle is to allow the Assessor's office to visit properties as part of its normal duties. In addition, APD transferred another vehicle to the Commissioner of Planning & Development. Neither of these transfers was documented. The seven vehicles classified as "Other" in the chart above are currently being reconciled.

The OAC consulted the City's Amsure account manager. As of August 15, 2018, there were 617 vehicles on its insured vehicle list but was updated to 599 vehicles on September 15, 2018. The OAC actively worked with all the departments and Amsure to verify vehicles. It is important to note that trailers do not affect the City's insurance premium. Any vehicle/equipment that has a license plate number should be registered to the City of Albany with the New York State Department of Motor Vehicles. Registered vehicles should be included on the insured vehicle list provided by Amsure.

Amsure provided a premium quote of $743 per vehicle. The decrease in insured vehicles due to this ongoing audit resulted in annual savings of $13,374 for the City. Due to the City's continual fleet refreshment, the updated Amsure list, which was a direct result of this audit, continues to be updated to reflect the City's most recent vehicle acquisitions and disposals.

Employees Compared to Vehicles

According to Payroll, the City of Albany employs 1,338 people as of September 18, 2018. The table below shows the number of employees per department:

Departments	Headcount	Headcount to Vehicles Ratio
1210 - Mayor	7	-
1320 – Audit & Control	4	-
1325 - Treasurer	16	-
1345 - Purchasing Department	2	-
1355 - Assessment and Taxation	5	5
1410 - City Clerk	23	-
1420 - Law Department	12	-
1430 - Civil Service Commission	19	-
1490 - General Services	249	1
1660 - Public Records	2	-
1680 - Central Data Processing	6	-
2900 – Albany Police Department	433	2
3410 – Albany Fire Department	253	4
3620 – Building & Regulatory Compliance	19	-
4020 - Vital Statistics	2	-
6290 - Youth & Workforce	18	-
6410 – Housing & Community Development	17	-
7110 - Recreation	98	-
7560 - Cultural Affairs	5	-
8020 - Division of Planning	8	-
8310 - Water Department	140	1
City Employees Total	**1338**	

Administrative departments within City Hall do not have assigned city owned vehicles, except for one for Assessments and Taxation. General Services has one person per vehicle largely due to multiple specialized vehicles. Police have two people per vehicle and Fire has four people per vehicle.

Vehicle Maintenance

The City outsources most of its vehicle maintenance to contracted vendors, especially for the Police Department. The OAC reviewed batches of invoices from several vendors. The majority of invoices are from four vendors: Destination Nissan, Perlman's Towing, ABS Solutions, and Pittsfield Communication. The OAC approves Destination Nissan's invoices on a monthly basis as one voucher packet. The OAC reviewed historical invoices and cross referenced the VINs to the master vehicle list in order to

determine if it is a vehicle registered to the City. The OAC also visited multiple vendors' locations to determine the number of vehicles located on site.

Audit Results

The OAC conducted a sample inventory of departmental vehicles to verify existence of insured vehicles. In one case, the OAC examined several salvageable vehicles that were located in a reserve lot. In another case, the OAC observed insured vehicles located at a vendor's premises.

Insurance

The City does not have a standard policy for removing inactive/sold vehicles and/or adding newly purchased vehicles to its insurance list. In the Appendix I: 2018 Insurance Policy Change, the OAC determined that 26 of the 57 vehicles removed and 32 of the 45 vehicles added to the 2018 Insurance Policy Change history were a direct result of this audit and the work of the OAC. The remaining vehicles added and removed were a result of pending updates between the departments and Amsure. The OAC created a master list consisting of all the vehicles from departments. Each department had been contacted by the OAC to determine if the removal of a vehicle from the insured vehicle list was due to the fact that it was auctioned off or de-plated to use for parts. The 32 vehicles added were recent vehicles acquired that had not been insured yet, as well as older vehicles that were never insured.

2018 Insurance Policy Changes
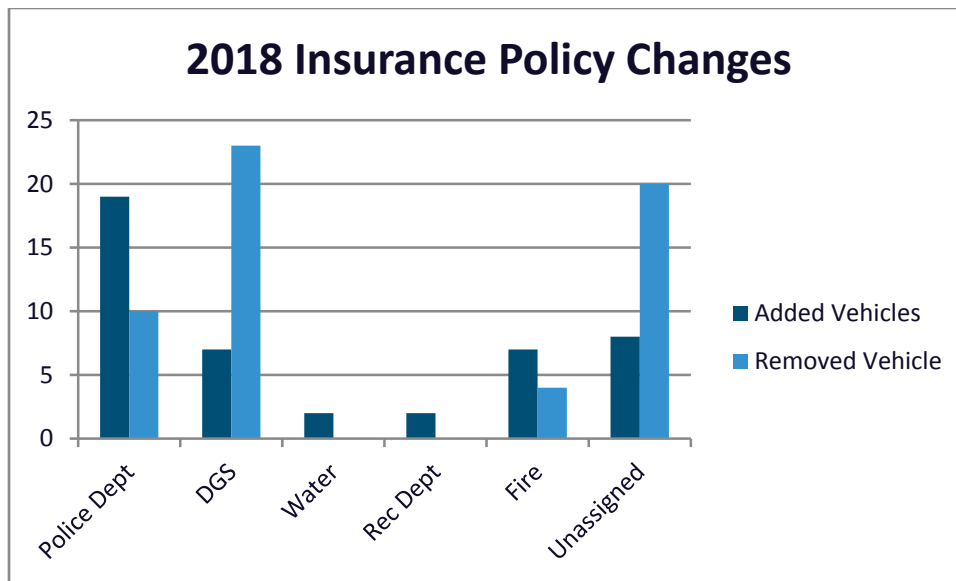
In addition to the policy changes, corrections were made to invalid VINs due to typos and insufficient character strings. These changes do not affect the count of vehicles added or removed. Although there

was only a net decrease of 12 vehicles in aggregate for the City's insured vehicle list, the updated list ensures all unique vehicles owned and insured by the City are accurate.

At the end of each year, appropriate coverage for vehicles is discussed by the Commissioner of Administrative Services and the Budget Director. They determine for which vehicles it makes financial sense to include Collision/Comprehensive coverage, including appropriate asset valuation, prioritizing newer model year vehicles and older high value vehicles. For the 2018 policy year, it was decided that 2014 vehicles and newer would include the coverage. Older vehicles would not include the coverage unless the value was estimated to be greater than approximately $75,000. This can be changed mid-term should the City desire. The City has generally relied upon Amsure's recommendation as the City's insurance broker, but the final decision, as with all lines of insurance, deductibles, limits, etc. lies within the City Administration.

Maintenance

The City has paid repair invoices for a confidential vehicle that is not registered to the City. This finding has led to an updated procedure that the OAC performs at random prior to approving invoices for vehicle maintenance. As part of the audit, the OAC verified that the VINs indicated on invoices corresponded to vehicles owned by the City. In addition to the findings on maintenance, the OAC reviewed the vendor Perlman, which services police vehicles during an emergency and bills Destination Nissan directly. Afterwards, Destination Nissan includes and consolidates Perlman's invoices in its invoices to be sent to the department on a monthly basis.

The City's Fire Department repairs its fleet mainly in-house. The OAC visited the Fire Department's reserve lot on July 26, 2018. During this visit, the OAC conducted a walkthrough and counted 22 vehicles. Of the 22 vehicles, three were listed as reserve (verified insured), ten were being salvaged for parts (verified not insured) and 9 were active vehicles (verified insured.

Accidents

With the cooperation of the Police Department, the OAC recognized several vehicles involved in accidents that should have been reported to Amsure. Nine vehicles were fixed at Destination Nissan, which cost the City a total of $20,782.60. The Police Department is aware of these reports and is retroactively addressing this problem.

Sale of Vehicles/Equipment

The OAC reviewed data (including copies of checks) received from Auction International Inc. and discovered that checks were being posted into Other Financing Sources (G/L account A.1000.2411), but within the past few years the City has established a new account designated Sales of Vehicles/Equipment (G/L account A.1000.2665). The OAC identified a remaining balance of $6,621 in G/L account A.1000.2411. The OAC has documented and provided the necessary adjusting journal entry for the correct G/L account A.1000.2665.

During the process of the audit, the OAC found insurance on one salvaged vehicle by looking at the finalized auction summary. Prior to this auction, this vehicle was sold by the City of Albany to the Albany Parking Authority, but insurance was never cancelled.

The OAC also discovered that the Police Department had been signing its own sold vehicle titles. According to the City Charter (§42-210 Sale of City property, real and personal), the Purchasing Division is responsible for finalizing sales of City property, including vehicles. In the future, the Purchasing Director needs to be the sole authorized signatory for vehicle titles.

Recommendations

Recommendation #1 – The OAC recommends the City follows the procedure of adding and removing vehicles by contacting the Treasurer's Office (except for the Water Department). Subsequently, the Treasurer's Office should report back to Amsure to remove or add vehicles. In order to verify insurance has been requested, the departments should include the email sent to the Treasurer's Office (or in regards to the Water Department the email sent to Amsure directly) with the payment voucher to be processed for payment. This needs to be added to the policy being developed.

Recommendation #2 - On a quarterly basis, the OAC recommends that departments report any fleet inventory updates to the Treasurer's Office. Also, the OAC recommends the departments correspond with the City to do a quarterly reconciliation on the insurance list for vehicles that no longer need to be insured.

Recommendation #3 - The OAC recommends that the departments consolidate their fleets by eliminating the vehicles that are only kept for spare parts. The departments should designate appropriate vehicles for either salvage or auction. The OAC also recommends that the City streamlines its fleet management by utilizing one software program so that future analysis can be conducted more efficiently.

Recommendation #4 - The OAC recommends that the City reviews the service provided by Perlman's Towing. The City should ask Perlman's to provide work orders with detailed descriptions of the vehicles serviced. This will allow the OAC to review if these vehicles are part of the City's fleet. Another option the OAC recommends is to consider a contract with Perlman's Towing directly versus processing invoices through Destination Nissan.

Recommendation #5 - The OAC recommends the City updates several provisions of its current vehicle policy. The policy should address areas such as procurement, incident reports, documentation on take-home vehicles, salvage documentation, and insurance process.

- Incident reports should include who is notified, and the policy on determining if a claim with insurance is beneficial.
- Salvage documentation should include who signs the title, cancels the insurance as well as who receives the check.
- Insurance should include who cancelled insurances and who was notified.

Conclusion

The City should periodically review its insurance to ensure an accurate vehicle fleet listing. Throughout the course of this audit, the OAC has contacted all departments to make the necessary changes to the insurance policy to remove and add vehicles as of August 30, 2018. As of the publication of this report, vehicles may have been subsequently added or removed from the City's fleet. In conclusion, even though OAC found 599 vehicles versus 617 vehicles insured, a savings of $13,374 ($743 per vehicle x 18 vehicles), the more important finding was that the wrong vehicles were insured. In addition to these changes, the Fire Department will follow-up on the process of updating its inventory of vehicles and the need for spare parts.

Although the Budget Office has been concurrently working on a standard vehicle policy, the OAC discussed the findings of this audit with the Budget Office prior to the publication of the audit. The OAC intended that its audit findings help the Budget Office develop a thorough vehicle policy.

Appendix I

2018 Insurance Policy Changes

Added Vehicles as of 9/14

Vehicle #	Year	Make	Model	VINs	Date Off
1	2018	Ford	Tauras	002507	8/7/2018
2	2018	International	4000 SERIES 4300	J28954	1/1/2018
3	2018	Elgin	Street Sweeper	C83010	1/8/2018
4	2018	Jeep	Grand Cherokee	418024	1/24/2018
5	2018	Jeep	Grand Cherokee	A82405	1/24/2018
6	2018	GMC	1500 ST	329131	3/5/2018
7	2016	KM	1607211TEDD	176482	5/4/2018
8	2018	Chevrolet	Silverado K3500	211895	5/22/2018
9	2018	International	7000 Series	PO125D	5/24/2018
10	2018	Chevrolet	Silverado 2500HD	P5036D	6/12/2018
11	2018	Ford	Explorer	657604	6/20/2018
12	2018	Ford	Explorer	520558	6/20/2018
13	2018	Ford	Tauras	589593	6/28/2018
14	2018	Ford	Tauras	295817	6/28/2018
15	2018	Ford	Tauras	295816	7/6/2018
16	2018	Ford	Tauras	525829	7/7/2018
17	2018	Ford	Tauras	243995	7/8/2018
18	2017	Rosenbauer Commander	Fire Truck-Ladder	505305	7/13/2018
19	2017	Rosenbauer Commander	Fire Truck-Pumper	053138	7/13/2018
20	2018	Ford	Tauras	053257	7/19/2018
21	2018	Ford	Tauras	562716	7/19/2018
22	2018	Ford	Tauras	560705	7/19/2018
23	2018	Ford	Tauras	268555	7/19/2018
24	2018	Ford	Tauras	563190	7/19/2018
25	2018	Ford	Tauras	C83496	8/2/2018
26	2018	Cargo Express	Trailer	D15943	8/8/2018
27	2018	John Deere	Gator	341541	8/15/2018
28	2016	Harley Davidson	Motorcycle	310944	8/15/2018
29	2016	Harley Davidson	Motorcycle	528874	8/15/2018
30	2016	Harley Davidson	Motorcycle	351837	8/15/2018
31	2016	Harley Davidson	Motorcycle	423844	8/15/2018
32	2006	Chevrolet	Impala	815244	8/15/2018
33	2014	Ford	Explorer	D28084	8/15/2018
34	2014	Ford	Explorer	371719	8/15/2018
35	2015	Ford	Explorer	P4251D	8/15/2018
36	1993	Armored	Humvee	856201	8/15/2018
37	1997	RD Murray	Spartan Gladiator Ca	147367	8/30/2018
38	2019	Ford	F250	147369	8/28/2018
39	2005	Dodge	2500	X01903	9/7/2018
40	2007	Dodge	Ram Rack Truck	A19492	9/7/2018
41	2005	Chevrolet	Impala	657303	9/7/2018
42	2007	Dodge	Charger	A73805	9/7/2018
43	2006	Ford	Pickup	A02859	9/7/2018
44	2015	Ford	F350	229099	9/7/2018
45	1984	Grumman	Simon Duplex	A47936	9/7/2018

Deleted Vehicles as of 9/14

Vehicle #	Year	Make	Model	VINs	Date Off
1	1000	Vermeer	Chipper	002507	9/7/2018
2	2001	Freightliner	Pumper	J28954	9/6/2018
3	2003	Ford	Explorer	C83010	7/6/2018
4	2010	Crafco	Tank Trailer	418024	9/7/2018
5	2012	Ford	Pickup	A82405	9/7/2018
6	1991	International	Dump	329131	2/26/2018
7	1996	Dodge	Utility	176482	9/7/2018
8	2004	Bobcat	Skidsteet	211895	9/7/2018
9	2007	Elgin	Sweeper	PO125D	9/7/2018
10	2007	Elgin	Seeeper	P5036D	9/7/2018
11	1000	Atlas Compco	Compressor	657604	9/7/2018
12	1998	International	Dump	520558	6/22/2018
13	1999	Dodge	RAM	589593	6/22/2018
14	1999	Ford	Taurus	295817	9/7/2018
15	1999	Ford	Taurus	295816	9/7/2018
16	2000	Chevrolet	Bucket	525829	2/26/2018
17	2000	Chevrolet	VAN	243995	9/7/2018
18	2000	Chevrolet	Pickup	505305	2/26/2018
19	2000	Fabrex	Trailer	053138	9/7/2018
20	2000	Fabrex	Trailer	053257	9/7/2018
21	2001	Dodge	Pickup	562716	9/7/2018
22	2001	Dodge	Utility	560705	6/22/2018
23	2001	Dodge	Utility	268555	6/22/2018
24	2001	Dodge	Pickup	563190	9/7/2018
25	2001	Ford	Utility	C83496	9/7/2018
26	2001	Ford	Utility	D15943	2/26/2018
27	2001	International	Rack	341541	2/26/2018
28	2002	Dodge	Stratus	310944	6/22/2018
29	2002	Dodge	Stratus	528874	6/22/2018
30	2003	Chevrolet	Utility	351837	6/22/2018
31	2003	Chevrolet	VAN	423844	9/7/2018
32	2003	Dodge	Ram Pickup	815244	9/7/2018
33	2003	Ford	Utility	D28084	2/26/2018
34	2004	Chevrolet	Flipper	371719	6/22/2018
35	2004	Elgin	Sweeper	P4251D	2/26/2018
36	2005	Dodge	Ram Pickup	856201	9/7/2018
37	2005	International	Recycler	147367	2/26/2018
38	2005	International	Recycler	147369	9/7/2018
39	2006	Freightliner	Dump Truck	X01903	6/22/2018
40	2007	Ford	Ranger	A19492	2/26/2018
41	2007	Jeep	Grand Cheroke	657303	9/7/2018
42	2001	Ford	Pickup	A73805	9/7/2018
43	2002	Ford	Explorer	A02859	1/1/2018
44	2003	Chevrolet	Impala	229099	9/7/2018
45	2003	Ford	Explorer	A47936	1/1/2018
46	2005	Chevrolet	Impala	216609	1/1/2018
47	2005	Ford	Taurus	126583	1/1/2018
48	2006	Chevrolet	Impala	418078	1/1/2018
49	2006	Ford	Crown Victoria	165446	1/1/2018
50	2010	Dodge	Charger	177706	1/1/2018
51	2010	Dodge	Charger	258244	1/1/2018
52	2004	Ford	F250 Pickup	C78392	1/1/2018
53	2006	Ford	Freestar	A17723	1/1/2018
54	2006	Ford	F350 Pickup	A78412	1/1/2018
55	2006	Ford	F250 Pickup	B19225	1/1/2018
56	2018	Elgin	Street Sweeper	P41441	9/7/2018
57	2006	Chevrolet	Impala	424938	4/19/2018

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Appendix II

Office of Administrative Service's Response

CITY OF ALBANY
DEPARTMENT OF ADMINISTRATIVE SERVICES
BUDGET OFFICE
24 EAGLE STREET
ALBANY, NEW YORK 12207
TELEPHONE (518) 434-5078

MEMORANDUM

TO: Susan Rizzo, Chief City Auditor

FROM: Nicholas Blais, Chief Financial Manager, Administrative Services

DATE: January 24th, 2019

RE: Fleet Analysis Audit

The City of Albany's Budget Office has received and reviewed the 2019 Fleet Analysis Audit by the Office of Audit and Control. We appreciate the efforts of the Chief City Auditor and her staff for their efforts, especially as it relates to reconciling the City's insurance list with our vehicle assets. The Administration has made corrective action and will establish stronger internal controls to improve this process going forward.

Please feel free to contact me if you have any questions.

Sincerely,

Nicholas Blais

CITY OF ALBANY
Office of Audit and Control

24 Eagle Street
Albany, NY 12207
518-434-5023
518-434-5098 (FAX)

Auditor's Response

The OAC would like to thank Nick Blais, Chief Financial Manager representing the Administration, for his response to the Fleet Analysis Audit. This audit will remain open until the City Vehicle Policy is rolled out and documents are attached to vouchers confirming insurance coverage for new vehicles has been requested prior to approving payment. Since each recommendation was not responded to regarding acceptance, the OAC will monitor the progress by the Administration to keep the Fleet Inventory current throughout the year.