Town of Greenwich

Fleet Department

Finding and Recommendations
Internal Audit Report

October 2021 – Final Report

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I. Town of Greenwich – Fleet Department Audit – Project Overview

Project Overview

A. Background

The Town of Greenwich (hereinafter referred to as the “Town”) engaged CliftonLarsonAllen LLP (hereinafter referred to as “CLA”) to provide internal audit services related to the operations of the Greenwich Fleet Department (hereinafter also referred to as the “Department”). This review included a financial analysis of outsourced labor, motor vehicle fuel, inventory controls, and vehicle replacement parts.

B. Project Approach & Tasks

This review included the following project tasks/activities:

1. Review the documented processes and controls of using outsourced labor within the Fleet Department
2. Review the documented processes and inventory controls associated with vehicle replacement parts
3. Review internal controls and supporting documentation for gas pump usage and monitoring
4. Review current automated systems used to support the inventory of vehicle replacement parts
5. Test and validate the protocols for outsourced labor
6. Test monthly inventory controls for various replacement parts along with ongoing inventory reconciliations
7. Confirm the technologies used to process for inventory controls and gas pump transactions
8. Test monthly gas pump usage and transactions
9. Document findings and operational/control gaps observed
10. Provide management with a report of our findings and recommendations
11. Meet with management to review the results of the report

C. Acknowledgements

CLA would like to thank the Fleet Department Director for his participation, support, on-going dialogue, and feedback during this internal audit.
Greenwich Fleet Department Overview
Below is a description of the Fleet Department operations within the Town of Greenwich:

1. Location and Hours
   a. The Fleet Department operates the vehicle maintenance center and is located at 100 Indian Field Road
   b. The Fleet Department is recognized as an Automotive Service Excellence (ASE) Certified Blue Seal Facility
   c. Office Hours and the Fleet Garage are Monday – Friday 7:30AM – 3:00PM

2. Programs/Responsibilities
   a. The Department manages a Preventative Maintenance Program for the Town to ensure that vehicles and equipment are reliable, safe, and suited for their job function
      i. This includes Public Safety (Police and Fire) vehicles, school maintenance vehicles, three (3) student transport vehicles, and a security electric club car
      ii. Greenwich School busses are outsourced and are not serviced/managed by the Fleet Department
      iii. The Fleet Department typically bills the other Town Departments (those that generate revenue and the School District) for service and repairs
         - Accident damage and repairs are handled by the Town’s Risk Management Department
   b. The Department also manages fuel sites and fuel usage for the Town

3. Organizational Structure/Staffing
   a. Managed by the Director of Fleet
   b. Seven (7) mechanics (currently six, with one vacancy). One (1) mechanic serves as Fleet Supervisor
   c. One (1) Fleet Operations Assistant
   d. One (1) Fleet Operations Manager/Administrative Assistant
II. Town of Greenwich – Fleet Department Audit – Operations Overview

4. Inventory, Equipment and Parts
   a. The Fleet Department’s Parts Room is outsourced to NAPA Auto Parts (formally, J&P Lostocco Auto Parts)
      i. NAPA is responsible for maintaining, storing, managing, and tracking inventory
      ii. Operation of the Parts Room is by NAPA employees
      iii. Per interview with the Director, 99% of all Fleet Department inventory is NAPA Auto Parts’; the Department does keep a few specialized miscellaneous parts (Town-owned) at the garage (Town inventory is maintained separately from NAPA)
   b. The Fleet Department maintains the following:
      i. 179 light duty vehicles
      ii. 108 heavy duty vehicles
      iii. 34 off-road vehicles
      iv. 40 trailers
      v. 131 plows
      vi. 77 small pieces of equipment

5. Software Systems, Tools, and Technology
   a. AssetWorks Software
      i. This comprehensive Enterprise Asset Management system includes Fleet and Fuel Management for the Town
      ii. All Fleet inventory is tracked and managed in the software. It maintains part ID, category ID, description, vendor name, ID, last issue date, quantity on hand, current unit price sum (value on hand), last order date, and last purchase order ID
      iii. Work orders are done electronically in AssetWorks; the Fleet Department has five (5) workstations throughout the shop where they create workorders and log usage of parts, etc. in real-time
      iv. FuelFocus, automated fuel management system, is used by the Fleet Department and is a component/module of AssetWorks
II. Town of Greenwich – Fleet Department Audit – Operations Overview

b. MUNIS Financial Management Software
   i. The recording (and reporting) of all finances/expenses are maintained in the Town’s financial management system (FMS), MUNIS
   ii. The system is used to monitor the Department’s budget
   iii. Purchase orders and Fleet vendors are also maintained in MUNIS
   iv. Currently, there is no automated integration/interface between AssetWorks and MUNIS

c. Microsoft Excel
   i. The Fleet Department maintains an Excel spreadsheet with all invoices (in addition to the invoices being in MUNIS) to track bills and vendor payments. The spreadsheets are reconciled with MUNIS regularly

6. Outsourced Labor Process

   a. As needed, the Fleet Department will send vehicles out for repair (specialty services, dealers, vehicles under warranty, etc.)
      i. Common outsourced labor occurs with the Freight Liner dealer, Ford Dealer, and three (3) outside Autobody Shops
      ii. Per interview with the Fleet Director, there are no specific agreements or contracts with any particular vendor, but typically the Department has limited (approximately five) regular vendors they utilize
         1. As a regular practice, the Department typically seeks multiple (2-3) estimates from vendors for autobody work/repair jobs prior to selecting a vendor but this is not a formal requirement and is not a documented Fleet Department policy
   b. To add a vendor, a W-9 (Request for Taxpayer Identification Number) is obtained from the prospective vendor and sent to Greenwich Finance Department to establish the vendor in MUNIS
      i. Nearly all vendors are vetted and selected by the Director but the Foreman and Shop Supervisor are also allowed to solicit new vendors (and submit to Finance) for the Department as well
II. Town of Greenwich – Fleet Department Audit – Operations Overview

c. After the work is performed, the Director and/or mechanics will inspect and review the job to ensure it meets standards/expectations prior to paying the bill for the outsourced work
   i. (Any identified issues must be corrected and approved by the Director prior to Greenwich paying the invoice)

7. Inventory Management
   a. NAPA manages the majority of inventory for the Greenwich Fleet Department. The Director and four (4) Fleet staff have access keys (and the alarm access code) to the NAPA parts/inventory room
      i. When a NAPA employee is not working the service window and administering parts for the Department, Fleet staff with access keys will record the parts they used/took from the room on the paper parts sheet
         • The alarm code will log which staff disabled the code for entry when a NAPA employee is not there
      ii. NAPA performs regular inventory counts and reconciliation
   b. The Fleet Department keeps some inventory on-hand (separate from the products managed by NAPA)
      i. Some Fleet-owned inventory is kept by the Director’s Office, some in a locked Fleet cabinet, some in an outdoor Fleet storage area, and some used parts and salvageable items are kept in a Fleet parts room
         • The entire Fleet Department has access to the Fleet-owned inventory
         • Staff log what they take and use on their work orders
      ii. Per interview with the Director, there is no regular inventory count performed on Fleet-owned inventory. The value/cost of most of the Greenwich-owned inventory is very low. The most expensive/valuable items are large truck springs which are large and would be noticeable if missing
         • In reviewing the “Parts List” report from AssetWorks, the Fleet Department has approximately $25K worth of parts of their own in inventory
II. Town of Greenwich – Fleet Department Audit – Operations Overview

- Parts range from $1.61 (small equipment part) to $754.13 (Pierce rear spring). The average part price is $53.78 with nearly 2/3 of the parts being under $20. Fewer than six (6) specific part types are valued over $100

8. Vehicle Replacement Parts

a. For common parts, as mechanics works on jobs within the Fleet Department, they walk over to the NAPA shop (there is a service window) and tell NAPA staff what parts they need for the job

   i. The Fleet Department provides NAPA with a paper Parts Sheet that includes workorder number

   ii. NAPA then generates an invoice for the Fleet Department using their system Integrated Business Solution (IBS). The IBS invoice interfaces with AssetWorks (creating a workorder) and includes part details and price (workorder numbers match between IBS and AssetWorks)

   - Per the Director, work orders are generated individually per vehicle

   - Each morning, NAPA provides the Fleet Department with a package of all invoices from the prior day, the Department then reviews and compares invoices against work orders in AssetWorks, signs a copy, and returns to NAPA

b. For specialty parts (not carried by NAPA), the Department will not utilize NAPA. Rather, the Shop Supervisor will call the appropriate vendor directly, order the part and have it billed to Fleet

   i. If the Department were to have NAPA order the part of their behalf, Fleet would be charged an additional markup percentage by NAPA for the ordering

c. State contract vendors are utilized wherever possible

d. Per interview with the Director, the Fleet Mechanics are trusted/allowed to order parts without his direct approval but he is typically included/involved in the higher-cost purchases and for expensive items, they typically review and compare prices before purchasing
e. MUNIS Purchase orders are processed “after the fact.” In order for Fleet Department to repair and maintain vehicles in a timely manner, the parts are generally obtained from NAPA and used as needed and then entered into MUNIS as a purchase order (using the NAPA invoice for costs)
   
   i. If over $2,000, a requisition is created prior to purchase order (unless a contract is in place)
   
   ii. The Fleet Department Director reviews and approves requisition before Finance approves (creating a purchase order in MUNIS)

9. Fuel Management

a. The Department has good controls surrounding fuel usage in Greenwich

b. The Fleet Department Director manages three (3) fuel sites in Town

   i. Any Town vehicle can use the sites

      • Greenwich Emergency Medical Service and the Transportation Association of Greenwich (TAG) fuels at the Town sites and both are billed monthly for their exact usage

   ii. The Marine Departments has their own fuel tanks for boats

   iii. The Parks and Recreation Department has a few small above-ground fuel tanks that the Fleet Director provides fueling for but are managed and monitored by the Parks and Recreation Department

c. Fuel deliveries are logged into AssetWorks by each fueling site and specific tank

   i. FuelFocus (within AssetWorks) is used to monitor, track, and manage all fuel usage and access

d. For most Town vehicles, the Fleet Department has installed a physical box (near the dashboard) that is programmed to the specific vehicle (fuel type and tank size) and is linked to a corresponding fuel ring for tracking purposes

   i. At the Town fuel sites, the fuel pump nozzle has a transponder that engages with the fuel ring of the vehicle. It recognizes the vehicle and provides the appropriate fueling. When the nozzle is removed from the ring, fueling stops (making theft impossible)
II. Town of Greenwich – Fleet Department Audit – Operations Overview

e. For some Town vehicles (those without fuel rings installed, typically Town Supervisors), fuel keys are used. The fuel key is also configured for type of fuel and amount (mainly used for fueling specialty Town equipment and portable gas cans). Fuel keys are generally limited to 5-10 gallons of fuel allowed

   i. To fuel, the employee must enter a PIN (their Employee ID number). The Fleet Department can monitor who took Town fuel and when, based on the PIN

f. Fuel management and measurements are performed regularly

   i. Daily, the Department runs a report out of AssetWorks on fueling from the day before (daily meter readings, fuel delivery data)

   ii. The underground fuel tanks have built-in monitoring for leak detection

   iii. For the above-ground tanks, the Department obtains a daily reading to review what fuel has been used

   iv. Per interview with the Fleet Director, there is no formal reconciliation of fuel delivered against fuel used on a regular basis
III. Town of Greenwich – Fleet Department Audit – Finding & Recommendations

Overall Audit Conclusion
CLA determined an overall audit rating of “Satisfactory” for the audit of the Fleet Department. The Department was noted as having strong controls, policies, and procedures in place. Automated systems and tools (FuelFocus, AssetWorks) as well as outsourced inventory management contribute to the strength of the Department’s controls.

Control Findings and Recommendations
CLA identified and reviewed inventory and operational controls in place at the Fleet Department. The findings and recommendations below were noted in conjunction with our analysis.

1. Finding – No formal requirement for obtaining outsourced labor quotes
   a. The Department generally obtains more than one price/quote for outside labor needed at the Fleet Department but this is not a formally documented requirement
   b. For many of the outsourced labor jobs, specific specialty vendors are used based on their expertise (obtaining quotes from other vendors would be unnecessary)

1. Recommendation – Document the policy for outsourced labor quotes/price comparisons
   a. We recommend that the Department formalize the practice/requirements for needing multiple quotes for labor jobs
      i. As part of this, the instances where quotes are not needed (e.g., specialty repairs and services, warranty vendors) should also be documented
      ii. The Director should sign off (or document within the notes of MUNIS) that proper due diligence/price comparisons were performed (if necessary, for that job)
         • MUNIS allows for the attachments of documents/quotes as well
III.  Town of Greenwich – Fleet Department Audit – Finding & Recommendations

- If quotes were not needed, the Director’s sign off will still show that the outsourced labor and selected vendor were appropriate

2.  Finding – No regular inventory counts/formal review for Greenwich-owned inventory
   
   a.  Currently, there is no regular count/inventory reconciliation for the Department’s own inventory
   
   b.  A majority of the items are low cost and small in nature; counting these would be tedious and excessive based on their value. However, there are some items that are more valuable that the Department could consider counting monthly or quarterly

2.  Recommendation – Document a monthly review of inventory (for higher cost items)
   
   a.  The Department should set a value threshold (e.g., $200) and on a monthly basis, ensure the items over this threshold are accounted for
   
   b.  Signoff should occur by the Director that a count or review of these “higher-ticket” items was performed
   
   c.  The Director may also run the Parts Inventory report from AssetWorks each month and compare against the previous month to see if any significant discrepancies are noted. Signoff on this report comparison is recommended

3.  Finding – Fuel reconciliation for usage and deliveries not formally performed
   
   a.  Although the tanks have built-in monitoring for fuel leaks, it is possible that failure could occur. If failure occurred, the Department would not be aware of a potential fuel leak
3. **Recommendation** – Reconcile fuel delivery against usage reports  

   a. Each delivery, a Fleet employee should review the fuel delivery amount against the latest usage report from AssetWorks/FuelFocus to ensure delivery amount is average and does not appear to be atypical from common usage.
Management Comments

CLA obtained management comments from the Town of Greenwich Fleet Department in response to the control findings and recommendations. The following comments were provided directly from the Fleet Department Director.

**Finding #1**: I concur with the finding – formal policy will be established.

**Finding #2**: I concur with the finding however, limited labor, time constraints, and workload limit review of higher priced items to quarterly review.

**Finding #3**: Fuel tank levels are manually checked and recorded on weekdays as well as daily fueling reports.
Fleet Department Controls Testing

As part of this audit, CLA tested the activities within Fleet Department operations for the fiscal year 2021 (and one additional month as available) -7/1/2020 through 7/31/2021. For each control, CLA assessed the control for effectiveness and provided an audit conclusion of “Satisfactory,” “Needs Improvement,” “Unsatisfactory,” “Inconclusive,” or “Not Applicable.”

<table>
<thead>
<tr>
<th>Conclusion Rating</th>
<th>Rating Calculation/Logic</th>
</tr>
</thead>
<tbody>
<tr>
<td>Satisfactory</td>
<td>85-100% of the samples selected for testing passed the test criteria with no exceptions</td>
</tr>
<tr>
<td>Needs Improvement</td>
<td>50% - 85% of the samples selected for testing passed the test criteria with exceptions</td>
</tr>
<tr>
<td>Unsatisfactory</td>
<td>50% - 85% of the samples selected for testing did not pass test criteria; exceptions were noted</td>
</tr>
<tr>
<td>Inconclusive</td>
<td>Audit test files and/or supporting documents were not available during testing; unable to conclude on testing results</td>
</tr>
<tr>
<td>Not Applicable</td>
<td>Testing was not applicable for the selected control</td>
</tr>
</tbody>
</table>

Summary test results are on the following pages. Tests include:

1. Inventory Controls
2. Outsourced Labor
3. Gas Usage and Reconciliation
4. Software Users and Administration
1. **Inventory Controls**

<table>
<thead>
<tr>
<th>#</th>
<th>Control Test</th>
<th>Results 2020-2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>IC.1</td>
<td>The Transaction Register Agrees to the Invoice</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>IC.2</td>
<td>The Transaction Register Agrees to the Purchase Order</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>IC.3</td>
<td>The Purchase Order is signed off on by the Director of Fleet Services</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>IC.4</td>
<td>The Purchase Order is signed off on by the Comptroller</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>IC.5</td>
<td>The Work Order agrees to the Invoice</td>
<td>Satisfactory</td>
</tr>
</tbody>
</table>
Summary findings
Based on an approximately Daily frequency of process, CLA selected a sample of 25 invoices to verify the accuracy and use of the parts received by the Fleet Department from NAPA for the 2020-2021 year. Of the 25 invoices selected, we noted the following:

a. During the period, there were three (3) instances where the work order did not agree to the invoice total. (IC.1)
   i. Of the three (3) instances, two (2) instances occurred where the work order incorrectly listed the price of a part.
      i. One (1) instance was due to a change in the invoice and resulted in a difference of $11.71 on the work order
      ii. One (1) instance was due to a part being listed incorrectly on the work order, resulting in a difference of $0.02 on the work order

b. During the period, there were 22 instances where the parts listed on the work order were not actually purchased on the same date for the invoices tested. The discrepancy is due to jobs occurring over several days and thus, across several work orders, resulting in the parts used being purchased off multiple days of invoices. For the 22 instances, CLA was able to reconcile the work orders to the invoices selected regardless of the discrepancies. (IC.2)
   i. Work orders can have multiple invoices attached to them
   ii. See NAPA work order diagram in the Appendix of this report

c. During the period, there were 24 instances of parts listed on the invoices that were not listed in the work orders. This discrepancy is due to certain parts or items being used across multiple jobs. For the 24 instances, CLA was able to reconcile the work orders to the invoices selected regardless of the discrepancies. (IC.3)
   i. Parts typically not used immediately upon purchase are parts kept in the inventory of the Fleet Department. These include wiper blades, deicer wash, washer fluid, penetrant and brakleen.
## 2. Outsourced Labor

<table>
<thead>
<tr>
<th>#</th>
<th>Control Test</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>OL.1</td>
<td>The Invoice amount agrees to the Purchase Order</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>OL.2</td>
<td>The Purchase Order is signed off on by the Director of Fleet Services</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>OL.3</td>
<td>The Purchase Order is signed off on by the Comptroller</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>OL.4</td>
<td>The Journal Voucher agrees to the Purchase Order</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>OL.5</td>
<td>The Journal Voucher is signed off on</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>OL.6</td>
<td>A sufficient number of quotes were received</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>OL.7</td>
<td>A W-9 is kept on file</td>
<td>Satisfactory</td>
</tr>
</tbody>
</table>
Summary findings
Greenwich Fleet Department typically outsources labor a few times a week; CLA selected a sample of 15 instances throughout the 2020-2021 year. Of the 15 instances, we noted the following:

a. 15 invoices were complete and accurate and agreed to the purchase orders, without exception. Each purchase order was signed off by the Director of Fleet Services or an appropriate party, and by the Comptroller. (OL.1-OL.3)

b. Five (5) invoices had an accompanying Journal Voucher that agreed to the purchase order and was signed off on by the appropriate party. (OL.4-OL.5)

c. Five (5) invoices received a sufficient number of quotes prior to the work being completed by the outside vendor. (OL.6)
   i. Of the five (5) invoices, three (3) were for police vehicles which are typically sent to one (1) specific vendor due to their quality of work and ability to repair these specialty vehicles.
   ii. Of the five (5) invoices, two (2) were for service on fire trucks, which are sent to one (1) specific vendor due to their quality of work and ability to repair these specialty vehicles.

d. 15 invoices associated vendors had a W-9 on file with the Town of Greenwich (OL.7)
3. Fuel Usage and Reconciliation

**Summary findings**
Greenwich Town employees use fuel multiple times each day; CLA inspected the usage across multiple reports and used Excel formulas to check for anomalies or suspicious patterns of activity. Over the July 2020 to July 2021 period, we noted the following:

- a. Gas usage by fuel tank is monitored for reasonableness and any extreme variances/spikes by the Greenwich Fleet Department. (FUR.1)
- b. Fuel keys are distributed to the appropriate personnel and tracked for inactivity or misplacement. (FUR.2)
- c. Fuel usage by Town employees was not found to have any suspicious or irregular patterns and is considered reasonable.

<table>
<thead>
<tr>
<th>#</th>
<th>Control Test</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>FUR.1</td>
<td>Gas Usage at each site is tracked and monitored for extreme variances via FuelFocus</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>FUR.2</td>
<td>Fuel Key distribution is tracked and monitored</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>FUR.3</td>
<td>Fuel Usage by Town Employees is Reasonable</td>
<td>Satisfactory</td>
</tr>
</tbody>
</table>
V. Town of Greenwich – Fleet Department Audit – Controls Testing

4. Software Users and Administration

<table>
<thead>
<tr>
<th>#</th>
<th>Control Test</th>
<th>Results 2020-2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUL.1</td>
<td>Users and Administrators of Assetworks appear Reasonable</td>
<td>Satisfactory</td>
</tr>
</tbody>
</table>

**Summary findings**

CLA reviewed the users in AssetWorks and FuelFocus. It was noted that the Administrators within FuelFocus are Jay Domesbeck, Fleet Director, Jeff Wash, Fleet Operations Assistant, Philip Boyer, Fleet Supervisor and Gerry Picone, Fleet Operations Manager. Other users include Christopher Selling, Eric Koslowski, Kevin Fiumefreddo, Kevin McMinn and Michael Hegar. They are listed in AssetWorks as Technicians. CLA deems the user listing and access granted to Fleet Department employees reasonable. (SUL.1)
VI. Town of Greenwich – Fleet Department Audit – Appendix

Interview List
As part of this audit, the following individuals were interviewed:

1. Jay Domeseck – Fleet Department Director

NAPA Work Order Process Flow

Greenwich Fleet Department
Work Order Process
Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.