



## CITY OF ATLANTA

City Auditor's Office  
Leslie Ward, City Auditor  
404.330.6452

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# Performance Audit:

## Fleet Services

### What We Found

Atlanta's large fleet inventory appears to drive its budget. Compared to nine other city and county governments that we surveyed, Atlanta's fleet size and budget were relatively high while the ratio of budget to vehicles was in the mid-range. Departments are responsible for the number and assignment of vehicles and equipment, so not all costs are under Fleet Services' control. However, Fleet Services' average hourly labor charge and markup on fuel were among the highest of the government operations we surveyed.

In fiscal year 2008, Fleet Services charged users about \$4 million (or 14%) more than its total expenditures for the year. Since charges are intended to cover operating costs plus overhead, total user charges should be about equal to Fleet Services' annual spending.

Fleet Services has adopted an industry benchmark of completing service for 70% of vehicles in one day, and 90% in three days. In fiscal year 2008, Fleet Service completed 18% of repairs within one day and 35% within three days. Fleet management told us that they measure turnaround time as the time it takes mechanics to complete a job. However this measurement fails to measure the full time the customer is without the vehicle, which is the industry standard.

Fleet Services is unable to assess its competitiveness due to lack of detailed job codes and data entry errors in its billing system. About 15% more mechanic hours were entered into Fleet Services' billing system than the mechanics were paid for by the city in fiscal year 2008. Some work orders also show hundreds of billed mechanic hours that are excessive for the value of the equipment being repaired. A pro bono study in 2004 conducted by United Parcel Service (UPS) also noted problems with incomplete and inaccurate data.

Lack of transparency in billing makes it difficult for users to verify service charges, monitor their budgets, and manage their fleets. Users do not receive a summary of work performed when they pick up equipment after servicing. Further, managers in Fleet Services' three most frequent user departments told us that they do not consistently receive monthly billing summaries from Fleet Services and do not have Service Level Agreements (SLA) with Fleet Services.

### Why We Did This Audit

We undertook this audit at the request of the Commissioner of Public Works to supplement his efforts to evaluate the city's fleet maintenance costs and competitiveness.

### What We Recommended

Our recommendations are intended to promote fiscal accountability and ensure that the Office of Fleet Services has systems in place to provide cost effective services to the departments. The Director of Fleet Services should:

- Enter into formal service level agreements with each department served.
- Set a standard labor charge for technicians' time that reflects the full cost of employment.
- Review markups for parts and fuel annually to ensure that they accurately reflect department overhead.
- Measure and report turnaround time consistently with the industry standard.
- Set up the billing system to capture detailed job codes so Fleet Services can evaluate its cost effectiveness compared to available industry benchmarks.
- Establish a quality control process to review work orders to ensure that data are accurate before closing; provide a copy of the completed work order with the vehicle when the customer picks it up.
- Enter into an agreement with DIT to maintain and support its data system to help ensure accurate billing.

For more information regarding this report, please contact Eric Palmer at 404.330.6455 or [epalmer@atlantaga.gov](mailto:epalmer@atlantaga.gov).