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# AUDITOR GENERAL

Halifax Regional Municipality

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## A Performance Review of Halifax Regional Fire & Emergency – Non-Emergency Fleet Vehicle Allocation Process<sup>©</sup>

**September 2014**

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## Preamble

Halifax Regional Fire & Emergency (HRFE) currently has a fleet of approximately 300 vehicles. The non-emergency vehicles (consisting of SUVs, passenger vehicles and light-duty trucks and vans) account for approximately 100 vehicles which are assigned to individuals, groups or stations. The remaining 200 vehicles are designated for emergency first response. For purposes of this project, the Office of the Auditor General (OAG) has defined emergency-first-response vehicles as specialized vehicles, such as ladders, tankers and command units, assigned to a specific station or geographic location.

This project reviews the allocation of the non-emergency fleet vehicles only.

Although HRFE ultimately sets the vehicle assignment, HRM Corporate Fleet & Equipment (CFE) (a division within Transportation and Public Works<sup>1</sup>) fulfills the functions of procurement, maintenance and summarization of utilization, for all of HRM's fleet vehicles.

### **Specific Business Functions:**

The specific business functions a non-emergency vehicle within HRFE may be allocated to, include, but are not limited to:

- cars allocated to HRFE Fire Prevention,
- light trucks allocated to logistics support,
- other vehicles may be used for snow plowing in the winter season and carrying brush or other firefighting equipment during other seasons.

In some cases, while vehicles may be primarily driven by one individual, these vehicles are specific to a business function, rather than allocated to the individual by virtue of their position.

### **Individual Positions:**

HRFE also has vehicles allocated to individuals based on the requirements of their position. During an initial stakeholder meeting with the Deputy Chief of Operational Support (HRFE) it was

<sup>1</sup> At the time of writing Corporate Fleet & Equipment was a division within TPW. A re-alignment October 6, 2014, has CFE now a division of Operations Support.

identified several senior, middle management and supervisory positions are allocated HRFE fleet vehicles.

## Objectives

The objectives of this review were to provide commentary with respect to the consistency and appropriateness of Halifax Regional Fire and Emergency (HRFE) non-emergency fleet vehicle allocations ensuring effective and economic use of HRM resources and identify areas for improvement. The lines of enquiry used included the following:

- 1.0 Are processes in place to ensure HRFE non-emergency fleet vehicles are being allocated effectively (i.e. an effective outcome would be appropriate and consistent allocation of fleet vehicles through the use of policies, procedures and guidelines which are tied to defined outcomes).
  - 1.1 Do the current HRM organization design, roles and responsibilities and overarching governance structure support the HRFE non-emergency fleet vehicle allocation program.
  - 1.2 What outcomes, if described, would allow the OAG to assess effectiveness of the vehicle allocation program.
  - 1.3 What policies, procedures and/or guidelines are used to allocate HRFE non-emergency fleet vehicles.
  - 1.4 Is a complete accurate and detailed inventory of HRFE non-emergency fleet vehicles maintained.
  - 1.5 How are current vehicle allocations evaluated by HRFE to substantiate on-going fleet vehicle requirements (allocations) or identify possible reassignments. What processes does HRFE use to determine if current fleet allocations are both consistent and appropriate.
- 2.0 What reporting is available to HRFE managers regarding utilization of allocated fleet vehicles
  - 2.1 What reporting is available and used by HRFE management in the allocation of non-emergency fleet vehicles.
  - 2.2 How are HRFE non-emergency fleet vehicles utilized. What analysis is performed.

## Scope

In order to determine the consistency of HRFE non-emergency fleet allocations and to identify if patterns of fleet allocations exist, the OAG reviewed the inventory of non-emergency fleet vehicles over the period of 2012/13 to 2013/14.

### Items Out-of-Scope:

Compliance to Basic Operating Policies – compliance of use of fleet vehicles to HRM Fleet Guidelines (i.e. operation of an HRM vehicle requires a valid driver's licence, safe operation in compliance with the Motor Vehicle Act, walk-around inspections of the vehicle prior to use).

Allocation of Emergency Vehicles – review of HRFE emergency first response vehicles and their allocation by individual or geographic location.

Procurement, replacement and maintenance of non-emergency HRFE vehicles.

## Methodology

This review included interviews with the Deputy Chief of Operational Support in HRFE as well as the Superintendent Emergency Fleet, Corporate Fleet and Equipment to help gain an understanding of the HRFE non-emergency fleet, including:

- current and past HRFE fleet inventories,
- current and past fleet allocations, as well as
- processes, guidelines and policies outlining controls to monitor and maintain accurate, up-to-date information.

This information allowed the OAG to review the allocation of non-emergency fleet vehicles across the business unit and provide commentary with regards to the appropriateness (right vehicle – right job) and consistency of allocation, both by purpose and positional requirements. In addition, the OAG requested copies of all applicable policies governing the allocation of non-emergency HRFE fleet vehicles. Unfortunately, there is a significant lack of applicable formal policies and as a result, the OAG reviewed job descriptions to help understand the basis of fleet allocation within HRFE as well as understand the current informal practice of non-

emergency fleet vehicle allocations.

The review of HRFE non-emergency fleet vehicles included a data analysis component, which focused on:

- determining the inventory and allocation of non-emergency fleet vehicles through discussions with the Deputy Chief of Operational Support and review of SAP reports and
- reviewing current vehicle logs and testing for compliance to policy (for recording of vehicle use) and to ensure appropriate information is being captured and documented.

## Executive Summary

In order to properly plan all projects the OAG initially completes an environmental scan of the proposed project with a view to understanding what sections of the OAG Value for Money Evaluation Flowchart can be completed.

To provide commentary around the value for money actually achieved by management, the OAG creates lines of enquiry related to the three program components (Policy, Management, Outcomes). Should insufficient information be available to allow the OAG to review any or all of the components, the extent to which management has demonstrated value for money and the extent to which the OAG can evaluate the level of value for money achieved, is limited.

It is important to remember, the first management function needed is a business case for the expenditure which has as its basis, how the expenditure is of direct benefit to the taxpayer.

In considering this project the OAG anticipated reviewing all components of the Halifax Regional Fire and Emergency (HRFE) non-emergency fleet vehicle allocation program. Unfortunately, the initial environmental scan suggested to the OAG, there was little in the way of accepted policy documents available and virtually no described outcomes to support the program in place.

With this in mind, the project became one of understanding the non-emergency fleet vehicle expenditures being incurred by HRM, with the goal of providing recommendations to assist management in developing a program with clearly described policies, management functions and measurable outcomes.

The report will begin by describing what HRFE considers non-emergency vehicles to be followed by a description of the confusion which exists regarding the limited policies and conflicting practices which do exist. The remainder of the commentary resulting from the conclusions reached from the lines of enquiry will focus on how value for money can be achieved.

For this report the OAG defined non-emergency fleet vehicles as SUVs, passenger cars and light-duty trucks and vans. The remainder of the fleet (the emergency fleet vehicles) are defined as first-response vehicles or specialized vehicles, such as engines, ladders, tankers and command units, assigned to specific stations or geographic locations.

HRFE's fleet inventory, in May 2014, listed 301 fleet vehicles. Applying the OAG definition for non-emergency fleet vehicles to the overall inventory, 100 vehicles fit the definition. Of the 100 vehicles in the defined non-emergency fleet, 51 of those are assigned to stations throughout the municipality and are used as shared vehicles for a variety of support roles for HRFE. The remaining 49 vehicles have been allocated to individuals or positions as follows:

- within the Administration group, a limited number of senior officers and staff (eight) are allocated vehicles and
- within the Fire Prevention, Training and Logistics divisions most staff (89%) are allocated vehicles individually.

The OAG has concluded, HRFE does not have a fleet allocation policy or guideline to aid in the initial allocation of vehicles or the on-going review of non-emergency fleet vehicle utilization.

Additionally, the OAG was surprised the inventory for these valuable assets was not up-to-date and reflective of current allocations.

The OAG believes in order to achieve effectiveness with vehicle allocations HRFE must collect and analyse utilization data to determine effectiveness and ultimately economies.

As noted earlier, the report will provide recommendations primarily related to the quality and quantity of data which is available in an effort to assist management with developing a more economical and efficient program which uses HRM assets to provide outputs in support of overall business unit services. The recommendations are designed to better convert the outputs to outcomes and hence enable management to demonstrate how greater value for money is being achieved.



With the above as report objectives, the report will provide commentary around various issues including:

- lack of governing policies and procedures,
- lack of adherence to the few policies, procedures and directives which do exist,
- the limited number of vehicles usage which is monitored,
- the limited usage data available. Daily logs are either not prepared or do not appear accurate,
- the personal use component,
- underutilized (low mileage) vehicles remaining in service,
- non-emergency fleet vehicles previously required to report usage are excused from this requirement after the vehicle has been outfitted with lights, siren, decals and a radio,
- HRFE is an end user of HRM fleet vehicles with costs budgeted for and expensed by Transportation and Public Works and
- significant responsibility and accountability issues.

The OAG believes neither HRFE nor CFE independently have the necessary tools to allocate and manage HRFE non-emergency fleet vehicles; however, together with operational knowledge and fleet governance applied in accordance with the HRM Fleet Guidelines, and the recommendations contained within this report, an effective, efficient and economical fleet program could be possible.

## Summary of Recommendations

- 1.1.1 The OAG recommends HRFE develop clearly defined usage outcomes for all HRFE non-emergency fleet vehicles to support program objectives and demonstrate effective use of inputs.
- Clearly defined outcomes would provide guidance around allocations, by division and location, with consideration for effectiveness and economies, ultimately demonstrating how value for money is achieved. (Page 16)
- 1.1.2 The OAG recommends HRFE develop a formal policy detailing and supporting the requirement for installation of lights, siren, decals and a radio in HRFE non-emergency fleet vehicles. (Page 16)
- 1.1.3 The OAG recommends HRFE develop, with CFE, a vehicle monitoring and reporting system to provide HRFE with relevant utilization and allocation data to support the defined outcomes established in Recommendation 1.1.1. (Page 16)
- 1.2.1 The OAG recommends HRFE develop and document a policy and application processes in support of the defined outcomes as recommended in 1.1.1. Included in the policy should be an emphasis on the allocation of non-emergency fleet vehicles based upon job-specific requirements to ensure appropriate vehicles are allocated for appropriate tasks.
- A documented program with policies in place and intended outcomes defined, would also allow for the establishment of criteria against which the program could be assessed. (Page 17)
- 1.2.2 In conjunction with Recommendation 1.2.1, the OAG recommends the Superintendent EFS and the Deputy Chief, Operational Support HRFE should have joint ownership of development and implementation of the proposed policies. (Page 17)

- 1.3.1 The OAG recommends HRM Administration review the current non-emergency fleet allocation program objectives and more clearly define roles between HRFE and CFE so greater accountability for costs and hence greater value for money can be achieved. (Page 19)
- 2.0.1 The OAG recommends HRFE consider expanding tracking and monitoring requirements to include vehicles equipped with lights, siren, decals and a radio if the vehicles have primarily a non-emergency response purpose and use. (Page 29)
- 2.0.2 The OAG recommends HRFE stop the business practice of allowing the use of HRFE non-emergency fleet vehicles, other than those allocated to individuals on call 24x7, for commuting to and from the workplace until such time HRFE defines the business purpose and establishes policies governing the use of HRFE vehicles for personal commuting. (Page 29)
- 2.0.3 The OAG recommends CFE provide all non-emergency fleet vehicle costs to HRFE enabling HRFE to know the costs associated with each vehicle in the allocated fleet and to have the information readily available for management of personal benefits. This should be done on a fully-costed basis including such items as depreciation and implied cost of capital. (Page 29)
- 2.0.4 In conjunction with Recommendation 3.0.1, the OAG recommends HRFE review current HRFE non-emergency fleet vehicle allocations to determine, on an individual basis, if the most economical means of vehicle allocation/ reimbursement is being explored. Options may include pooled vehicles, mileage reimbursement or car allowances. (Page 29)

- 3.0.1 The OAG recommends HRFE implement a complete inventory, to be maintained within SAP, of all HRFE non-emergency fleet vehicles. This inventory should be monitored and updated by one individual to enhance data control and should utilize the full reporting functionality (which is significant) of the system (i.e. odometer readings, MacPass, aftermarket equipment installed, workplace/individual assignment, after-hours vehicle location). (Page 31)
- 3.0.2 The OAG recommends HRFE perform an annual review of non-emergency fleet vehicle allocations to ensure the information is current, accurate and satisfies current business-unit requirements. (Page 31)
- 4.0.1 The OAG recommends HRM Administration require all HRFE non-emergency fleet vehicles be monitored under the HRM Fleet Guidelines and require daily mileage logs be maintained and submitted.

Daily vehicle logs should be fully completed logs as outlined within HRM Fleet Guidelines, recording all daily trips with locations and mileage. The logs should identify travel related to HRFE operations separate from travel to and from the workplace.

HRM Administration may want to consider a technology-based solution, such as Automatic Vehicle Location (AVL), to assist with monitoring and the collection of vehicle records. In the interim, HRM Administration should consider leveraging existing AVL technologies currently utilized within other HRM business units. (Page 35)

- 4.0.2 Following the implementation of Recommendation 4.0.1, the OAG recommends HRFE and CFE ensure, as a minimum, the following reporting is available for vehicle allocation decisions:
- daily work mileage,
  - daily commute mileage,
  - year to date mileage,
  - number of days vehicle is in use,
  - vehicle maintenance / running costs and
  - current assignment (division, individual etc.). (Page 35)
- 4.0.3 The OAG recommends HRFE in collaboration with CFE, review at six-month intervals, the non-emergency fleet vehicle allocations ensuring utilizations and allocations are in keeping with established business practices and HRM Fleet Guidelines. (Page 35)
- 4.0.4 The OAG recommends HRFE make appropriate adjustments to non-emergency fleet vehicle reporting to identify trends related to vehicle utilization and use this reporting for allocation decisions. The OAG would suggest HRFE monitor, at a minimum, items such as:
- consistent over-utilized vehicles,
  - consistent under-utilized vehicles and
  - daily utilization (hours available) for pooling of vehicles. (Page 36)
- 4.0.5 The OAG recommends HRFE develop written guidelines to formalize the initiatives of vehicle rotation and vehicle 'right fitting', based on improved data collection and reporting. (Page 36)

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## **Detailed Findings and Recommendations**

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## 1.0 Definition of Non-Emergency Fleet Vehicles and Focus of Project

Non-emergency fleet vehicles, following the Halifax Regional Municipality (HRM) definition, are defined as SUVs, passenger vehicles and light-duty trucks and vans without emergency lights. The Office of the Auditor General (OAG), for purposes of this report, refined the definition of non-emergency fleet vehicles to include Halifax Regional Fire and Emergency (HRFE) fleet vehicles equipped with lights, siren, a radio and decals but whose primary operating purpose is to engage in non-emergency activities such as attending training, station visits and meetings.

During the OAG's initial discussions with HRFE, Corporate Fleet & Equipment (Transportation & Public Works) (CFE) and Emergency Fleet Services (Transportation & Public Works) (EFS), key points were discussed to gain an overall understanding of the current allocation of non-emergency fleet vehicles. The OAG focused discussions around:

- the defined (expected) outcomes of the HRFE fleet allocation program,
- determining the allocation of vehicles,
- preparation and ongoing update of records to support the current non-emergency fleet inventory within HRFE,
- monitoring of vehicle mileage and utilization and
- determination of the need for non-emergency fleet vehicles.

## 1.1 Intended Outcomes of the Non-Emergency Fleet Vehicle Allocation Program

The OAG questions the business purpose the current model serves in terms of achieving value for money, specifically in terms of effectiveness and economies. This overall comment is made as the OAG was not able to obtain any specific documentation outlining the intended outcomes of the program.

Currently, vehicle usage is compiled and maintained at CFE based on monthly summary reports provided by HRFE management. Vehicles utilized below the anticipated annual kilometres are reported in a low usage report and submitted to the business unit. Exhibit 1 below, summarizes, by vehicle type, the minimum expected annual usage (in kilometres) to support the need for the

vehicle.

**Exhibit 1 - Mileage Thresholds, by Vehicle Type**

Vehicle Type	Mileage Threshold (km)
Car	11,000
Truck/Van	17,000
SUV	20,000

In discussions with CFE, the OAG determined approximately 40 of the 100 identified non-emergency vehicles are monitored under the Light Vehicle Tracking (L.V.T) report. When asked why a limited number of vehicles are monitored under this report, the OAG was advised vehicles equipped with lights, siren, decals and a radio, or vehicles which are assigned to a specific location (i.e. fire station) are not required to report vehicle usage.

The OAG questions how HRFE can effectively manage current non-emergency fleet allocations and efficiently monitor and manage fleet vehicles moved throughout the various divisions of HRFE without complete supporting data or documentation.

**Recommendations:**

- 1.1.1 The OAG recommends HRFE develop clearly defined usage outcomes for all HRFE non-emergency fleet vehicles to support program objectives and demonstrate effective use of inputs.

Clearly defined outcomes would provide guidance around allocations, by division and location, with consideration for effectiveness and economies, ultimately demonstrating how value for money is achieved.

- 1.1.2 The OAG recommends HRFE develop a formal policy detailing and supporting the requirement for installation of lights, siren, decals and a radio in HRFE non-emergency fleet vehicles.

- 1.1.3 The OAG recommends HRFE develop, with CFE, a vehicle monitoring and reporting system to provide HRFE with relevant utilization and allocation data to support the defined outcomes established in Recommendation 1.1.1.



## 1.2 Policies, Procedures and Guidelines for the Allocation of Non-Emergency Fleet Vehicles

In reviewing information provided by HRFE, CFE and EFS (a division of CFE), the OAG determined only operational policies<sup>2</sup> were in place.

There are no formal policies, procedures or guidelines with respect to the allocation of non-emergency fleet vehicles to individuals or fire stations.

The OAG was verbally advised, HRFE non-emergency vehicle allocations are based on job-specific needs (i.e. right vehicle for the job) however, in the absence of a documented policy or supporting evidence the OAG was unable to test and confirm this statement.

This is concerning to the OAG as it does not appear strong emphasis is placed on appropriate allocation of non-emergency fleet vehicles.

In the absence of a policy or controls defining and governing appropriate allocations and physical safe guarding of assets, inappropriate usage or over/underutilization have a stronger likelihood of occurring. This concept will be explored in greater detail later in the report.

### Recommendations:

- 1.2.1 The OAG recommends HRFE develop and document a policy and application processes in support of the defined outcomes as recommended in 1.1.1. Included in the policy should be an emphasis on the allocation of non-emergency fleet vehicles based upon job-specific requirements to ensure appropriate vehicles are allocated for appropriate tasks.

A documented program with policies in place and intended outcomes defined, would also allow for the establishment of criteria against which the program could be assessed.

- 1.2.2 In conjunction with Recommendation 1.2.1, the OAG recommends the Superintendent EFS and the Deputy Chief, Operational Support HRFE should have joint ownership of development and implementation of the proposed policies.

<sup>2</sup> HRFE operational policies provide guidance in areas including vehicle safety, responding to accidents, wearing of seatbelts, out of province travel with HRFE vehicles and vehicle inspections.

### 1.3 Role Clarity and Accountabilities

In conversations with HRFE, CFE and EFS, the OAG identified possible issues with respect to roles and responsibilities between CFE and HRFE for the overall 'management' of non-emergency fleet vehicles. The OAG identified several recurring issues during initial project discussions, including:

- need for clarity with regard to 'ownership' of the HRFE inventory,
- need for clarity around authority over individual non-emergency fleet vehicle allocations and
- clarity around responsibility for overall fleet management decisions.

HRFE has a separate capital reserve for the purpose of acquiring new fleet vehicles, theoretically based on business needs. For new acquisitions, a joint business case is produced by HRFE and EFS for inclusion in the budget process. All operational expenditures, including maintenance and fuel costs are the responsibility of CFE.

In reviewing the current roles and responsibilities with respect to HRFE non-emergency fleet vehicles,

there does not appear to be a specific business unit responsible for minimizing the costs of vehicle operations. For example, operational costs are allocated to CFE (who do not use the vehicles in their operations).

Despite CFE's significant responsibility to maintain and manage current non-emergency fleet vehicles, it does not appear CFE has authority to make strategic decisions around vehicle allocations (i.e. low usage) such as when vehicles should be reallocated to other areas of the business unit (i.e. other divisions), other business units or removed from service.

The OAG questions why the theoretical asset owners of the HRFE non-emergency fleet vehicles have limited decision-making authority or responsibility in terms of appropriately managing non-emergency fleet allocations and utilizations.

**Recommendation:**

- 1.3.1 The OAG recommends HRM Administration review the current non-emergency fleet allocation program objectives and more clearly define roles between HRFE and CFE so greater accountability for costs and hence greater value for money can be achieved.

## 2.0 Determination of the Needs for Non-Emergency Fleet Vehicles – Utilization

As briefly discussed earlier, HRFE does not prepare detailed mileage records for non-emergency fleet vehicles and only captures total monthly mileage for a limited number of vehicles.

Limited utilization data is collected through HRFE administrative staff and forwarded to CFE for inclusion in monthly reporting. This data collection is requested via e-mail however the amounts reported lack verification, supervisory approval or support by properly maintained vehicle log books.

This summary level monthly reporting is of concern to the OAG as it does not support the daily utilization of vehicles, or contain supervisor approval.

Overall this represents a lack of proper internal controls. Therefore, vehicle allocations are not based on accurate data or full reporting but rather HRFE management's judgement.

### Daily Vehicle Logs Not Maintained

The OAG determined detailed daily mileage logs were not maintained by HRFE staff for allocated vehicles. Without detailed data, the OAG was unable to confirm the reported operational mileage driven for each vehicle.

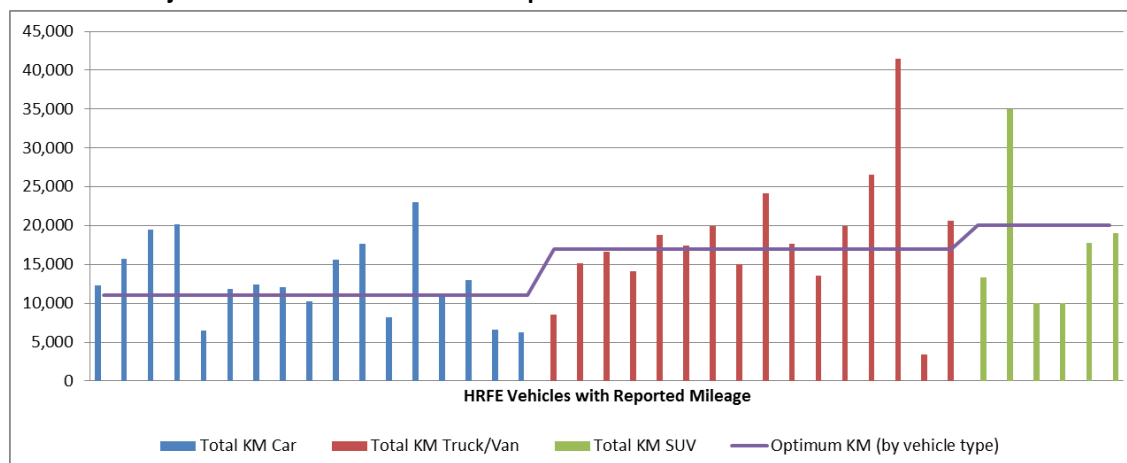
It is the view of the OAG by having detailed daily logs maintained and reviewed and mileage appropriately reported, the level of usage could be both understood and used for allocation / re-allocation decisions of non-emergency fleet vehicles.

### Vehicle Utilization – By Class of Vehicle

Monthly mileage usage for March – May 2014 was projected to obtain some indication of the possible annualized amount for each vehicle (reporting mileage) in the HRFE non-emergency fleet. These possible annualized mileages were then compared to established thresholds for vehicle classes (optimum kilometres per year), as shown in Exhibit 1.

Exhibit 2 below details HRFE projected annualized vehicle usage, where summary mileage is available, with the annual kilometre thresholds (for each vehicle class) shown as the purple line.

**Exhibit 2 – Projected Annual Kilometres with Optimum Threshold\***



\*Based on extrapolated data March – May 2014. The OAG realizes the possible limitations of the data used, but is presenting the data for illustrative purposes.

The exhibit shows 18 (or 46%) of the vehicles, where any monthly mileage data was tracked, are anticipated not to meet the minimum kilometres set out in the HRM Fleet Usage Guidelines by the vehicle type (i.e. car, SUV or Truck/Van). With data available for only 39 of the 100 non-emergency fleet vehicles, the number of vehicles not meeting the threshold is likely higher.

The OAG would have expected HRFE and CFE to be working together to better understand the continued need for these likely under-utilized vehicles and explore other possibilities for fulfilling the business requirement; yet the OAG could see no evidence of this happening.

#### **HRFE Vehicles Used for Commuting to Work**

The OAG was verbally advised it was previously felt by some, within the corporate fleet as much as 60-80% of fleet usage was attributed to commuting to and from the work place; as a result policies were established to provide guiding principles for appropriate usage. For example, in Municipal Operations (TPW) the OAG was advised many corporate vehicles were removed and employees are now reimbursed, based on the HRM Employment Expense Reimbursement Policy, for the use of their personal vehicles.

During discussions with HRFE and CFE staff, the OAG was advised while some HRFE staff are required to be on call and are allowed to take vehicles home overnight,

others not necessarily on call, are permitted to take HRFE vehicles from their work location to the HRFE station closest to their place of residence.

The OAG determined while this is common practice within HRFE, the business purpose or case supporting this decision is not clear. Using mileage data provided by CFE and after-hours vehicle locations provided by HRFE, the OAG performed a high level estimate of mileage specific to HRFE business.

It is the opinion of the OAG, under the current business practice, there remains a possibility of non-operational usage of non-emergency fleet vehicles.

Also, with travel related to non-HRM business (commuting), there are likely increased liabilities to the Municipality.

Through interviews with CFE, the OAG was advised, staff currently believe as much as 40% of (some) HRFE non-emergency fleet vehicles on-going maintenance and fuel costs are attributed to travel to and from the work place to home or to HRFE stations near staff homes. (i.e. staff drive a HRFE non-emergency fleet vehicle from a station near their home to their regular work location and return).

Exhibit 3 summarizes HRFE's non-emergency fleet vehicles' work locations and the overnight locations based on details provided by HRFE.

**Exhibit 3 - HRFE Vehicle Allocations by Workplace and Overnight Locations**

	HRFE Work Locations					
	1 Metropolitan Ave (Sackville)	196 Waverly Road (Dartmouth)	40 Alderney Drive (Dartmouth)	43 Borden Avenue (Dartmouth)	7 Mellor Avenue (Dartmouth)	Daily Trips/ km
Home	1 / 61 km	-	5 / 174 km	-	-	6 / 235 km
Station 10 1156 Sackville Dr (Sackville)	2 / 14 km	-	1 / 39 km	1 / 30 km	2 / 67 km	6 / 150 km
Station 11 479 Patton Rd (Sackville)	1 / 20 km	-	-	-	-	1 / 20 km
Station 14 1 Second St. (Dartmouth)	-	-	-	-	1 / 13 km	1 / 13 km
Station 16 1807 Caldwell Rd (Eastern Passage)	1 / 60 km	-	1 / 23 km	-	1 / 36 km	3 / 118 km
Station 17 1150 Cole Harbour Rd (Cole Harbour)	3 / 143 km	-	-	-	6 / 143 km	9 / 286 km
Station 18 690 Highway #7 (Cole Harbour)	-	-	-	1 / 28 km	-	1 / 28 km
Station 24 32 Riverside Ave (Musquodoboit Harbour)	-	-	-	3 / 277 km	-	3 / 277 km
Station 3 5663 West St (Halifax)	-	1 / 14 km	-	-	2 / 38 km	3 / 52 km
Station 40 36 Logan Rd (Dutch Settlement)	-	-	-	-	1 / 87 km	1 / 87 km
Station 45 1359 Fall River Rd (Fall River)	1 / 22 km	-	-	1 / 35 km	-	2 / 57 km
Station 54 3610 Prospect Rd (Shad Bay)	-	-	-	-	1 / 64 km	1 / 64 km
Station 60 40 Latter Pond Lane (Herring Cove)	1 / 63 km	-	-	-	-	1 / 63 km
Station 62 1070 Old Sambro Rd (Harrietsfield)	1 / 60 km	-	-	-	-	1 / 60 km
Total Daily Trips / km	11 / 444 km	1 / 14 km	7 / 236 km	6 / 370 km	14 / 448 km	39 / 1512 km

Vehicle Count(#) / Total KM for roundtrip-commute (total daily kilometres)

Travel (km) is from overnight parking location to work locations and return.

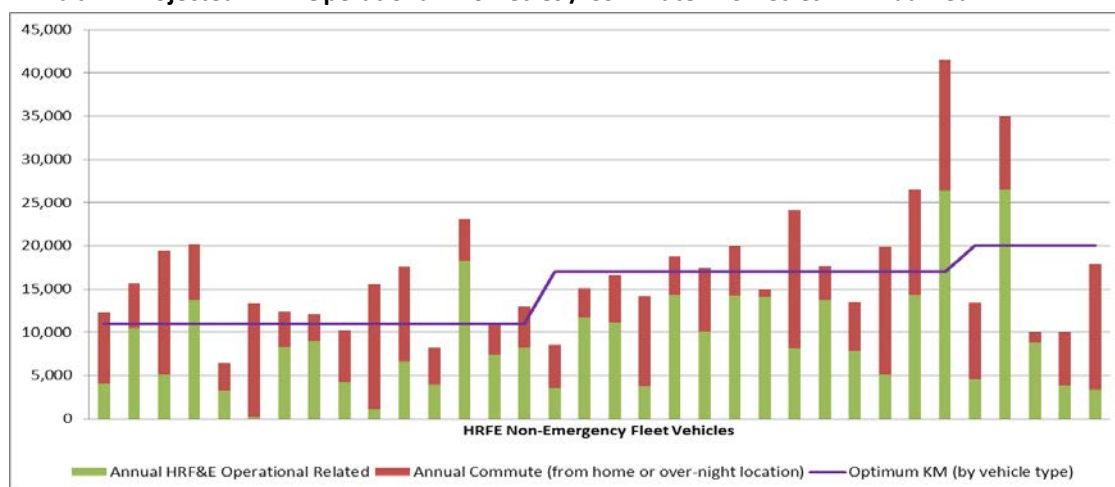
The Fire Prevention division, located on Mellor Ave, has six vehicles driven to and from Station 17 (Cole Harbour) daily, each round-trip nearly 24 km. The Logistics Division (43 Borden Ave.) has three vehicles each travelling greater than 90 km daily commuting to Burnside from Station 24 (Musquodoboit Harbour).

As identified previously in this report, detailed daily utilization records are not kept for HRFE non-emergency vehicles. With detailed daily records not available, the OAG used total kilometres driven (from monthly summary data) – and subtracted the distances from the work place to the overnight parking locations to estimate the usage directly attributed to HRFE operations versus travel to and from the workplace.

Based on the work locations and the overnight locations provided by HRFE, the OAG estimates (for 39 vehicles recording monthly mileage) on average 58% of the kilometres driven relate to operations while 42% of the kilometres could be attributed to travel from the overnight parking locations to the primary work locations.

Of these 39, 34 are allowed to be taken to alternate work locations or home. The limited utilization data available to the OAG suggested 14 of the 34 vehicles taken from the primary work location to an alternate non-work location for overnight parking had more than 50% of the total kilometres driven related to commuting. Exhibit 4 shows vehicles allocated to individual HRFE staff with a breakdown of kilometres driven related to operations and daily commuting (only includes vehicles where data was available).

**Exhibit 4 – Projected HRFE Operational Kilometres / Commute Kilometres – Annualized\***



\*Based on extrapolated data March – May 2014. The OAG realizes the possible limitations of the data used, but is presenting the data for illustrative purposes.

Using maintenance and fuel records supplied by CFE, the OAG applied the percentage of the kilometres related to commuting to vehicle costs.



The estimated increased annual cost (for fuel and maintenance) to HRM (CFE) in 2013/14 for HRFE management and staff commuting to and from work is conservatively estimated to be approximately \$70,000. This cost does not take into consideration the cost of capital, vehicle depreciation or other possible costs such as increased insurance.

As the OAG has suggested through other reports, the materiality of this figure must be taken in context.

Taxpayers are concerned with whether tax dollars are being managed properly and if the Municipality is receiving value for money. The OAG's role is to report on whether this is happening regardless of the financial statement materiality of the amount or program.

When HRFE management was asked for the support for the business practice of taking vehicles to alternate locations, the OAG was advised at times, individuals might leave their residence and/or overnight parking locations to travel directly to appointments or alternate work sites. However, without detailed daily vehicle logs this statement cannot be verified or the practice supported.

The OAG must question the business purpose of this HRFE practice as it does not appear to satisfy what the OAG would expect outcomes of a non-emergency fleet allocation program to be, and as a result, management has failed to demonstrate how value for money is being achieved.

Management believes a vehicle with HRFE markings, lights and siren would be "less likely to be abused for personal use" and therefore the majority of use would be specific to work requirements. While this statement may be valid, the OAG is aware of HRFE vehicles equipped with emergency lighting, other than roof top light bars as well as vehicles with minimal HRFE markings. Once again, with a lack of daily vehicle logs, the OAG cannot verify if the kilometres driven outside of the daily commute to and from work are all operational in nature.

Commuting to and from the workplace in HRFE allocated vehicles, could be considered a benefit provided to some staff and not others.

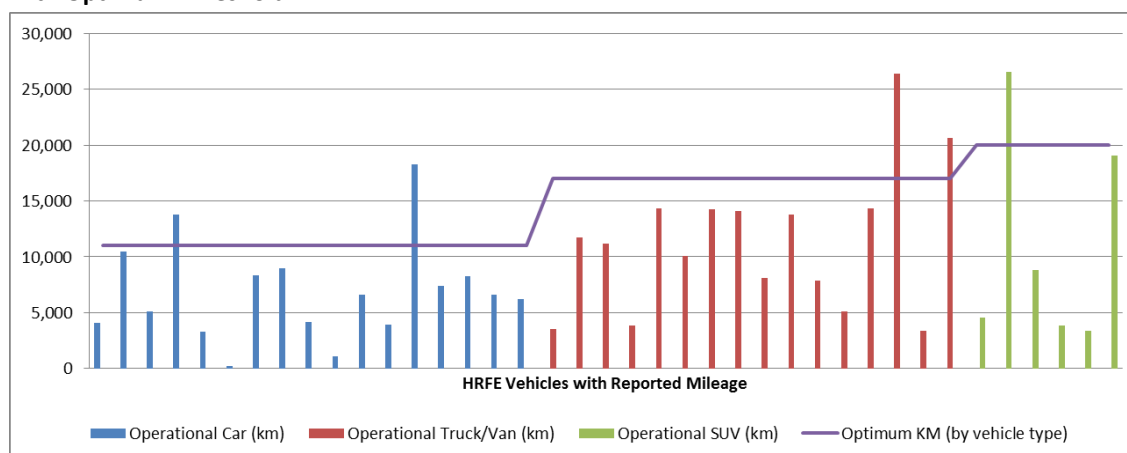
The OAG is not necessarily suggesting HRFE does not require the vehicles it has allocated.

The OAG is suggesting, using even the basic utilization records currently available, data driven allocation analysis could lead to a more efficient and economical allocation of non-emergency fleet vehicles.

### Under-Utilization of HRFE Non-emergency Fleet for Operations

Revisiting the projected data presented in Exhibit 2, outlining the annual kilometres driven within each vehicle type, Exhibit 5 estimates mileage directly attributed to operations, removing the accumulated kilometres related to commuting.

**Exhibit 5 – Projected Annual Kilometres (Operational Only – without Commute Travel) with Optimum Threshold\***



\*Based on extrapolated data March – May 2014. The OAG realizes the possible limitations of the data used, but is presenting the data for illustrative purposes.

With estimated kilometres attributed to daily commuting from staff homes or local HRFE stations to primary work locations removed from the available sample, only five vehicles would meet the thresholds established in the HRM Fleet Guidelines by vehicle type.

The operational kilometres driven by monitored HRFE vehicles would suggest to the OAG both right-sizing the fleet, with fewer vehicles, and right-fitting the fleet with vehicles better suited to the overall distances driven are necessary.

The OAG has no reason to believe the non-monitored vehicles would be any different.

The HRM Fleet Guidelines state any vehicle driven less than the annual threshold of 'optimum kilometres' will be recalled to central fleet.

When questioned about this practice, CFE staff indicated no HRFE vehicles had been recalled due to low usage.

The current model applied to HRM fleet vehicles has costs centralized to CFE; however limited control of how vehicles are utilized, allocated or recalled is available to CFE.

With HRFE not having budgetary responsibility for vehicle operational costs (i.e. fuel and maintenance) the incentive to allocate and utilize the fleet efficiently is greatly reduced.

Also CFE, with budgetary responsibility for maintaining and operating HRFE fleet, has not exercised its overall fleet responsibilities in recalling under-utilized vehicles or controlling costs by requiring HRFE to track all trips to improve operational efficiencies.

### **Alternatives to Individually Allocated Vehicles**

The OAG also analysed vehicle utilization for like positions within HRFE divisions. Realizing individuals with the same position may have slightly different job requirements or geographic territory, the OAG did expect to see minor variations in vehicle usage across similar positions, once adjusted for commuting to and from work. Within the Prevention division<sup>3</sup>, it appears three vehicles (out of 15) are consistently utilized less than 50% of the average for the group; within Training, two vehicles (out of 11) are also used less than 50% of the average. Low-use vehicles, within the same office, would indicate to the OAG a likely over allocation of resources.

It would also appear, HRFE is not using or exploring available options as set out in the HRM Fleet Guidelines, Section 1.4 such as:

- use of a departmental pool,
- use of a fleet pool or
- use of employee vehicles, with mileage reimbursement.

Exhibit 6 below provides an overview of three HRFE divisions where multiple vehicles are currently allocated. These divisions have a near 1:1 staff to vehicle allocation. Vehicles allocated to both the Training and Fire Prevention divisions continue to have mileage

<sup>3</sup> Fire Prevention Officers and Training Officers are each allocated a vehicle.

tracked, however vehicles allocated to Logistics are no longer required to be tracked as lights, siren, decals and a radio have been installed.

**Exhibit 6 – Vehicle Allocations – HRFE Divisions (March – May 2014)\***

	Training	Prevention	Logistics*
<b>Staff Complement (non-management)</b>	11	17	7
<b>Allocated Vehicles (non-management)</b>	11	15	5
<b>Average KM Driven (including commute)</b>	3,479 km	3,405 km	5,956 km
<b>Average KM Driven (operational)</b>	1,680 km	2,081 km	3,374 km
<b>% Operational KM to Commuting KM</b>	48%	61%	57%
<b>Lowest (Vehicle) Operational km Driven (3 months)</b>	266 km**	826 km	1,283 km
<b>Highest (Vehicle) Operational km Driven (3 months)</b>	3,578 km	4,575 km	6,593 km
<b># Vehicles Below Optimum KM (projected annualized - with commute)</b>	6	6	1
<b># Vehicles Below Optimum KM (projected annualized - operational only)</b>	11	13	4

\*For comparisons Logistics data is included from 2013 (February – April) as it is no longer required to be tracked. The OAG realizes the possible limitations of the data used, but is presenting the data for illustrative purposes.

\*\*Low operational KM for Training used second lowest vehicle because of data anomalies.

The OAG is not in a position to suggest the correct number of vehicles for the needs of HRFE;

however given the limited data available and reporting used by HRFE, the OAG does not believe HRFE is utilizing the fleet in an efficient or economical manner.

Should vehicles remain allocated to individuals rather than using a pooled approach, the operational availability of non-emergency fleet vehicles while parked at residences or alternate locations during periods of employee absence from work further restricts utilization and the efficient, effective and economical approach to running a fleet.

HRFE advised the OAG they are currently working on a 'master plan' which would see a greater number of both emergency-first-response vehicles and non-emergency fleet vehicles moved throughout the various divisions of HRFE. The intent of this 'master plan' is to balance usage across current fleet vehicles and extend useful life by spreading out utilization across the entire fleet. The OAG is pleased with the direction HRFE is taking but questions why a formal policy or process has not been drafted which outlines appropriate measures to be taken to ensure fleet allocation and utilization is maximized in terms of efficiencies and economies.

The OAG also questions how HRFE can accurately implement a process to move current non-emergency fleet vehicles through the various divisions if complete utilization data is not being captured.

**Recommendations:**

- 2.0.1 The OAG recommends HRFE consider expanding tracking and monitoring requirements to include vehicles equipped with lights, siren, decals and a radio if the vehicles have primarily a non-emergency response purpose and use.
- 2.0.2 The OAG recommends HRFE stop the business practice of allowing the use of HRFE non-emergency fleet vehicles, other than those allocated to individuals on call 24x7, for commuting to and from the workplace until such time HRFE defines the business purpose and establishes policies governing the use of HRFE vehicles for personal commuting.
- 2.0.3 The OAG recommends CFE provide all non-emergency fleet vehicle costs to HRFE enabling HRFE to know the costs associated with each vehicle in the allocated fleet and to have the information readily available for management of personal benefits. This should be done on a fully-costed basis including such items as depreciation and implied cost of capital.
- 2.0.4 In conjunction with Recommendation 3.0.1, the OAG recommends HRFE review current HRFE non-emergency fleet vehicle allocations to determine, on an individual basis, if the most economical means of vehicle allocation/ reimbursement is being explored. Options may include pooled vehicles, mileage reimbursement or car allowances.

### 3.0 Inventory of Non-Emergency Fleet Vehicles - Maintenance of Records – Not Adequately Using Existing Systems

#### Inconsistent Data

In analysing the data provided by HRFE, CFE (and EFS), the OAG observed multiple inventories are maintained within HRFE and CFE with regards to non-emergency fleet vehicles. In addition, the OAG analysis revealed inconsistencies between vehicle listings, including:

- vehicle assignment (to individual / HRFE division)
- primary place of work / non-working hours' location.

During a review of current non-emergency fleet vehicle allocations data provided by HRFE, the OAG identified inconsistent and inaccurate information; therefore the integrity of the remaining data is questionable. When asked by the OAG, updated inventory data was subsequently provided to better understand current non-emergency fleet vehicle allocations.

The OAG questions how HRFE could justify the current allocation of non-emergency fleet vehicles and demonstrate how value for money is being achieved if they are unable to conclusively identify the true assignment of their current assets.

As the OAG has discussed in several previous reports, the organization does not appear to take full advantage of systems in place. The OAG believes several of these problems result from HRFE non-emergency fleet vehicle information being primarily maintained outside of the HRM ERP system (SAP).

Maintaining information 'off books', in addition to not having one individual who is responsible to monitor and update the inventory, reduces the integrity of the data and increases the risk of inconsistent or inaccurate information which may result in poor strategic decisions.

The OAG makes this commentary as a result of the following observations:

- individuals assigned in records to non-emergency fleet vehicles who were no longer with the organization,
- non-emergency fleet vehicles which have been re-allocated to a different individual/fire station but were not updated in the inventory listing,

- multiple individuals assigned to the same non-emergency fleet vehicle where it should only be one person,
- individuals assigned to more than one non-emergency fleet vehicle and
- non-emergency fleet vehicles deemed surplus were still included on the active list.

**Recommendations:**

- 3.0.1 The OAG recommends HRFE implement a complete inventory system, to be maintained within SAP, of all HRFE non-emergency fleet vehicles. This inventory should be monitored and updated by one individual to enhance data control and should utilize the full reporting functionality (which is significant) of the system (i.e. odometer readings, MacPass, aftermarket equipment installed, workplace/individual assignment, after-hours vehicle location).
- 3.0.2 The OAG recommends HRFE perform an annual review of non-emergency fleet vehicle allocations to ensure the information is current, accurate and satisfies current business-unit requirements.

#### 4.0 Monitoring of Non-Emergency Fleet Vehicle Mileage and Utilization – Specific Issues

CFE collects and summarizes vehicle usage data for the corporate fleet including a limited number of HRFE non-emergency fleet vehicles. As noted above, about 40% of HRFE non-emergency vehicles are required to forward a summary of monthly mileage, taken from daily records, to CFE. The remaining HRFE non-emergency fleet vehicles are currently excluded from any monthly reporting requirements. The reasons for the inclusion or exclusion of vehicles for reporting through CFE is not clear to the OAG, as similar vehicles with similar purposes are not consistently included or excluded.

##### Vehicle Utilization Recording – Log Books

Common practice in many organizations where corporate vehicles are available, is the mandatory completion of mileage logs as a means to support the expenditure and identify any personal use component around usage.

The OAG was initially advised daily log books are not maintained for the HRFE non-emergency fleet vehicles as required under the HRM Fleet Guidelines (and subsequent HRFE directive to include additional units). Only unsupported summary (monthly kilometres) are forwarded to CFE for recording. After a third request,

HRFE was able to provide nine daily log books with varying degrees of information:

- seven of nine books recorded (for most days) a single daily entry for kilometres,
- one log utilized sheets provided with HRM's Fleet Guidelines – with limited entries and
- one book provided had no entries for the year.

This lack of documentation appears to be in direct contradiction to a directive from the HRFE Deputy Chief Operational Support (May 2011) to staff on the topic of HRM Fleet Guidelines along with additional instructions for HRFE personnel advising the following vehicles would also be tracked under this policy:

- All Training Division Vehicles,
- All Fire Prevention Vehicles,
- All Logistical Vehicles (Logistics, Communications, and Facility/Maintenance),



- Corporate Safety Vehicles (at the time part of HRFE),
- EMO Vehicle,
- Fire Safety Vehicle and
- All Chief Officer Vehicles.

The Deputy Chief's message stated

"If the vehicle assigned to your position has emergency lights / siren installed and is used **primarily** for other duties outside of responding to emergencies - ex: travelling to meetings, station visits, etc., then this vehicle would fall under the policy and require a mileage tracking sheet."

This directive from the Deputy Chief would likely have had greater than 60 vehicles complete vehicle tracking information.

Given the clear directive provided by the Deputy Chief, the OAG must question why non-emergency fleet vehicle record keeping is not done to the standard as established within HRM Fleet Guidelines and why only nine of 39 vehicles, where monitoring actually took place (60 should have been monitored under the directive) had log books available with any type of information.

#### **Vehicles Excluded from Daily Recording of Use**

Summary documentation provided to the OAG included notations vehicles were no longer required to be tracked once the vehicle was equipped with lights, siren, decals and a radio. This explanation was provided for multiple vehicles throughout HRFE divisions including the Administration and Logistics Divisions. While this is in keeping with HRM Fleet Guidelines which states the policy "applies to light fleet only and non-emergency i.e. no emergency lights on vehicles", the Deputy Chief's message had stated non-emergency vehicles (with emergency lights and not used primarily for responding to emergencies) would fall under the policy and require a mileage tracking sheet.

This statement indicates to the OAG it was indeed the original intent of HRFE to track all vehicle usage other than the equipment dedicated to "responding to emergencies".

At some point between the message of May 2011 and March 2013, (when vehicles no longer had to be tracked because of lights, siren etc.) a non-documented decision within HRFE to stop tracking some

vehicles with lights and siren was made, while other vehicles with lights and siren continue to be monitored.

When asked by the OAG for clarification as to why vehicles allocated to Administration and Logistics personnel would be required to be outfitted with emergency equipment, the OAG was advised “the duties and responsibilities of the position require the person filling the position, to be able to manoeuvre through traffic at [sic] a safe manner – so that they can arrive at an emergency site, sooner than normal vehicle traffic would allow”.

While the OAG understands the need for HRFE personnel to safely navigate traffic in responding to calls for service, questions remain as to why the installation of emergency equipment removes the requirement to collect vehicle usage data for reporting of utilization and to assist in allocation decisions.

HRFE management advised the OAG of two recent, informal, non-documented initiatives adopted to improve non-emergency fleet vehicle allocations:

- rotation of high-use and low-use vehicles to balance the overall utilization and
- the relocation of vehicles based on ‘right vehicle for the right job’.

While the OAG sees merit in these two steps, the approach of vehicle allocations and reallocations, together with undocumented procedures, is unlikely to achieve efficiency as it is not looking at the entire HRFE non-emergency fleet.

**Recommendations:**

- 4.0.1 The OAG recommends HRM Administration require all HRFE non-emergency fleet vehicles be monitored under the HRM Fleet Guidelines and require daily mileage logs be maintained and submitted.

Daily vehicle logs should be fully completed logs as outlined within HRM Fleet Guidelines, recording all daily trips with locations and mileage. The logs should identify travel related to HRFE operations separate from travel to and from the workplace.

HRM Administration may want to consider a technology-based solution, such as Automatic Vehicle Location (AVL), to assist with monitoring and the collection of vehicle records. In the interim, HRM Administration should consider leveraging existing AVL technologies currently utilized within other HRM business units.

- 4.0.2 Following the implementation of Recommendation 4.0.1, the OAG recommends HRFE and CFE ensure, as a minimum, the following reporting is available for vehicle allocation decisions:

- daily work mileage,
- daily commute mileage,
- year to date mileage,
- number of days vehicle is in use,
- vehicle maintenance / running costs and
- current assignment (division, individual etc.).

- 4.0.3 The OAG recommends HRFE in collaboration with CFE, review at six-month intervals, the non-emergency fleet vehicle allocations ensuring utilizations and allocations are in keeping with established business practices and HRM Fleet Guidelines.

- 4.0.4 The OAG recommends HRFE make appropriate adjustments to non-emergency fleet vehicle reporting to identify trends related to vehicle utilization and use this reporting for allocation decisions. The OAG would suggest HRFE monitor, at a minimum, items such as:
- consistent over-utilized vehicles,
  - consistent under-utilized vehicles and
  - daily utilization (hours available) for pooling of vehicles.
- 4.0.5 The OAG recommends HRFE develop written guidelines to formalize the initiatives of vehicle rotation and vehicle 'right fitting', based on improved data collection and reporting.

## Appendix A – Management Response

10 October 2014

Larry Munroe  
HRM Municipal Auditor General  
Belmont House, Suite 620  
33 Alderney Drive  
Dartmouth, NS  
B3J 3A5

Larry,

Thank you for the opportunity to review *A Performance Review of Halifax Regional Fire and Emergency – Non-Emergency Fleet Vehicle Allocation Process*, which was sent by your office on September 29, 2014. I have reviewed the report and am in general agreement with its content and findings. Based on the recommendations, Fire and Emergency will develop a plan to address the main issues identified in the report.

As noted in previous reports on other areas of municipal program delivery, we can improve on aspects of organizational policy development and performance measurement. We will begin the process of improving the management of non-emergency fleet by establishing stronger policy and procedures to support the program, ensuring consistency in applying the practices used to implement the program, and improving the identification of outcomes and monitoring of usage.

One noteworthy issue is your observation regarding the quality and quantity of data required for effective decision-making, primarily in the context of establishing a better inventory of fleet vehicles. As part of an ongoing corporate project, Fire and Emergency is working closely with Information, Communications and Technology to develop a five-year technology roadmap. This project is expected to increase data accuracy and confidence in available data, as well as improve reporting and efficiency in data collection.

As always, we will closely consider the material in this report and I will ensure that administration develops a more efficient and effective approach to addressing this area of service delivery.

Sincerely,

Original Signed

Doug Trussler  
Fire Chief

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