Fleet Services
California Polytechnic State University, San Luis Obispo
Audit Report 21-2
April 8, 2022

EXECUTIVE SUMMARY

OBJECTIVE

The objectives of this audit are to ascertain the effectiveness of campus operational, administrative, and financial controls related to the *Fleet Services and Driver Safety* to ensure compliance with relevant CSU and Cal Poly policies.

SCOPE

Audit and Consulting Services (ACS) notes that the scope of this review includes the fleet management and driver safety of the Cal Poly University and its two main auxiliaries, Cal Poly Corporation (CPC) and Associated Students Incorporated (ASI).

For the purposes of the audit, the definition of a "vehicle" is consistent with the CSU Systemwide Risk Management definition of "self-propelling vehicles". This includes:

- Licensed vehicles
- Any self-propelled equipment that one "drives" (i.e., sits on)
- Non-road vehicles such as cranes, tractors, golf carts, riding lawnmowers.

As such, this population included trucks, utility vehicles, mobility carts, and farming equipment.

The total known aggregated fleet population included 693 vehicles as of September 2021 with the following breakdown:

- Facilities: 453
- Agriculture Operations (AG Ops): 153
- CPC: 77
- ASI: 10

ACS selected a total of 30 samples from population of vehicles between Cal Poly, CPC, and ASI and completed the following procedures:

- Verified the physical existence of each vehicle
- Verified proper authorizations for new vehicle purchases
- Verified that vehicle has been regularly maintained per CSU Policies
- Verified that vehicles are covered under group insurance

ACS selected 10 vehicles listed as disposed between 10/01/20- 9/3/21 and verified that they were properly disposed per Cal Poly policies.

ACS haphazardly selected 21 vehicles on campus and verified that the vehicle was included within the vehicle listings of Cal Poly and the auxiliaries.

Lastly, ACS selected 15 employees and students to determine if driver safety authorizations and training were properly obtained.

CONCLUSION

Overall, Fleet Services and Management has the responsibility to comply to various levels of governing entities ranging from the federal and state governments, the CSU, and the Mechanics Bureau. As such, the size of the fleet and the decentralized nature of the fleet management on campus creates challenges of meeting compliance requirements and ensuring the best financial interest for the University and its auxiliaries.

There is no consistent application of planned or preventive maintenance for vehicles on campus which leads to excessive unscheduled repairs, additional costs and potentially unsafe vehicles being in operation. Based on the population assessed as part of the audit, the average vehicle age in the fleet is 15.6 years old (almost double that of the suggested age to consider replacement per EO 9171 Fleet Vehicles). Currently, there is no replacement program in place or standard evaluation that is applied to the fleet to remove or dispose of older vehicles. Unmaintained and older vehicles pose potential safety and liability risks to the University.

Campus practices are inconsistent for tracking vehicle usage at the department level due to a lack of clearly defined and communicated policies and procedures. Further, many departments are unaware of all inspection requirements that are supposed to be completed based on the frequency of use of the vehicle and the number of individuals that are assigned to the vehicle.

Per information received from Risk Management at the Chancellor's Office, it was noted that Cal Poly has the largest fleet in the CSU System (Please see Table A below). In addition to the largest aggregate number, we reached out to the CSU campuses (with assistance from Risk Management) with the four largest agriculture programs and four highest amounts of employees (Please see Table B below) for further, more detailed comparisons.

Lastly, ACS noted that document retention across different processes needs improvement. This includes the document retention for vehicle service records, disposal approvals, and department level check-in and check-out listings.

Specific observations, recommendations, and management responses are detailed in the remainder of this report.

Table A*

Fleet Count by CSU Campus

Campus	Campus Count as of 12/31/2020
Cal Poly San Luis Obispo	622
CSU Fresno	465
San Diego State University	368
CSU Long Beach	348
CSU Sacramento	307
CSU Fullerton	302
Cal Poly Pomona	295
San Jose State University	286
CSU Northridge	259
CSU Los Angeles	243
CSU San Bernardino	238
San Francisco State University	199
Sonoma State University	184
CSU Channel Islands	180
CSU Chico	179
CSU Stanislaus	146
CSU Bakersfield	143
CSU San Marcos	141
CSU Dominguez Hills	131
Humboldt State University	122
CSU East Bay	118
CSU Monterey Bay	82
CSU Maritime Academy	37
CSU Chancellor's Office	2
TOTAL	**5,397**

*Per CSU Risk Management Office

Table B **

Agriculture Related Vehicles - (Compared to Four Largest CSU Agriculture Programs)

Campus	Campus Count as of 12/31/2021
Cal Poly San Luis Obispo	138
CSU Fresno	100
CSU Chico	25
Cal Poly Pomona	5
CSU Stanislaus	1

Golf Carts - (Compared to Four Largest CSU Campus Based on Both Employees and Enrollment)

Campus	Campus Count as of 12/31/2021
Cal Poly San Luis Obispo	133
CSU Long Beach	227
CSU Fullerton	145
San Diego State University	94
CSU Northridge	76

**Per Campus Risk Management

OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

1. DECENTRALIZATION OF FLEET SERVICES AND FLEET MANAGEMENT

OBSERVATION

The following items detail the findings related to observations noted regarding the decentralization of fleet services and fleet management:

- The fleet management process across campus is not centralized and vehicle purchasing, intake, maintenance, service, annual compliance and tracking processes are different for Cal Poly, Ag Operations, ASI, and CPC (See below for how the decentralization impacts these items).
- ACS acknowledges that the University and its auxiliaries have different purchasing functions by design to ensure compliance with the relevant system and campus-wide policies. However, vehicles purchased on behalf of the state utilizing an auxiliary may be non-compliant with relevant purchasing guidelines for the entity benefiting from the purchase. For vehicle purchases, the University and ASI require

vehicle purchase justifications forms or memos with varying levels of review and approvals (i.e., VP of SBS, Executive Directors, and Fleet Services) prior to purchasing a vehicle. However, CPC may only require a departmental and budget approval. As part of the audit, it was noted that a new vehicle was purchased on behalf of the state agency utilizing the CPC process. As such, the usual approval obtained from the campus Fleet Services for state owned vehicles was not obtained prior to being added to the state fleet.

- Key decisions about the fleet are made at the departmental level versus within Fleet Services. This includes decisions to purchase, repair, dispose or replace vehicles. The lack of centralization or the involvement of Fleet Services in these decisions could lead to long term inefficiencies (tracking, maintenance, etc.), additional costs to the University, and possible safety and liability risks.

RECOMMENDATION

ACS recommends that the University establish processes that would lead to a more centralized Fleet Services function to better serve the campus and to better ensure compliance with relevant government, CSU, and University policies. By centralizing the fleet, Cal Poly would gain additional efficiencies, develop opportunities to be more cost effective, and improve safety while decreasing potential liability.

ACS recommends that final vehicle decisions should be determined by a centralized source, such as a Campus Vehicle Fleet Administrator as listed by Executive Order 691. Involvement of the Campus Vehicle Fleet Administrator should be included at every major decision step regarding the vehicle versus at the discretion of the department. This includes increased involvement in the vehicle selection process (i.e., type of vehicle best suited to fit the needs of the department and CSU initiatives), decisions on maintenance, repairs, and disposal determinations. Further, the knowledge of the administrator would be able to prevent departments from purchasing vehicles that were determined to be disposed by other departments based on the costly repairs.

Fleet Services should consider purchasing/developing a system in that assist in centralizing the vehicle data for the campus.

MANAGEMENT RESPONSE

The Fleet Services website already outlines specific procedures for the purchase, maintenance, and inspections for any Cal Poly vehicle, each culminating with the approval by the Campus Vehicle Fleet Administrator/Manager. However, as noted in the audit these procedures are not being followed. We believe there are a number of causes for this:

1. Fleet Services is currently understaffed and without a manager. There are currently three openings for auto mechanics, and the shop reports directly to the Director of Facilities Operations who serves as the Campus Fleet Administrator. We believe a manager is critical to help enforce the procedures and maintain the inventory. This position could be funded by creating a sustainable financial model that captures cost avoidance and residual values of vehicles (see below).
2. A robust fleet management system is critical to implement the recommendations contained in this audit. As noted in this audit, the current tracking mechanisms do not adequately capture information about inventory, inspections, condition, EV initiatives, etc. The investment in this system is another one of costs that needs to be offset by the cost avoidance that will come from having a well-managed fleet. (See below)
3. Close coordination with liaisons in Cal Poly Corp, CAFES, Procurement, and Surplus will be critical in managing the fleet. As a first step, we will be creating an executive committee to guide the work of a consultant (see below), including these liaisons. As part of this work, we will be able to engage the group and review the importance of following the established procedures by the end of Summer 2022.

An RFP for help consulting services to help create a sustainable business model for Fleet Services is being prepared. The scope will include benchmarking with similar but successful fleet operations, recommendations for right sizing the fleet, and developing a sustainable business model that minimizes maintenance costs and recaptures residual value.

The RFP be will be released in mid-July, consultant selection will be in early September, and the study will be complete by the end of the calendar year. We then have until March 2023. To begin acting on the recommendations. Hiring a new manger will likely take 6 months and the selection/implementation of a fleet management system will likely take 1 year.

2. MAINTENANCE AND SERVICES

OBSERVATION

The following items detail the findings related to observations noted regarding maintenance and services:

- ACS noted that there were no service records retained for the vehicle within the vehicle folder (1)
- ACS noted that there were no services for the vehicle within the audit period, however, there were services provided prior to the scope of review (5)
- ACS did not identify evidence of the Annual Inspection Form 81 or Form 82 to be completed during the scope of the audit (11).

- ACS noted completion of Annual inspections forms, however, the forms were not dated. As such, ACS could not validate that the inspection form was related to the audited period (2)
- The response rate of departments who are responsible for vehicle in regards to annual inspections are low. Most departments will only bring in their vehicles when they need repair. When the vehicle is in the possession of Fleet Service, the mechanic will complete the annual inspection to compensate for the lack of response.
- Individual departments are unaware that machinery or pieces of equipment (i.e., forklift, scissor lift, lawn mower, etc.) may have OSHA requirements for annual servicing. As such, departments may be unaware of noncompliance
- Evidence of maintenance and service records were not retained (3)
- ACS noted evidence of vehicle records folder. However, the records retained within the folder were not related to the service and maintenance records from 2020 to 2021 (or inspections not dated) (10)
- ACS noted no evidence supporting a smog check/opacity test (4)
- Evidence of SMOG check/Opacity Test did not include the date of service. As such, ACS could not verify the compliance with the SMOG check requirements (1)
- ACS could not identify the most recent mileage for the vehicle within the records provided. As such, ACS could not determine the eligibility of the vehicle with the relevant inspection requirements and the maintenance and replacement schedule (7)
- ACS noted an outstanding recall for the vehicle (4)
- ACS noted that vehicles eligible for inspection did not have the required inspection completed (14)
- There are no documented policies or procedures to assess vehicles per the replacement schedule eligibility as per EO 9171
- Fleet Services does not have the authority to restrict the use of vehicles that have been deemed unsafe to operate based on vehicle inspections. This presents a liability for the University as it endangers vehicle operators, passengers and bystanders

RECOMMENDATION

ACS recommends that departments be reminded of the importance completing annual inspections for their vehicle to ensure compliance with CSU and OSHA policies and for preventative maintenance on their vehicle or equipment. Further, ACS recommends delegating a vehicle/equipment coordinator for each relevant department who would serve as a liaison to Fleet Services. This role would be responsible for ensuring that vehicles are properly serviced and maintained and can ensure that vehicles can be readily available

when an annual inspection is requested by Fleet Services. Fleet Services could use this role for their communications of vehicle requirements and services that the shop has access to.

ACS recommends that Fleet Services should establish a vehicle replacement policy or decision tree/tool based on the age of the vehicle, mileage, engine hours, cost benefit of repairs, and classification of the vehicle or equipment. ACS recommends incorporating the CSU eligibility guidance in the creation of this policy. ACS further recommends that the replacement eligibility check be incorporated into vehicle inspections.

ACS notes that replacement of the vehicle is not required, however, Fleet Services should track the vehicles that are eligible. Overtime, replacing the fleet as it becomes eligible may reduce long term service and maintenance costs. As Cal Poly does have a relatively older fleet, this would help the track vehicles eligible to be replaced by EV initiatives or other grants.

Fleet Services should consider purchasing/developing a system in that automatically notifies or reminds departments of their upcoming required services or replacement eligibility.

ACS recommends that Fleet Services should establish a vehicle safety protocol for which vehicles that have been deemed unsafe to operate by a Fleet Services mechanics can be withheld from the department until proper repairs are made to the vehicle or a determination to dispose of the vehicle is made. This would help mitigate the risk of endangering employees, drivers, passengers and bystanders.

MANAGEMENT RESPONSE

Please see response to item #1. Filling vacant mechanic positions will help create additional bandwidth to ensure that proper records are being maintained and appropriate safety checks are being done - much of this is currently being outsourced. These positions should be filled by fall 2022. However, creating a manager position and purchasing a system of record are the best ways to ensure compliance and mitigate risks. As explained in the response in item #1, we need to create a sustainable business model in order to support a new manager position and a new fleet management system. To help develop this model, we need consulting help that can dedicate the time and expertise necessary. This study should be completed by the end of the calendar year, but it will likely take a year to implement. In the meantime, we will work with our liaisons and internal staff to ensure that we have consistent practices with regard to safety inspections, maintenance, and acquisitions.

3. SIZE OF FLEET

OBSERVATION

The following items detail the findings related to observations noted regarding the size of the fleet:

- Cal Poly maintains the largest fleet in the CSU system with the number of vehicles substantially greater than the next largest CSU campus fleet size (please see table A above). This number excludes the fleet count of ASI and CPC (please see table B above).
- Due to the lack of centralization for fleet management across campus, the actual count of vehicles on campus is unknown.
- The Fleet Services department is responsible for maintaining and servicing all state vehicles is experiencing workload constraints and efficiency issues. The University is not meeting all the service demands (i.e., general maintenance or completion of CSU annual inspection forms) for the current fleet. This leads to delays in repair times or the eventual outsourcing of work which is not in compliance with Teamsters/Trades union labor rules.
- The insurance cost for Cal Poly is the largest in the CSU system.
- Per EO 9171 Fleet Vehicles, the average age of replacement consideration is approximate 8.5 years. Based on the population assessed as part of the audit, the average age of the fleet is 15.6 years old. The oldest vehicle listed is 65 years old. Further ACS noted that 20 vehicles are eligible for replacement based on mileage or age of the vehicle. In addition, 8 vehicles did not have mileage available for ACS to assess. Maintaining a fleet with an older age, leads to increased operating costs and safety concerns versus replacing or leveraging a shared vehicle pool.

RECOMMENDATION

ACS recommends the University to consider centralizing the management of Fleet Services. It is recommended to develop a centralized listing for all vehicles owned by the University, auxiliaries, institutes, etc. to identify the true count of the fleet.

ACS recommends that the University create standardized criteria for determining if departments should retain or dispose of their vehicles based on the frequency of usage, mileage in a given period, or lack of compliance with service requirements (i.e., annual inspections, smog checks, inspection logs, etc.). In lieu of owning and maintaining vehicles on campus, the University should consider establishing a rental fleet or encourage the use of ZipCars instead of owning vehicles that are infrequently used and/or not properly maintained.

MANAGEMENT RESPONSE

The size of our fleet is clearly both a symptom and a cause of the problems identified in this audit. For example, there is anecdotal evidence (especially within FMD) that we are keeping an abundance in vehicles because of the age and condition of the fleet – essentially keeping spare vehicles on hand to ensure productivity is not adversely affected. This of course makes it more difficult to maintain the fleet.

FMD recently implemented a replacement cycle for vehicles in FMD. Due to supply chain issues, the cycle will not begin until 2024. In the meantime, FMD will review current vehicle policies (currently 1 vehicle per tradesman) in order to reduce the size of our fleet. FMD's fleet represents over 65% of the total fleet, so our initial focus will be to reduce the size of our fleet. The goal is to have this plan in place by the end of the calendar year.

Further reductions in the size of the fleet will be made in the context of a sustainable business model – balancing maintenance costs, insurance costs, productivity, and residual values.

4. VEHICLE TRACKING

OBSERVATION

The following items detail the findings related to observations noted regarding the vehicle tracking:

- There is no centralized listing of Cal Poly affiliated vehicles (i.e., vehicles owned by Cal Poly, an auxiliary, or a vehicle with Cal Poly stickers/logos on them). In the course of conducting the audit, we noted that University Accounting and Reporting, Fleet Services, Agriculture Operations, CPC, and ASI all maintained separate listings.
- Vehicle inventory tracking is heavily reliant on successful execution of the procurement and fixed asset management processes for each of the entities. As such, the accuracy for the vehicle listings is dependent on receiving timely notifications from coordinating departments. The current list of vehicles at any point in the year relies on the completion of inventory checks, the "red tagging" process for disposals, and completions of surplus sale and disposals:
    - If inventory counts are not completed, the listing may not be accurate or departments are not aware that they have a vehicle.
    - If the disposal process is not timely, vehicles may appear as "active" or "surveyed" status after they have been sold and physically removed from campus.

- The Fleet Services Department list of vehicles is dependent on departments registering their vehicles with them. As such, there is a risk that if a department does not register their vehicles, it will not be reflected in the fleet records. This could occur when vehicles are donated and not purchased through the standard procurement process.
- There is no consistent process or standard documentation practices for checking in and out a vehicle at the department level:
    - Department does not maintain a log (State Vehicle Usage Tracking Sheet or State Vehicle usage Tracking Sheet or alternative) (21)
    - Department does not maintain the formal State Vehicle Usage Tracking Sheet or State Vehicle usage tracking sheet, but maintains a formal vehicle reservation/tracking process (1)
    - Department does not maintain a formal State Vehicle Usage Tracking Sheet or State Vehicle usage tracking sheet, but maintains an informal reservation system (i.e., shared calendar) (1)
    - Department maintains State Vehicle Usage Tracking Sheet within the vehicle, however, consistent use of the forms by the department is not implemented. In addition, the department maintains a reservation system and calendar to track the driving use (2)
    - Commercial drivers maintain their own log as part of their license versus the Statue Vehicle Usage Tracking Sheet (1)
- ACS noted that departments that owned state vehicles did not maintain evidence of the required daily log for vehicle uses
    - Does not retain evidence of daily or ad hoc inspections (21)
    - Department completes daily inspections; however, they do not keep record of it or it is only retained for off campus trips (8)
- Vehicle with Cal Poly logo, registered to a third party (1)
- CPC and State vehicle listing included the same vehicle (2)
- ACS was not able to verify the existence of the vehicle (1)

RECOMMENDATION

ACS recommends that the University creates a centralized listing of vehicles that are affiliated with the University, CPC, or ASI. Going forward, ACS recommends that vehicles purchased or donated to the University, CPC, or ASI follow the same in-take procedures to ensure that there is a centralized listing of vehicles affiliated with the University that can be utilized.

ACS recommends that the University coordinate inventory tracking efforts with Fleet Services and the respective Procurement Specialist and Fixed Asset Coordinator to better ensure the accuracy of the vehicle listings maintained. This may include:

- A representative from Procurement, the department purchasing the vehicle, and Property Offices being present for the delivery of a vehicle to ensure that the fleet addition is what was ordered and accurately described for the inventory records.
- Any time a state vehicle comes in for an annual inspection, a representative from Property Accounting could complete an inventory scan or Fleet Services could have their own scanner within the shop.
- Fleet Services could send their listing from PlanOn to the Fixed Asset Coordinators at ASI and CPC to ensure the inclusion of auxiliary vehicles.
- Fleet Services could send out an expert of their known vehicles to the respective departments within the University as they complete their report on their quarterly mileage to get the status of vehicles.

ACS recommends that Fleet Services remind the departments of the CSU requirements for maintaining check-in and check-out logs for vehicles in addition to the required daily or ad-hoc inspections that are required to be completed based on the number of individuals who utilize the vehicle and frequency of use. Fleet Services should indicate to the departments that these records are subject to be audited at any time.

ACS recommends developing a procedure for transferring vehicles from a state entity or auxiliary to third parties that operate on campus. The process should include determinations if the third party should retain Cal Poly logos on the vehicles, working with the third party to ensure that vehicles are properly insured, and vehicles are following the appropriate parking policies.

Fleet Services should consider purchasing/developing a system that could automatically update fleet tracking records.

MANAGEMENT RESPONSE

As noted in the response to item #1, a new fleet management system to track all vehicles on-campus will be critical to our ability to track inventory, usage, inspections, maintenance, warranties, recalls, insurance, etc. While this is similar to standard asset management that Planon can facilitate for fixed assets on campus, there are enough differences that suggest moving to a well-developed system specifically focused on fleet. Recommendations for a new system will be included in the scope of consulting services described above. In the meantime, FMD will work with our liaisons in the other departments to coordinate efforts. This will require additional manpower – hiring new mechanics – to create the capacity to do this on an ongoing basis, so the goal will be to bring more consistency to the program by the end of the calendar year.

5. VEHCILE INSURANCE

OBSERVATION

The following items detail the findings related to observations noted regarding the vehicle insurance:

- Physical damage insurance is rarely purchased to supplement the general auto liability insurance provided by the State Motor Vehicle Insurance Account (SMVIA). As of the date of the report, there were only 23 state vehicles (out of 622 total) that have physical damage insurance
- Cal Poly has the largest percentage (12%) of the total CSU insurance cost according to CSURMA data (Please see Table A in above in "Conclusion")

RECOMMENDATION

ACS recommends establishing a policy or requirement that mandates certain vehicles to purchase physical damage insurance. Requirements for this purchase should be at the discretion of Risk Management and Fleet Services based on the purpose of the vehicle and the anticipated frequency of and type use (i.e., hauling cattle to the Central Valley vs. on-campus use).

MANAGEMENT RESPONSE

We concur. Risk Management will work with Procurement and Fleet Services to establish a policy and process to mandate when physical damage insurance should be purchased during vehicle acquisition. This will be based on a defined set of criteria including: 1) new vehicle purchases; 2) minimum vehicle purchase price; 3) frequency of use; 4) geographic scope of use; and 5) purpose of the vehicle. Similarly, guidelines will be developed for discontinuing physical damage coverage when the value of the vehicle reaches an established amount.

Anticipated Implementation Date: September 6, 2022

6. FINANCIAL CHECKS/APPROVALS/ ADMINISTRATION/ EFFICIENCIES

OBSERVATION

The following items detail the findings related to observations noted regarding the financial checks and general administration of Fleet Services:

- No formal policy is in place to monitor high dollar repair and maintenance costs in regards to approval thresholds for repairs costs
- There are conflicting objectives in regards to the purchasing process for parts for on-campus services. Per CSU purchasing policies, it is a requirement to purchase the lowest cost part. However, purchasing the lowest priced part may not be the best solution for vehicles in the long run as lower quality parts may need to be replaced more frequently which would lead to incurring additional costs over the life of the vehicle.
- There is no consistent process in place for sending notifications to departments for routine maintenance checks (i.e., annual inspections, smog checks)
- No formal process or policy in place to restrict purchases of vehicles determined unfit or recommended for disposal by Fleet Services by other departments
- ACS noted that that purchases of new vehicles did not include an approval from the Campus Vehicle Administrator (4)

RECOMMENDATION

ACS recommends implementing an approval process for the costs of maintenance and repair services based on reasonable dollar thresholds. Further, the University should work on implementing a process that streamlines purchasing of vehicle parts to ensure that purchases meet both the objectives of the Fleet Services and the purchasing responsibility of the CSU. This may include entering into purchasing contracts with parts sellers or dealerships to get quality parts at a reasonable price.

Fleet Services should consider purchasing/developing a system in that automatically notifies or reminds departments of their upcoming required services.

MANAGEMENT RESPONSE

As stated in the response to item #1, the Fleet Services website already outlines specific procedures for the purchase, maintenance, and inspections for any Cal Poly vehicle, each culminating with the approval by the Campus Vehicle Fleet Administrator/Manager. However, as noted in the audit these procedures are not consistently being implemented. To address the findings in this audit, we will form a governance committee with representatives from FMD, CPC, ASI, CAFES, and SBS to guide the study being done by a consultant and to coordinate standard maintenance processes already documented. This work will be completed by the end of the calendar year.

In addition, this recommendation also refers to a fleet management system that will allow us to build in standard work processes with appropriate checks and balances. The system

will be funded by capturing cost avoidance compared to the current practices, creating a sustainable business model.

7. PROCESS MONITORING COMPLIANCE WITH EO 9171 AND GRANTS OPPORTUNITIES

OBSERVATION

The following items detail the findings related to observations noted regarding compliance with EO 9171 and grant opportunities:

- There is no consistent process of tracking or monitoring compliance with electric vehicle (EV) purchasing initiatives as per EO 9171 Fleet Vehicles.
- The University does not have a consistent process to identify grant opportunities for purchasing vehicles.

RECOMMENDATION

ACS recommends that Cal Poly develop a consistent process to monitor EV purchasing that indicates efforts contributing to the initiative (i.e., if an EV replaces a standard vehicle). Further, ACS recommends developing a process to identify grant opportunities that would benefit Fleet
Services.

MANAGEMENT RESPONSE

FMD actually does track EV's in our fleet and grant opportunities through the Sustainability group. However, as noted previously we do not have a fleet management system which would enable much more consistent and reliable reporting that could be incorporated into management dashboards that can be used to make better operational decisions. As stated in the response to item #1, the fleet management system will be an inherent part of the creation of a sustainable business model.

8. DISPOSALS

OBSERVATION

While reviewing the disposal process, the following was noted:

- Disposal was missing the "Request to Survey Property" form (5)
- Disposal was missing the "Property Survey Report" (PSR Form 152) (5)
- Disposal status in PeopleSoft is indicated as "Survey in process" after being disposed or removed from campus (7)

RECOMMENDATION

ACS recommends that the document retention process be reevaluated to ensure that the accessibility for related disposal requests and approvals is operating effectively. Further, ACS recommends that the asset management process be reviewed and communicated to relevant parties to encourage efficiencies and timeliness within the process.

MANAGEMENT RESPONSE

The surplus function has recently shifted to Strategic Business Services. In part to tighten up controls and processes around the full life cycle of our assets - from acquisition to disposal. Disposal of vehicles represents an enormous potential source of funding if appropriately incorporated in to the life cycle of the fleet. Currently there is relatively little residual value captured from the disposal of vehicles – in part because they are typically at the end of life. A more sustainable business model will allow us to create regular cycles that cone be turned over in a predicable way. This model will be developed with the help of a consultant by the end of the calendar year.

9. DRIVER SAFETY

OBSERVATION

The following items detail the findings related to the driver safety process:

- The University does not maintain a centralized listing of approved drivers
- The Request to Operate Vehicles on University (State) Business Form was not submitted for the driver (4)
- No evidence of driver safety training was provided (14)

RECOMMENDATION

ACS recommends that Cal Poly develop a process to track the status of approved drivers who are considered state employees and/or utilize state vehicles. Further, a process should be implemented to notify drivers who are completing the approval and training process that they are eligible to drive a state vehicle.

Cal Poly should clearly define which state employees should complete the process of requesting to operate a vehicle on University business as there are drivers on campus that have more rigorous training (i.e., police driving training).

MANAGEMENT RESPONSE

We concur. In anticipation of this program being transferred to Risk Management, EH&S and Risk Management have been working on process improvements. Currently the program is primarily a manual process with limited data management/analysis functionality and lead times are often unrealistic. Risk Management will continue to work with EH&S on process and policy improvements to address the observation/recommendation utilizing current systems while contributing to selection criteria for a fleet management system that could automate these functions and increase data integrity, customer experience, and reporting capabilities. Like other areas of the audit this program will benefit from centralized record keeping and a fleet management system, which includes functionality to facilitate the process for approving drivers and assigning required training.

Anticipated Implementation Date: September 6, 2022 (for process and policy improvements)