Audit and Advisory Services

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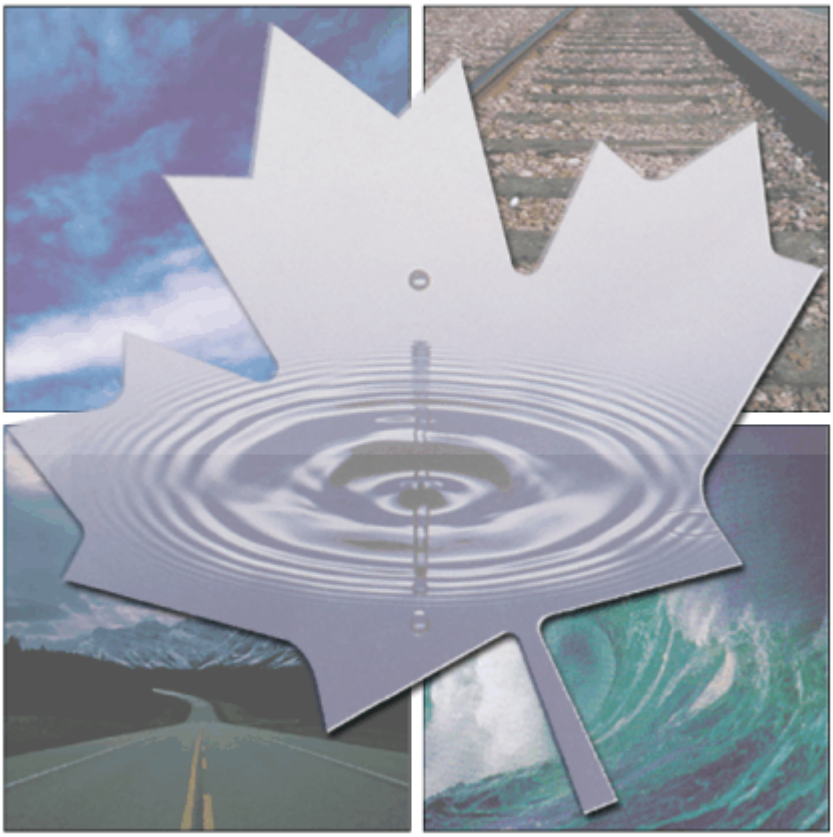

Follow-up Audit of Vehicle Fleet Management

April 2012

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Executive Summary

Introduction

As of February 2011, Transport Canada (TC) was maintaining a fleet of 458 vehicles located across its five regions and within Headquarters (HQ). TC maintains this fleet to fulfill specific business and program requirements related primarily to the conduct of inspections. While vehicle rentals or reimbursement for the use of personal vehicles are alternatives to the use of a fleet vehicle in many circumstances, in some cases, specialized vehicles are required and are not readily available.

Transport Canada's vehicle fleet does not pose a material financial risk to the Department as the annual direct operational costs are approximately $1.5 million and an estimated cost to replace the current fleet is $18 million, or approximately 2.25% of TC's planned investments as represented by the TC Investment Plan 2010-11 to 2014-15. Managing a departmental fleet introduces, however, a number of potentially significant risks. These include risks to the Department's reputation due to the public visibility of the fleet and to the Department's liability in the event of unauthorized drivers or passengers.

As a result of these potential risks and as a follow-up to a 2007 audit, Audit and Advisory Services conducted, between December 2010 and May 2011, an internal audit of vehicle fleet management.

The objectives of the audit were to assess the adequacy and effectiveness of controls governing selected fleet management activities and to assess the adequacy of implementation of management action plans to address the findings/recommendations from a 2007 audit of vehicle fleet management.

The audit identified and examined areas of higher risk and followed-up on management's implementation of the approved Management Action Plan (MAP) resulting from the 2007 audit of vehicle fleet management. Fieldwork was conducted primarily in the Pacific, Ontario and Atlantic Regions.

In terms of higher risk areas, the audit assessed the controls governing fleet management activities related to:

- *Fleet Planning* – the process to ensure that the TC fleet adequately meets departmental objectives and operational requirements.
- *Vehicle Operations* – the ongoing operations of the vehicles to ensure:
  - the selection of the most cost-effective mode of transportation;
  - authorized use only of departmental motor vehicles; and
  - compliance with safety standards.
- *Monitoring* – the process and underlying data used to monitor fleet activities and follow-up identified anomalies; and
- *Disposals* – the process to dispose of vehicles based on the analysis performed on each vehicle and pre-determined criteria (e.g. asset utilization, cost).

Audit Opinion

It is the audit team's opinion that the controls governing the fleet management activities audited are not fully adequate and effective in ensuring that a departmental fleet represents the most cost effective mode of transportation for conducting Transport Canada business and that fleet vehicles are only used for approved business purposes.

In terms of the implementation of management's planned actions to address the findings and recommendations from the 2007 audit, the audit team is of the opinion that overall, the MAP was not adequate in fully addressing the 2007 Audit in that there were a number of instances identified where implementation of the planned actions has not resolved the issues raised in the 2007 audit.

Statement of Assurance/Reliance

It is our professional judgment that the audit has been conducted in accordance with the Internal Auditing Standards of the Government of Canada as prescribed by the Comptroller General. Satisfactory procedures for the audit have been conducted and sufficient and relevant evidence has been gathered to support the accuracy of the opinions provided in this report.

Summary of Key Findings

National Control Framework

There is no national control framework setting out baseline expectations for the use, management and monitoring of TC's fleet vehicles assigned across Canada. While Corporate Services in Headquarters has functional responsibility for vehicle fleet management and line responsibility for operation of the HQ fleet, due to decentralization, there are a variety of different responsibility arrangements and practices in place in the regions.

Vehicle Fleet Rationalization

While there are examples of regional initiatives to complete cost analysis, Transport Canada does not have an analysis of cost effectiveness to justify the existence, size and location of the vehicle fleet on a national basis.

Cost-effective Ground Transportation

There is no national standard and no guidance for TC employees on the approach to be taken in evaluating cost-effectiveness when selecting among ground transportation options. In the absence of such a national standard, regions have communicated different expectations to employees regarding selecting the most cost-effective mode of ground transportation.

Controlling and Monitoring Appropriate Use

There are weaknesses in the approach to controlling and monitoring appropriate and authorized use of fleet vehicles. There are inconsistent practices across the regions with respect to confirming drivers' and passengers' eligibility to use TC vehicles. In addition, there is inconsistent monitoring of logbooks to identify instances of inappropriate use. The information recorded manually in the logbooks is often incomplete or inaccurate.

Cost Reduction and Operational Efficiency

There are opportunities to reduce the costs of managing the fleet and to improve operational efficiency through standardized fleet management approaches and practices. Without a standard, and more central, approach to managing the vehicle fleet, there is an increased risk that efficiencies and potential cost savings may not be realized.

Recommendations

We recommend that the Assistant Deputy Minister, Corporate Management, with the collaboration and support of the Regional Directors General:

- Consider a stronger central functional role for vehicle fleet management.
- Develop a national control framework for vehicle fleet management that would establish clear expectations and promote consistent application of fleet management approaches.
- Conduct a comprehensive analysis of the Department's ground transportation requirements, considering both quantitative and qualitative factors that would provide a rationale for the existence, size and location of fleet vehicles.
- Once the comprehensive analysis has been completed, identify a per kilometer cost that can be applied as the standard for selecting ground transportation options, and provide employees clear and consistent guidance.
- Develop national guidelines to standardize the use of front end controls and monitoring practices that mitigate the risk of inappropriate and unauthorized use of departmental vehicles.
- Review the current decentralized model of vehicle fleet management to determine whether a centralized model would maximize cost effectiveness and operational efficiency.

Management Response:

Corporate Services had planned a review of fleet management practices in 2011-12 as part of Budget Normalization, with the objective of standardizing practices and realizing efficiencies. As well, a departmental "planning exercise" will consider whether to reduce or eliminate the TC fleet. The audit recommendations will be considered in the context of the planning and budget normalization activities and an implementation plan will be developed in Fall 2011 to ensure alignment with any decisions that are taken during the planning exercise. The specific actions noted in Section 3 will be adjusted as required, as planning decisions are made.

Director, Audit and Advisory Services and Chief Audit Executive Signatures

Original signed by	May 30, 2011
Dave Leach (CIA), Director, Audit and Advisory Services	Date

Original signed by	May 30, 2011
Laura Ruzzier, Chief Audit Executive	Date

1.0 Introduction

1.1 Background

In 2007, Audit and Advisory Services conducted an audit to determine whether departmental practices governing the acquisition, use and disposal of motor vehicles were compliant with both Treasury Board (TB) and TC policies, and whether the fleet was managed with due regard for value-for-money. The audit concluded that, overall, Departmental practices governing the acquisition, use and disposal of motor vehicles were compliant with TBS and TC policy, however, opportunities for improvement were identified, in particular related to the:

- Nature and timeliness of information available to fleet managers to monitor vehicle usage
- Selection of the most cost-effective mode of transportation by TC employees
- Authorized use of TC vehicles and
- Potential for a national fleet management strategy to standardize fleet management practices.

A Management Action Plan (MAP) developed to address the recommendations resulting from the 2007 audit was approved in June 2008 by the Departmental Audit Committee (DAC).

Audit and Advisory Services conducted an internal audit of vehicle fleet management to follow-up on the implementation of the 2008 MAP, to identify changes to vehicle fleet management risks, and to examine in a targeted manner the management control framework (MCF).

TC maintains a departmental fleet of vehicles to fulfill specific program requirements related primarily to the conduct of inspections. Inspection activities are carried out at a wide variety of, sometimes geographically dispersed, sites such as airport or marine terminals. While vehicle rental and the reimbursement for use of personal vehicles are options in many circumstances, inspectors may require, in some cases, specialized vehicles (e.g. built in equipment, off road capacity) not readily available through commercial rental or personal vehicle. In addition to inspectors, the vehicle fleet is made available to TC employees in the routine conduct of authorized government business when it is the most cost-effective transportation option (e.g. when required to drive significant distances inter-city for training or to attend meetings).

According to Automotive Resources International (ARI), as of February 2011, TC's fleet was comprised of 458 vehicles located at Headquarters and across all five regions. This vehicle fleet excludes TC port and airport operations vehicles, including heavy equipment and trailers, and vehicles used by the Motor Vehicle Test Centre. Functional responsibility for vehicle fleet management rests with Corporate Services in Headquarters (HQ), however, fleet management and oversight processes are highly decentralized, with regions operating under a variety of models.

The Department's fleet does not pose a material financial risk as the annual direct operational costs are approximately $1.5 million and the cost estimated by Audit and Advisory Services to replace the current fleet is $18 million (458 vehicles @ $39,000 on average), or approximately 2.25% of TC's planned investments as represented by the TC Investment Plan 2010-11 to 2014-15. Managing a departmental fleet introduces, however, a number of potentially significant risks. These include risks to the Department's reputation due to the public visibility of the fleet and to the Department's liability in the event of unauthorized drivers or passengers.

In determining the appropriate level of mitigation to address these risks, there is a need to sustain an effective balance of competing objectives related to operational requirements, fiscal prudence and

effective monitoring. For example, oversight/monitoring is essential to ensure the operational and compliance requirements of the fleet are met, but the nature and extent of oversight/monitoring must be cost effective for the department, balancing the risks the fleet poses.

1.2 Objectives

The objectives of the audit were to:

1. Assess the adequacy and effectiveness of controls governing selected fleet management activities and
2. Assess the adequacy of implementation of management action plans to address the findings/recommendations from the 2007 audit.

1.3 Scope and Methodology

The audit focused on the following higher risk areas identified during the planning phase of the audit:

- *Fleet Planning* – the process to ensure that the TC fleet adequately meets departmental objectives and operational requirements.
- *Vehicle Operations* – the ongoing operations of the vehicles to ensure:
  - the selection of the most cost-effective mode of transportation;
  - authorized use only of departmental motor vehicles; and
  - compliance with safety standards.
- *Monitoring* – the process and underlying data used to monitor fleet activities and follow-up identified anomalies.
- *Disposals* – the process to dispose of vehicles based on the analysis performed on each vehicle and pre-determined criteria (e.g. asset utilization, cost).

The audit planning phase was completed between December 2010 and January 2011. Audit fieldwork and reporting phases were completed between January 2011 and May 2011.

During the planning phase, to gain a thorough understanding of the fleet management activities and the significant areas of risk, the audit team:

- Conducted interviews with departmental and regional fleet managers and operational managers/fleet users;
- Performed a walk-through of fleet management activities and processes at the Dorval location in the Quebec Region; and
- Reviewed documents including applicable policies, regulations, processes, etc.

As a result of the planning phase, changes to the environment, and new and updated risks since the 2007 audit, audit procedures were developed to assess the management control framework governing fleet management activities.

During the conduct and fieldwork phases of the engagement, the audit team visited the Pacific, Ontario and Atlantic Regions to complete the audit program developed during the planning phase. To assess the audit objectives, the audit team utilized a variety of audit techniques, including:

- Conducting interviews with departmental and regional fleet managers and operational managers/fleet users;
- Performing detailed testing of fleet transactions, e.g. the acquisition/disposal transactions of fleet vehicles to ensure compliance with TC's Motor Vehicle and Ground Transportation Policy (GTP) and Public Works and Government Services Canada (PWGSC) requirements;
- Conducting reasonability assessments of ground transportation options, e.g. examining use of personal vehicles, rentals, and air travel against fleet vehicle availability to assess reasonableness of TC employees selecting the most cost-effective mode of transportation; and
- Physical inspection of fleet vehicles to determine whether vehicles meet relevant safety standards.

Telephone interviews were conducted during the conduct phase with the Prairie & Northern Region to gain an understanding of their process and to identify any significant deviations in practice from the other regions. A site visit was not conducted because 87% coverage of the vehicle fleet was obtained through the regional site visits described above.

The criteria for this audit were developed based on the guidance and principles within the GTP and the Motor Vehicle Manual. From these, seven (7) criteria were identified as important to demonstrate the adequacy and effectiveness of the management control framework related to fleet management. These criteria are:

- The most cost-effective mode of transportation is selected by TC employees.
- The departmental motor vehicles are used for conducting government business by authorized individuals only (i.e. drivers and passengers).
- The planning process is effective to ensure departmental objectives and operational requirements are met.
- Fleet activities are appropriately monitored.
- Data used to monitor vehicle usage and costs is reliable, complete and consistent.
- Fleet vehicles meet safety standards.
- Vehicles are disposed of effectively.

1.4 Audit Conclusions

In the opinion of the audit team, the controls governing the fleet management activities audited are not fully adequate and effective in ensuring that a departmental vehicle fleet represents the most cost effective mode of transportation for conducting Transport Canada business and that fleet vehicles are only used for approved business purposes.

Planning processes exist to support regions in identifying their operational requirements for vehicles, for disposing appropriately of vehicles, and ensuring vehicles meet safety standards. However there is neither an existing analysis of cost effectiveness to justify the existence, size and location of the vehicle fleet nor a national control framework setting out baseline expectations for the use, management and monitoring of the vehicle fleet across Canada. As well, there are neither national standards nor guidance provided to TC employees on the approach to be taken in evaluating cost-

effectiveness when selecting ground transportation options. Finally, there are weaknesses in the approach to controlling and monitoring appropriate and authorized use of fleet vehicles.

Regarding the implementation of management's planned actions to address the findings and recommendations from the 2007 audit, the audit team is of the opinion that overall, the MAP was not adequate in fully addressing the 2007 Audit in that there were a number of instances identified where implementation of the planned actions has not fully addressed the issues raised in the 2007 audit.

2.0 Findings and Recommendations

2.1 Adequacy and effectiveness of controls governing selected fleet management activities

Finding 1 – There is no national control framework setting out baseline expectations for the use, management and monitoring of TC's fleet vehicles assigned across Canada.

The department has an objective of containing costs via standardization while maintaining an effective balance among operational, fiscal prudence, and oversight objectives. Standardization in terms of fleet management would be expected to support communication of clear expectations and promote consistency in approaches.

A national control framework would establish common guidelines and expectations (e.g. the level of monitoring and oversight required) which the regions would be accountable to HQ to implement and respect.

While Corporate Services in Headquarters (HQ) has functional responsibility for vehicle fleet management and line responsibility for the operation of the HQ fleet, due to decentralization, there are a variety of different responsibility arrangements in place in the regions. These range from a central function within Corporate Services being responsible for all vehicles to program-specific areas (e.g. Civil Aviation) being responsible for portions of the regional vehicle fleet.

Without a stronger functional role being exercised by HQ, there is limited likelihood that an effective national control framework that could be expected to result in a consistent approach to vehicle fleet use, management and monitoring can be established, implemented and sustained.

Recommendation 1

a. Consider a stronger central functional role for vehicle fleet management.
b. Develop a national control framework for vehicle fleet management that would establish clear expectations and promote consistent application of fleet management approaches.

Finding 2 – Transport Canada has not completed a cost effectiveness analysis to justify a vehicle fleet, of the current size based in current locations, relative to the cost of transportation alternatives.

It was expected that TC would be able to routinely demonstrate the cost effectiveness of operating a fleet of >450 vehicles. This expectation is consistent with both the Government of Canada's and TC's objectives around cost management and containment.

An appropriate analysis of cost effectiveness would define the transportation requirements by type of user and include direct and indirect cost factors such as capital investment, administrative requirements (e.g. full time equivalent positions) and operational costs (i.e. storage, parking, fuel and maintenance) and a comparison with the full costs of the transportation alternatives (e.g. rentals, taxis, personal vehicles).

It was expected that qualitative factors would also be taken into consideration, such as risk mitigation (e.g. the additional reputational risk of operating a departmental fleet), operational requirements (e.g. the need for specialized vehicles), and related departmental objectives (e.g. demonstrating leadership in the use of "green" vehicles). While there are examples of regional initiatives to complete an analysis of cost effectiveness, the Department has not undertaken a comprehensive analysis at the national level.

In addition to confirming the need and size of the Departmental fleet, such an analysis would also provide a basis upon which employees would be provided with clear and consistent guidance regarding the selection of ground transportation options in various scenarios.

Regions and other Government Departments with vehicle fleets could be consulted as part of the development of the costing analysis and comparison with transportation alternatives.

Recommendation 2

Conduct a comprehensive analysis of the Department's ground transportation requirements, considering both quantitative and qualitative factors, that would provide a rationale for the existence, size and location of fleet vehicles.

Finding 3 – There is no national standard and no clear guidance for TC employees on how to evaluate cost-effectiveness when selecting ground transportation options.

The Department's GTP indicates that employees are to choose the most cost-effective mode of ground transportation that is operationally feasible to conduct government business. The policy identifies that ground transportation options include: departmental vehicles, seasonal leases, rentals, taxis and reimbursement for use of an employee's personal vehicle.

It was expected that compliance with this aspect of the GTP would be supported by a national standard whereby employees across TC are provided with clear, consistent and defensible expectations regarding the circumstances under which certain options in terms of ground transportation, particularly fleet vehicles, should automatically be chosen. Further, it was expected that guidance would be available to assist in completing a cost effectiveness evaluation when a fleet vehicle is not available and when a situation is not readily addressed through the standard.

In the absence of such a national standard, regions have communicated different expectations to employees regarding selecting the most cost-effective mode of ground transportation. For example, two regions have identified that fleet vehicles are the most cost-effective mode of ground transportation and require employees to use fleet vehicles whenever possible. The other regions have not similarly established or communicated a requirement or position.

Recommendation 3

Once the comprehensive analysis has been completed, identify a per kilometer cost that can be applied as the standard for selecting ground transportation options, and provide employees clear and consistent guidance.

Finding 4 – There are weaknesses in the approach to controlling and monitoring appropriate and authorized use of fleet vehicles.

The GTP stipulates that to be entitled to drive a government vehicle, the individual must have a valid reason to use a government car, receive prior authorization from their Responsibility Centre Manager (RCM), and hold a valid driver's license. Unauthorized or inappropriate vehicle use may be grounds for disciplinary action. Examples of unauthorized use may include driving without a valid driver's license, operating a vehicle without prior approval and carrying unauthorized passengers. Examples of inappropriate use would include using the vehicle for non-government business (i.e. personal use).

To drive a TC fleet vehicle, the driver must hold a valid driver's license and be authorized by the RCM; to be a passenger in a TC vehicle, the passenger must also be authorized by the RCM.

It was noted that there are inconsistent practices across the regions with respect to whether or not it is confirmed that drivers and passengers are authorized to use TC vehicles. One region requires employees driving a fleet vehicle to confirm they hold a valid driver's license by ticking a box on the online reservation system and to identify any non-TC employee passengers. The other regions have no explicit practices to verify proper authorization of drivers and their passengers. Because the federal government self-insures its vehicle fleet, which means that only authorized drivers and passengers are insured in the event of an accident, it is particularly imperative that only authorized drivers and passengers use the vehicles for conducting government business.

The GTP requires employees, once authorized, to record the details of their business trip including the destination and stop points along the way in a logbook which is assigned to every vehicle. The odometer readings are either recorded manually in the logbook, through entry into an on-line reservation system, or, in the case of one region, captured electronically through a Global Positioning System (GPS) installed in the fleet vehicles. It was noted, however, that the information recorded manually in the logbooks is often incomplete or inaccurate.

To identify instances of inappropriate use, the GTP also requires that the details of the employee's business trips (as recorded in the logbooks or captured electronically) be reviewed periodically. There are inconsistent practices across the regions, however, with respect to whether or not they monitor the logbooks to identify instances of inappropriate use. Two regions proactively monitor logbooks and follow up on a regular basis and the other regions undertake little or no proactive monitoring.

The lack of a standard expectation/guideline for the minimum level of monitoring to ensure appropriate and authorized use of fleet vehicles increases the risk that some regions may not be performing sufficient due diligence resulting in instances of inappropriate or unauthorized use of the fleet.

Recommendation 4

Develop national guidelines to standardize the use of front end controls and monitoring practices that mitigate the risk of inappropriate and unauthorized use of departmental vehicles.

Finding 5 – There are opportunities to reduce the costs of managing the fleet and to improve operational efficiency through standardized fleet management approaches and practices.

TC has a standing offer with Automotive Resources International (ARI) to provide services and tools to help manage the vehicle fleet. For example, under the arrangement, ARI provides fleet cards for the purchase of fuel and maintenance based on pre-determined limits, consolidates the billing and manages the data on vehicle usage (e.g. fuel and maintenance costs, fleet inventory). TC could better leverage the services and tools provided by ARI to manage the vehicle fleet more cost-effectively.

Because the responsibility for management of their assigned vehicles is delegated to regions, the approach to managing the vehicle fleet varies across the regions. For example:

- The inventory of vehicles identified in ARI does not reconcile to the inventory from the departmental financial system, indicating that ARI is not being consistently used by the regions as the single national system for data capture for all fleet information;
- Four regions maintain databases (e.g. excel spreadsheets) that are redundant to what ARI can/does provide to manually collect data and prepare reports for monitoring vehicle usage (e.g. fuel and maintenance costs) and tracking preventative maintenance;
- Regional websites are separately maintained for fleet management; and
- Each region has its own system, spreadsheet or practice for reserving vehicles and some regions have multiple spreadsheets or practices for reserving vehicles when fleet management is decentralized within the region.

Without a standard, and more central, approach to managing the vehicle fleet, there is an increased risk that efficiencies and potential cost savings may not be realized. An ARI representative expressed an opinion that government departments that had adopted a centralized model for vehicle fleet management appeared to exercise better control than those using a decentralized model.

Under a centralized model, the responsibility for purchasing vehicles, maintaining the fleet (e.g. preventative maintenance) and disposing of vehicles at the end of their lifecycle is assigned to HQ. In this scenario, on a monthly basis HQ would obtain the odometer readings from the regions to update ARI and, based upon the ARI information, would determine when preventative maintenance is required and would notify a regional contact to take the vehicle in for servicing. Regions would be consulted when determining operational requirements (i.e. through fleet planning committee meetings), ensuring appropriate use, and taking in the vehicles for preventative maintenance. The management of fleet information would be centralized to enable more efficient and effective tracking and monitoring (e.g. to identify when preventative maintenance is required, to determine whether certain vehicles are over/under utilized and to re-allocate vehicles).

Standardization and centralization would afford a number of opportunities to improve efficiency by eliminating the need for redundant databases and by reducing the level of manual input of data.

Other potential benefits to be derived from standardization and centralization include:

- Increasing the consistency of monitoring, including comparability of data analysis across regions, by centralizing the monthly reporting from ARI for distribution to the regions;
- Increasing consistency of messaging to TC fleet users and reducing the amount of time dedicated to maintaining a regional website; and
- Providing easy access to pooled vehicles across Canada to allow an employee travelling to another region to reserve a TC fleet vehicle that may otherwise not be being utilized.

Recommendation 5

Review the current decentralized model of vehicle fleet management to determine whether a centralized model would maximize cost effectiveness and operational efficiency.

2.2 Implementation of Responses to the 2007 Audit

Finding 6 –There are a number of instances where implementation of the Management Action Plan has not fully addressed the issue raised in the 2007 audit.

The audit team found that Management had followed-through on their approved planned actions in response to the recommendations included in the 2007 audit of vehicle fleet management. Despite this, it was noted that a number of the issues underlying the 2007 audit findings remain as areas of concern based on the current audit work. Review of the 2007 audit report and management's responses to the audit findings revealed potential gaps in the sufficiency of the response to the 2007 audit. Specifically, there are instances where management's response does not appear to fully address the issue raised within the related audit finding and recommendation.

As such, it would be prudent to ensure that the management action plans to be developed in response to this report address any outstanding issues articulated in the 2007 audit report.

Appendix A (has been removed and is available upon request) provides an overview of the 2007 Audit findings, recommendations, management action plan response and the results of the 2011 follow-up.

3.0 Summary of Recommendations and Management Action Plan

Each recommendation has been assigned a rating ranging from Very Significant to Moderately Significant based on the significance rating scale found in Appendix B (has been removed and is available upon request). It is recommended that the Assistant Deputy Minister, Corporate Management, with the collaboration and support of the Regional Directors General:

Significance	Recommendations	Management Action Plan with Expected Completion Dates
Very Significant	1. A) Consider a stronger central functional role for vehicle fleet management. B) Develop a national control framework for vehicle fleet management that would establish clear expectations and promote consistent application of fleet management approaches.	Corporate Services HQ has been asked to assume functional authority for vehicle fleet management. This will entail responsibility for the development and oversight of a fleet management policy and accompanying procedures. RDGs will maintain accountability for defining ground transportation requirements to support operations for each of their regions, consistent with policy and guidelines. **Target Date:** March 31, 2012 **Accountable Executive**: ADM Corporate Management

Significance	Recommendations	Management Action Plan with Expected Completion Dates
Very Significant	2. Conduct a comprehensive analysis of the Department's ground transportation requirements, considering both quantitative and qualitative factors that would provide a rationale for the existence, size and location of fleet vehicles.	Ground transportation requirements will be assessed annually by RDGs as part of capital investment planning; following agreement on and implementation of policy/procedures A decision support model will be developed to assist RDGs in determining fleet size and location. **Target Date:** March 31, 2013 **Accountable Executive**: ADM Corporate Management
Significant	3. Once the comprehensive analysis has been completed, identify a per kilometer cost that can be applied as the standard for selecting ground transportation options, and provide employees clear and consistent guidance.	Determine the most appropriate method for utilization as a standard for selecting ground transportation options: a. Per KM costs; or b. Daily fleet costs (for comparison with rental vehicles). **Target Date:** March 2012 **Accountable Executive**: ADM Corporate Management
Very Significant	4. Develop national guidelines to standardize the use of front end controls and monitoring practices that mitigate the risk of inappropriate and unauthorized use of departmental vehicles.	Explore feasibility of a national automated system of front-end controls through analysis of existing tools utilized by Quebec and Ontario Regions in the management of their existing fleet. **Target Date:** September 2012 (assessment only)

Significance	Recommendations	Management Action Plan with Expected Completion Dates
		Accountable Executive: ADM Corporate Management
Significant	5. Review the current decentralized model of vehicle fleet management to determine whether a centralized model would maximize cost effectiveness and operational efficiency.	Corporate Services HQ has been asked to assume functional authority for vehicle fleet management. This will entail responsibility for the development and oversight of a fleet management policy and accompanying procedures. RDGs will maintain accountability for defining ground transportation requirements to support operations for each of their regions, consistent with policy and guidelines. **Target Date:** March 31, 2012 **Accountable Executive**: ADM Corporate Management

APPENDICES BEEN REMOVED AND ARE AVAILABLE UPON REQUEST

APPENDIX A: Overview of Management Action Plan Implementation

APPENDIX B: Description of Ratings for Audit Recommendations