

**REPORT TO THE BOARD OF SUPERVISORS
FAIRFAX COUNTY, VIRGINIA**

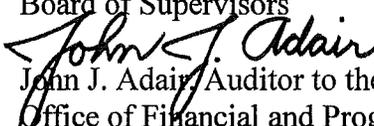
**QUARTERLY STATUS REPORT ON OPERATIONS
AS OF SEPTEMBER 21, 2004**



OFFICE OF FINANCIAL AND PROGRAMS AUDITOR

FAIRFAX COUNTY, VIRGINIA

MEMORANDUM

TO: Board of Supervisors
FROM:  Auditor to the Board
Office of Financial and Programs Auditor
DATE: September 21, 2004
SUBJECT: Quarterly Status Report on Operations

EXECUTIVE SUMMARY

Our April report on vehicle utilization led to a Board of Supervisors mandate that staff conduct a review of the County's current and projected vehicle fleet size. Thus far, that review has resulted in 16 County vehicles being turned in to the Department of Vehicle Services. Staff anticipates that a number of additional low usage vehicles will be returned before the review is completed.

During this quarter, we worked with County staff as they developed a fleet utilization policy. This policy will provide systematic criteria for assigning vehicles that balances the need for effective delivery of public services with the need to optimize vehicle utilization, and promote fuel and energy efficiency.

The draft policy proposes establishment of a Fleet Utilization Management Committee to evaluate and make the decision on the need for fleet additions. The Committee also would make decisions to retain, reassign, eliminate or assign pool vehicle status to under-utilized vehicles and equipment.

We also worked with County staff on the creation of a new travel policy. The new policy, as currently drafted, would require County travelers to use the same lodging rates used by Federal and State travelers. The previous policy, which was similar to other local jurisdictions, did not specify limits on lodging rates, instead requiring travelers to travel by the most economical means, and ensure that travel expenses are reasonable and necessary.

During the next quarter, we will continue to work with County staff on their reviews of County vehicles and the completion of the new County travel policy. We also will review seven Value Engineering studies undertaken by the County, where less than 50% of the study recommendations were adopted, to determine if the rejections of the unaccepted recommendations were reasonable and appropriate.

**REVIEW OF THE COUNTY'S
VEHICLE FLEET**

Our April Quarterly Status Report discussed issues regarding the County's vehicle fleet, including the need to determine whether agencies have enough vehicles to accomplish their missions, but not more than needed. Based on this report, the Board of Supervisors, on April 19, 2004, directed County staff to conduct a review of the current and projected fleet size.

Staff was asked to develop a written policy and implementation process for agencies to follow in determining vehicle requirements, and a procedure to annually assess the appropriateness of vehicle assignment. Staff also was to develop policies and procedures requiring additional sharing of vehicles within and among departments, and encouraging the use of personal vehicles on a reimbursable basis where feasible. This work was to be completed prior to the Board's consideration of the FY 2006 budget.

Reductions in County Vehicle Fleet

As a first step in carrying out the directive from the Board of Supervisors, the Director of the Department of Vehicle Services, who has taken the lead in developing a vehicle policy, sent a memo to County agency directors on June 14, 2004. The Director asked that each agency review the use of their low usage vehicles, defined in the memo as those which had accumulated fewer than 4,000 miles for the 12 months between June 1, 2003, and June 1, 2004. The total number of such vehicles was 444, excluding vehicles that went into service during that period.

The agency directors were asked to review the vehicles and their use to determine whether any of the vehicles could be turned in to the Department of Vehicle Services, and were asked to respond by July 9, 2004. Agency directors were advised that vehicles identified as excess should be turned in through their agency vehicle coordinator.

The responses received in July resulted in 16 vehicles being identified as excess. The following staffs recommended reducing their vehicle assets as follows:

Department of Vehicle Services/Motor Pool	7
Site Development Services	4
Building Code Services	1
Wastewater Planning & Monitoring	1
FASTRAN	1
Park Authority	2

The remainder of the agency responses discussed why their low usage vehicles should be retained. These responses are being reviewed by Department of Vehicle Services staff and also will be reviewed by Department of Management and Budget staff. Work still to

be completed includes development of a spreadsheet that summarizes, by agency and vehicle type, a brief explanation of the reason for removing or retaining the vehicles in the agency fleet, and other pertinent information. Staff anticipates that in addition to the 16 vehicles identified as excess, a number of the 444 low usage vehicles will be recommended for return, but some of these vehicles may have legitimate business or usage reasons for having accumulated less than 4,000 miles from June 2003 to June 2004.

**Proposal to Establish a
Fleet Utilization Policy**

On August 10, 2004, the Director of the Department of Vehicle Services sent a memorandum to Division Directors and Vehicle Coordinators titled Draft Policy on Board of Supervisors Chairman Connolly's Motion on the Vehicle Reserve. The policy is intended to address the concerns raised by the Board of Supervisors in its April 19, 2004 directive.

The draft policy, which would be included in a procedural memorandum, would establish a fleet utilization policy to balance the investment in the fleet (including all costs from life to disposal) while ensuring departments and agencies have the fleet means needed to support their missions.

The policy applies to all County agencies who operate County owned vehicles and equipment. Exempted from the policy are all Fairfax County Public Schools vehicles, and Fire and Rescue Volunteers' vehicles, all off road equipment and certain specialty vehicles.

**Proposed Creation and Activities of a
Fleet Utilization Management Committee**

Under the draft policy, a Fleet Utilization Management Committee would be established to routinely review the vehicle and equipment fleet and ensure it is in compliance with policy. The Committee would evaluate and make the decision on the need for fleet additions, except additions initiated by the Board of Supervisors. The Committee also would make decisions to retain, reassign, eliminate, or assign pool vehicle status to under utilized vehicles (defined in the policy as those driven fewer than 5,000 miles per fiscal year) and equipment.

The draft policy states that the Fleet Utilization Management Committee would consist of representatives from the Department of Vehicle Services, the Department of Management and Budget, and the Office of the County Internal Auditor.

The steps to be followed for Committee review of proposed vehicles additions would be:

- A Department requesting a vehicle addition completes the required form, submits it to the Department of Vehicle Services for review and forwarding to the Fleet Utilization Management Committee;
- The Committee approves or disapproves the request, provides the rationale for those requests that are disapproved, returns the decision to the requesting Department and provides a copy to the Department of Management and Budget.
- A Department may appeal decisions to disapprove vehicle additions to the County Executive, who makes the final determination.

For the Fleet Utilization Management Committee's annual review of low utilization vehicles, the steps would be:

- The Department of Vehicle Services determines each spring those vehicles with low utilization and, for each Department, forwards the list to the Department Director.
- The Department Director reviews each low utilization vehicle. If the Department no longer needs the vehicle, the Director indicates when the vehicle will be returned to the Department of Vehicle Services.
- If the Department desires to retain the vehicle, the Director should complete the required form with as much detail as possible as to why the vehicle is needed, and return it to the Director of the Department of Vehicle Services, who will forward all such forms to the Fleet Utilization Management Committee.
- The Committee will review each Department's forms for the low utilization vehicles that the Departments desire to retain.
- The Committee will make the decision as to which vehicles should be retained by the Department and which should be turned in to the Department of Vehicle Services. The Committee will return the form and the reason for the decision to the requesting Department, and forward a copy to the Department of Management and Budget.
- The Department may appeal the decision to turn in a vehicle to the County Executive, who makes the final determination.

In addition to reviewing requests for additions to the fleet and its annual review of low utilization vehicles, the proposed policy requires that the Fleet Utilization Management Committee be responsible for reviewing "Take Home Vehicles" requests and requests to

authorize County employees to park County vehicles on protected County property as close as possible to their residence.

Also, the proposed policy states, with regard to the use of privately owned vehicles, that for employees who have a need for occasional use of County vehicles, Departments should always consider allowing employees to use their own vehicles and be reimbursed for mileage as part of a fleet policy.

Comments from Department Directors and vehicle coordinators to whom the August 10, 2004, memorandum was sent on the specifics of the proposed fleet utilization policy were requested to be provided to the Department of Vehicle Services by August 27, 2004. The comments received are being incorporated in an updated draft of the proposed fleet utilization policy. Once this is complete, the Department of Vehicle Services plans to hold a series of meetings with senior staff and other key stakeholders in late September and early October in order to continue moving forward in accordance with the Board of Supervisors' directive to have work completed prior to the Board's consideration of the FY 2006 budget.

REVIEW OF COUNTY TRAVEL POLICY

At an April 26, 2004, Board of Supervisors' meeting, the Board directed that County staff, with the participation of the Office of the Financial and Program Auditor, conduct a comprehensive review of the County's employee travel policy. The Board of Supervisors directed staff to return with recommendations for amendments aimed at further ensuring that all employee travel is justified and done at the lowest possible cost to the taxpayer.

Staff also was asked to add language to the existing travel policy giving guidance to managers to ensure that supervision of their departments does not suffer as a result of travel and that the workload of other employees is respected.

We have been working with the Chief Financial Officer, the Director of the Department of Finance, and a representative from the Department of Management and Budget to revise and improve the travel policy. The Department of Finance has taken the lead in revising the travel policies and procedures, as contained in Procedural Memorandum 06-03.

Lodging Reimbursement Policy **At the County, State and Federal Level**

One of the primary travel policy revisions staff intends to recommend involves reimbursement for the cost of lodging expenses. The previous County policy has been to have County employees "use prudent judgment and seek to minimize cost when making

travel arrangements”, “travel by the most economical means”, and “ensure that travel expenses are reasonable and necessary”.

The County currently does not specify maximum allowable reimbursable lodging rates for cities to which County employees travel. The determination as to whether or not the lodging expense is reasonable is made by the agency head. Opinions may vary among agency heads regarding what constitutes a reasonable lodging expense.

As part of this project, the Department of Finance conducted a survey of lodging travel policies among the Federal Government, the Commonwealth of Virginia, and surrounding jurisdictions. Finance Department staff told us that this survey showed that all of the neighboring jurisdictions relied on agency judgment, similar to the current County policy.

The survey also showed that both the Federal Government and the Commonwealth of Virginia had stricter and more tangible standards for lodging. Both entities rely on the Federal Government’s per diem lodging rates for U. S. cities and cities abroad, as set forth in the U. S. General Services Administration’s web site and the U. S. Department of State’s web site, respectively.

Revisions Proposed to Policy For County Lodging Reimbursement

The Chief Financial Officer, the Director of the Department of Finance, the Department of Management and Budget representative and our Office agreed that adopting the Commonwealth of Virginia’s lodging policy appears to be the most viable option. Adoption of this policy would make the County’s lodging policy the strictest among local governments in the region while still accommodating the needs of County travelers.

Advance authorization would be required in order for any County traveler to exceed the federal lodging rate limit. In keeping with the State’s guidelines, such authorization could be provided by department heads for amounts up to 150 percent of the Federal limit. This lodging exception would be authorized only when circumstances warrant it, and an explanation of the circumstances justifying the exception would be attached to the travel voucher.

Through this approach, the County would be able to rely on the General Services Administration and the Department of State to maintain up-to-date maximum allowable lodging rates for cities to ensure that employee travel reimbursements are fair and reasonable.

Other Travel Policy Changes

Other changes to the travel policy staff intends to recommend include revisions regarding meal reimbursements and incidental expenses. Meal reimbursement per diem rates would remain the same (either \$41 or \$46 depending on whether the destination city is designated as a "premium city"). However reimbursement would be based on the overall per diem rate instead of prescribing rates for breakfast, lunch and dinner. Staff said this would allow for a more efficient and effective central review of travel documents.

Borrowing another approach from the State's travel policy, staff intends to recommend that travelers be reimbursed 75 percent of the appropriate meal per diem for each travel departure and return day.

In addition, staff intends to recommend that the County adopt the State's policy of providing travelers with a flat \$3 per diem for each day of overnight travel, regardless of the destination, for incidental expenses. This amount would cover such expenses as bellhop/housekeeping tips, personal phone calls, laundry, and transportation between lodging/business and restaurants. The \$3 per diem for incidental expenses would not be prorated for travel departure or return dates.

Finally, staff is adding language to the travel policy stipulating that supervision within departments must not suffer as a result of travel and that the workloads of other employees be respected.

County staff is working aggressively to finalize the revisions to the travel policy and would like to see the new policy issued in October 2004.

WORK TO BE PERFORMED DURING THE NEXT QUARTER

During the next quarter, we will continue to work with County staff on their reviews of County vehicles and the completion of the revisions to the County travel policy. We also will review seven Value Engineering studies undertaken by the County, where less than 50% of the suggestions were adopted, to determine if the rejections of the unaccepted recommendations were appropriate.

