

**County of Solano  
Office of the Auditor-Controller**



**Internal Control Review of  
Fleet Management's Operations**

**February 2, 2026**

**Auditor-Controller: Janine Harris, CPA  
Internal Audit Manager: Matthew Fong, CIA  
Internal Auditor: Sandy Yang**

**Internal Control Review  
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**TABLE OF CONTENTS**

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	<i>Page</i>
<b>INTRODUCTION.....</b>	3
<b>OBJECTIVE.....</b>	3
<b>BACKGROUND .....</b>	3
<b>SCOPE AND METHODOLOGY.....</b>	3
<b>AUDIT RESULTS.....</b>	4
<b>MANAGEMENT RESPONSE.....</b>	8

## **INTRODUCTION**

In accordance with the Internal Audit Division's Fiscal Year 2025/2026 Audit Plan, we initiated the internal control review of Solano County's Fleet Management Division. We conducted our review in accordance with *Global Internal Audit Standards* as developed by the Institute of Internal Auditors.

In any system of internal controls inherent limitations exist which may result in errors or irregularities occurring and not being detected. Limitations may include, but are not limited to, resource constraints, management override, and circumvention of internal controls by collusion. Accordingly, the review would not necessarily identify and disclose all weaknesses.

## **OBJECTIVE**

The Internal Audits Division conducted a review to determine if the internal controls for Fleet Management's operations are adequate to maintain compliance with state, federal and county rules of regulations.

Based on our risk assessment we focused the review on Fleet Management's internal controls for equipment maintenance and repair, and acquisitions and disposals.

## **BACKGROUND**

The Fleet Management Division (Fleet) is one of seven divisions under the Department of General Services. Fleet provides comprehensive fleet management and transportation services to County departments, the City of Dixon, the City of Fairfield Police Department, and three special districts within Solano County. Fleet is responsible for the following services: monthly and daily rental vehicles, equipment maintenance and repair, management of fuel sites, and acquisition and disposal of vehicles and equipment. Fleet's responsibilities for equipment maintenance and repairs include preventative maintenance for 584 county vehicles and 145 department owned vehicles. Fleet's responsibilities for acquisitions and disposals include acquiring equipment and vehicles and disposal of old equipment and vehicles while ensuring compliance with laws and regulations.<sup>1</sup>

## **SCOPE AND METHODOLOGY**

We reviewed the adequacy of internal controls for Fleet Management as of August 14, 2025. To achieve our objective, we completed the following activities:

- Assessed the risks of Fleet's primary operating objectives to narrow the focus of this review.
- Conducted interviews with the General Services Fleet Management and Administration Divisions.
- Conducted a tour of Fleet's facility.

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<sup>1</sup> Solano County FY2025/26 Recommended Budget

- Conducted a physical inventory count for comparison with system documented maintenance supplies.
- Reviewed a sample of vehicles serviced by Fleet to confirm timely completion of maintenance.
- Reviewed a sample of vehicles serviced by Fleet to confirm any recalls listed on the National Highway Traffic Safety Administration website were resolved.

## **AUDIT RESULTS**

We tested controls for the following five risks:

1. Disposal of hazardous waste
2. Accurate allocation of Fleet costs (maintenance, acquisition, and disposal)
3. Timely preventative maintenance service
4. Inventory control for maintenance supplies
5. Repair of recalled vehicles

During our review, we observed a lack of policies and procedures affecting all areas of Fleet operation. Please see Finding 1 below for details.

Other than Finding 1, we determined sufficient internal controls were in place for disposal of hazardous waste and the accurate allocation of Fleet costs.

Fleet's hazardous wastes include used oils, coolants, degreasers, paints or paint thinners, and aerosol cans. All hazardous waste bins are stored outside the fleet garage in a designated area. Each waste bin is labeled and securely locked to prevent any leaks or spills. Once the containers are full, the hazardous waste is transported off-site by a third-party vendor and the hazardous waste manifest is kept on file for 3 years.

Fleet uses an Excel sheet they refer to as *Rate Development* to help calculate the allocation of fleet costs to each department. The *Rate Development* is reviewed by multiple users within Department of General Services prior to the final numbers being submitted to the Auditor-Controller's Office. The Auditor-Controller's Office reviews the submission for significant changes from prior years.

During our review we observed the following opportunities for improvement:

### **Finding 1: No Written Policies and Procedures in the Fleet Division.**

During the planning of our review, it was disclosed to us that Fleet did not have formally documented policies and procedures. Management has not developed or approved written policies and procedures, and as a result, current operations rely primarily on verbal instructions

rather than standardized written guidance. Generally accepted internal control frameworks<sup>2</sup> require departments to establish and maintain current, written policies and procedures to ensure consistent operations and compliance with regulatory requirements. Without documented policies and procedures there are increased risks to operations such as inconsistent performance, increased difficulty in training staff, less reliable information for decision-making, and increased opportunity for fraud, waste, and abuse.

### **Recommendation 1:**

We recommend that Fleet develop, document, and formally approve comprehensive policies and procedures for its key operational processes. These documents should clearly define roles and responsibilities, outline detailed process steps, describe control activities, and specify escalation protocols.

### **Finding 2: Vehicle Recalls Were Not Consistently Addressed.**

We received an active list of all the vehicles in AssetWorks, the Fleet Management Information System. The list included a total of 589 vehicles, and we randomly selected 50 vehicles for audit testing. We observed that 13 of 50 (26%) sampled vehicles had outstanding manufacturer recalls, two of which were significant with possible engine failures with potential under-hood fire.

Under the California Product Recall Safety and Protection Act<sup>3</sup>, a product is considered unsafe and subject to recall if it does not conform to state or federal laws/regulations or if it has been recalled for safety reasons in cooperation with the Consumer Product Safety Commission (CPSC) or voluntarily by the manufacturer.

There was not a consistent process to ensure all vehicles brought in for service were checked for open recalls. Not addressing recalls timely increases the risk of accidents with potential for injuries and property damage.

### **Recommendation 2:**

Develop and implement a procedure to communicate with departments about recalls and to check vehicles for manufacturer recalls during routine maintenance. Promptly addressing recalls ensures vehicle safety, compliance with regulations and reduces the risk of unexpected breakdowns.

### **Finding 3: Controls Over Supply Inventory Need Improvement.**

We attempted to confirm the accuracy of supply inventory by randomly selecting items from the inventory list and confirming their existence. We also attempted to confirm that random selections of supplies present were included in the inventory list. We determined the supply inventory was

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<sup>2</sup> Standards for Internal Control in the Federal Government issued by the Comptroller General of the United States and the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

<sup>3</sup> California Health and Safety Code Division 104, Part 3, Chapter 2

not accurate. The inaccuracy was the result of the 3 parts of finding 3. Each part of finding 3 is caused by the lack of policies and procedures for managing supply inventory.

**Finding 3A: Inadequate use of Fleet Management Information System**

We observed that AssetWorks, the Fleet Management Information System, was not utilized to its full potential for tracking supply inventory. Fleet management was unable to make manual adjustments to resolve discrepancies between physical counts and the system inventory. As a result, they were unable to reconcile the actual inventory.

The inventory list is broken down into categories such as brakes, wheels, batteries etc. We observed items added to a miscellaneous category labeled “New Part” in which the mechanics can add a new line item into inventory. At the time of testing there were 418 items listed under “New Part”.

Fleet does not have a desk manual for using AssetWorks or established training materials for new employees on how to use the system. Due to staff turnover and the lack of a desk manual, the current staff are not using the system effectively. As a result, Fleet does not have an accurate supply inventory escalating the risk of inefficiencies and reducing management’s ability to safeguard supplies.

**Recommendation 3A:**

Assess the available options for tracking and managing supply inventory. Consider costs and benefits of replacing the existing system or learning and documenting processes within the current system.

**Finding 3B: Lack of organization in the Fleet stockroom.**

We observed that the Fleet garage stockroom was not well-organized. The first room had shelves and boxes but did not include labels to indicate what each box contained. In the second room, partially used fluid containers were stored with unopened containers without a system to quickly identify which to use first.

The lack of inventory policies has led to inconsistency in the storage and retrieval of items. This has led to inefficiency in maintaining an appropriate quantity of supplies and increases safety hazards.

**Recommendation 3B:**

We recommend creating an organizational structure for the stockroom. The principles of this structure should be documented in the Fleet policy and detail each process such as adding or removing inventory.

**Finding 3C: No Reconciliation of Items On-Hand to System Inventory.**

Fleet is not regularly conducting an inventory count. Due to the issues identified in Finding 3A and Finding 3B, Fleet cannot conduct an inventory count of supplies. Without counting inventory regularly, theft, damage or loss can go unnoticed for an extended period.

**Recommendation 3C:**

We recommend establishing a regularly recurring schedule for conducting a physical inventory count of supplies and reconciling the actual inventory with expectations.

**Finding 4: Inability to Verify Timely Servicing of Vehicles.**

Fleet recommends vehicles receive preventative maintenance every 6,000 miles or 12 months depending on which occurs first. Most vehicle manufacturers recommend preventative maintenance every 12 months or 5,000 miles to 7,500 miles, depending on make and model.

During the audit, we obtained two AssetWorks reports at different points in time to determine if the vehicles were serviced timely. The reports contained discrepancies which could not be reconciled. As a result, auditors determined that we could not confirm the accuracy and completeness of the data extracted from AssetWorks, and could not determine whether vehicles were brought in for preventative maintenance in a timely manner.

The Fleet manager indicated that maintenance reminder stickers are placed on the vehicle windshields to notify drivers of the upcoming service due date; however, this process lacks follow-up to confirm timely maintenance occurred. Not adhering to preventative maintenance schedules may reduce the useful life of a vehicle or increase the risk of a vehicle malfunction causing damage or injury.

**Recommendation 4:**

We recommend that Fleet Division management implement procedures to ensure the completeness and accuracy of data recorded in AssetWorks. In addition, management should establish a reminder or alert system, either within AssetWorks or through a supplemental tracking tool, to ensure vehicles receive preventative maintenance in accordance with required schedules. This will help reduce the risk of vehicle malfunctions and extend the life span of vehicles. Implementing automated alerts or follow-up communications with departments could improve timely maintenance compliance.

**ANTHONY L. TAVE, P.E.**  
Director General Services  
ALTave@SolanoCounty.gov  
(707) 784-7902

**DUSTIN D. LENO, MBA, A.A.E.**  
Assistant Director  
DDLeno@SolanoCounty.gov  
(707) 784-2781

**DEPARTMENT OF GENERAL SERVICES**  
Fleet Management Division



**LUIS OCHOA**  
Fleet Manager  
LOchoa@SolanoCounty.gov  
(707) 580-5705 Direct  
(707) 421-4001 Main Office

3255 N. Texas Street  
Fairfield, CA 94533  
www.solanocounty.gov

**TO:** Janine Harris, Auditor-Controller  
**Cc:** Matthew Fong, Internal Audit Manager  
**FROM:** Luis Ochoa, Fleet Manager  
**DATE:** April 15, 2025  
**SUBJECT:** Response to Internal Control Review – Fleet Management Operations (FY 2025/2026)

Fleet Management appreciates the Auditor-Controller's Office review and the opportunity to strengthen internal controls and operational processes. The following responses outline corrective actions and process improvements implemented or in progress to address the audit findings.

**Finding 1: No Written Policies and Procedures**

**Response**

Fleet Management acknowledges this finding. While operational processes are currently in place and being followed, they have not been formally documented in a comprehensive policy and procedures framework. This gap is primarily due to staffing limitations, competing operational priorities, and the rapid growth of fleet operations, including regulatory compliance requirements and service demand.

**Action Plan**

- Development of a comprehensive Fleet Management Policy Manual and Standard Operating Procedures (SOPs) are underway.
- Target completion: Draft framework Q4 FY 2026/2027; Full implementation Q1 FY 2027/2028

**Finding 2: Vehicle Recalls Not Consistently Addressed**

**Response**

Fleet Management acknowledges that recall tracking and resolution processes were not consistently applied at the time of audit. While recalls are addressed when identified, a standardized and verifiable process was not in place to ensure consistency across all vehicles. Fleet has since reinforced its process to ensure identification and tracking of all recalls are embedded into routine operations.

**Resolved**

- All preventative maintenance (PM) inspections have been modified to now include a mandatory vehicle recall verification step, in addition to receiving manufacturer recall notifications.

- As part of this new process, any vehicles identified with open recalls will have a recall-specific work order created in AssetWorks for tracking and will remain open until completion is verified through the authorized dealership.

### **Finding 3: Inventory Control Needs Improvement**

#### **Finding 3A: Inadequate Use of AssetWorks**

##### **Response**

Fleet acknowledges that AssetWorks inventory functionality has not been fully utilized, largely due to lack of formal training, system configuration limitations, and staffing constraints.

##### **Action Plan**

- Conduct inventory module assessment within AssetWorks.
- Develop desk manual and staff training materials.
- Eliminate 'New Part' category and standardize inventory classification.
- Evaluate system optimization vs. replacement options.
- Assign responsibility for inventory oversight.

#### **Finding 3B: Lack of Stockroom Organization**

##### **Response**

Fleet acknowledges inconsistencies in stockroom organization and storage practices.

##### **Action Plan**

- Fleet management will implement standardized stockroom layout with labeled shelving and separation of new vs. used inventory.
- Establish procedures for stock intake, storage, and issuance.

#### **Finding 3C: No Inventory Reconciliation Process**

##### **Response**

Fleet acknowledges that routine inventory counts and reconciliation procedures were not formalized at the time of audit.

##### **Action Plan**

- Establish recurring inventory counts (cycle counts and annual full inventory).
- Implement reconciliation between physical counts and AssetWorks.
- Document discrepancies and corrective actions.
- Assign accountability for inventory accuracy.

### **Finding 4: Unable to Verify Timely Preventative Maintenance**

##### **Response**

Fleet acknowledges data inconsistencies within AssetWorks that limited the ability to validate preventative maintenance compliance during the audit period. While maintenance is actively performed, system reporting and tracking require improvement.

### **Action Plan**

- Improve data integrity and reporting accuracy in AssetWorks
- Standardize meter entry and PM scheduling processes
- Implement automated PM alerts and department notifications
- Continue physical reminders (stickers) supplemented by digital tracking
- Establish PM compliance metrics (KPIs)
- Explore Customer Access Portal for department visibility and accountability