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Information Item No. 2
Audit and Finance Standing Committee
November 25, 2020

TO: Chair and Members of Audit and Finance Standing Committee

SUBMITTED BY: **- Original Signed -**

Jane Fraser Director of Finance, Asset Management & ICT/CFO

- Original Signed -

Jacques Dubé, Chief Administrative Officer

DATE: November 12, 2020

SUBJECT: **Fleet Vehicle Use, Car Allowances and Mileage Audit Follow Up**

INFORMATION REPORT

ORIGIN

At the March 11, 2020 session of the Audit and Finance Standing Committee, the Auditor General presented a report of their findings from an audit of fleet vehicle use, car allowances and mileage. The report included four (4) recommendations to be addressed by HRM. Motion approved to accept the Auditor General's Report and presentation. Staff advised that an update would be provided to the Audit and Finance Standing Committee in six (6) months time.

BACKGROUND

The Auditor General's Office completed an audit of fleet vehicle use, car allowances and mileage in 2019, the purpose of which was to determine whether HRM and Halifax Water appropriately manages the use of light-duty fleet vehicles, mileage on employee personal vehicles, and car allowances. The objectives of the audit were to determine whether HRM and Halifax Water:

- Effectively manage the use of light-duty fleet vehicles and considers value-for-money; and;
- Effectively manage risks associated with car allowances and local mileage expense reimbursements.

The audit findings determined that HRM is not effectively managing the use of light-duty fleet vehicles and has vehicle use and travel policies that need to be updated. Four (4) recommendations were for HRM, and a commitment was made by the CFO to provide an update in six (6) months time to the Audit and Finance Standing Committee on the progress made.

DISCUSSION

Status	Status Defined	Total	Percent
On Track	Recommendations marked 'on track' have been assigned to the appropriate individuals, with achievable target dates and are progressing accordingly.	4	100%
At Risk	Recommendations marked 'at risk' require immediate attention so necessary actions can ensue.	0	0%
Complete	For the purposes of this project, recommendations marked 'complete' are those where no further actions are required.	0	0%
Pending	Recommendations marked 'pending' have not yet been assigned target dates, and are dependent upon the completion of other recommendations.	0	0%
Total		4	

No.	Recommendation	Status	Details
1	HRM's Corporate and Customer Services should develop a detailed plan, with deadlines, and complete its fleet rationalization project. This should include updating the fleet-use policy, address monitoring of vehicle use, and clarify how disagreements between Corporate Fleet and fleet vehicle users will be settled.	On Track	<ul style="list-style-type: none"> Organizational Performance Excellence is leading the project and is working on developing the detailed project plan, including deadlines. Data gathering has begun and a team will be established in December.
2	HRM's Finance, Asset Management & Information, Communication and Technology should clarify whether employees who take HRM-owned vehicles home while on call are receiving a taxable benefit under current Canada Revenue Agency requirements. If employees are found to have historical, unreported taxable benefits, HRM should determine how to address related unpaid income tax and Canada Pension Plan contributions.	On Track	<ul style="list-style-type: none"> HRM has begun working with a consultant to determine whether or not there is a taxable benefit that would need to be reported in this case.
4	HRM's Human Resources should update the local travel policy to require either selecting the most cost-effective option or documenting the business case for a more costly choice.	On Track	<ul style="list-style-type: none"> Human Resources are currently revising the Employee Expense Reimbursement policy.
6	HRM should monitor utilization of light-fleet vehicles, including checking for inappropriate use and developing utilization targets. management should monitor changes to time records to reduce this risk.	On Track	<ul style="list-style-type: none"> Light fleet usage is monitored on a monthly basis. The project will establish targets and guidance for identification of inappropriate use, reporting, and required action.

FINANCIAL IMPLICATIONS

There are no financial implications.

COMMUNITY ENGAGEMENT

None.

ATTACHMENTS

None.

A copy of this report can be obtained online at halifax.ca or by contacting the Office of the Municipal Clerk at 902.490.4210.

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