

MANAGEMENT AUDIT OF
RAYTOWN WATER COMPANY

CASE NO. WO-93-194

AUDIT RECOMMENDATION IMPLEMENTATION PLAN

Project Name: Vehicle Replacement

Function: Operations and Maintenance

Department: Management and Field

Person Responsible for Implementation: Neal S. Clevenger and
Mel Acock

Title: President/General Manager and Foreman

Audit Reference Chapter: IV Page: 59-60

Project NO.: 42 Project Priority: Medium

I. MSD STAFF RECOMMENDATION: Develop and implement a formal vehicle replacement policy that includes elements such as vehicle purchasing justification, procedures for competitively bidding vehicles and vehicle specifications.

A. Estimated cost: Minimal

B. Estimated Benefits: Ensure all needs of a vehicle are incorporated into the purchasing decision.

C. Estimated Date of Completion: 6/30/94

II. DESCRIPTION OF IMPLEMENTATION PLAN: The vehicle replacement recommendation is in reality a particular application of management audit projects #6, #7 and #13, namely competitive bidding procedures, needs analysis, and Board approval for major equipment purchases. Insofar as the fleet of trucks is a large and regularly periodic purchase, special emphasis is placed on the application of the three named projects, although they are not yet implemented. Some of the criteria for a fleet purchase is proposed in the WORK PLAN to stimulate discussion in formulating a specific fleet purchasing policy. The Company already has in its computer a fleet history of costs, repair, maintenance, etc. to help in the next fleet purchase.

III. COMPANY'S WORK PLAN AND SCHEDULE:

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Policy/Data Collection	Manager & Foreman will contact other businesses & utilities for their fleet purchasing policies and the discounts offered.	03/01/94	04/01/94
Dealer/Fleet Sales	Manager & Foreman will check to see if dealers themselves have special fleet selling policies & the discounts offered.	04/01/94	05/01/94
Field Employees Meeting	<p>Manager & Foreman will present the Fleet policies of other businesses and dealers, along with the following criteria to the field personnel for comments and suggestions.</p> <p>a. <u>Time interval for Fleet trade-in and purchase.</u></p> <ol style="list-style-type: none"> 1. Model, mileage, year purchased. 2. MPSC depreciation schedule. 3. Maintenance/repair assessment. 4. Money budgeted for fleet purchasing. 5. Warranties. <p>b. <u>Specifications & competitive bidding.</u></p> <ol style="list-style-type: none"> 1. 4-wheel vs 2-wheel drive. 2. Automatic vs standard transmission. 3. Full size vs small truck. 4. Accessories. 5. Preparing spec. sheet to solicit bids by mail outs. 	05/01/94	06/01/94

<u>Phase</u>	<u>Task</u>	<u>Start Date</u>	<u>Complete Date</u>
Final Draft	Manager and Foreman will develop a vehicle replacement policy from the above information.	06/01/94	06/15/94
Board Meeting (regularly scheduled)	The formulated policy will appear as an agenda item for comments by the Board.	06/15/94	Same
Follow-up Employee Meeting	Field and office personnel will be made aware of the new policy.	06/15/94	06/30/94

- A. ESTIMATED COST: Minimal - in-house project.
- B. OTHER RESOURCES: There would be no charge for sampling of other business/utility companies' policies. Also, fleet purchasing information from dealers would be at no charge. Cost of needs analysis forms have been accounted for in project #7.
- C. ESTIMATED SAVINGS: Undersized, oversized, worn-out, etc. trucks run up both equipment and labor costs which foresightful buying could eliminate.
- D. OTHER BENEFITS: The customers as well as the Company will benefit from the dependable and orderly operation of vehicles properly selected.

Neal S. Brewer
 Function Head or Other Approving Officer

2/04/94
 Date