



May 25, 2010

City of Saskatoon - City Clerk's Office
Attention: Secretary – Audit Committee
222-3rd Avenue North
Saskatoon, Saskatchewan S7K 0J5

Audit Report – Fleet Management – A Review of Alternative Business Models

In 2008, Robert Prosser & Associates Inc. conducted a review of alternative business models for the City's Vehicle and Equipment Services' Fleet Management program as per the Corporate Audit Plan.

Under the current business model, all civic departments lease vehicles and equipment through the Vehicle & Equipment Services section of the Facilities Branch, Infrastructure Services Department. Vehicle & Equipment Services sources units on behalf of civic departments, through purchase or lease from the private sector. In most cases, units are purchased rather than leased. Vehicle and Equipment Services also maintains the City's owned-vehicle fleet excluding transit buses and fire trucks/apparatus.

Vehicle & Equipment Services recovers the capital, maintenance and operating costs of the fleet through cross-charges to civic departments. The cross-charges are designed to recover both operating and capital costs over the anticipated useful life of individual units.

The objectives of the review were to:

- Benchmark the current business model to alternative business models utilized by other municipal fleet operations,
- Benchmark the current business control practices to best control practices,
- Determine if current service levels are acceptable to the users,
- Determine the change in rates associated with adjusting the service levels requested by the users, and
- Make a recommendation on the most appropriate business model for the City.

Management is currently working on implementation of the recommendations.

Respectfully submitted,

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