

State Vehicle Fleet Management

Multiple Agencies

SEPTEMBER 2009

09P-04

REPORT SUMMARY

Agencies lack important management information regarding their vehicles of approximately 5,000 passenger vehicles, while other opportunities exist to decrease costs.

Context

State government spent approximately \$27 million on vehicle and fuel purchases in fiscal year 2008 and has a fleet of approximately 5,000 passenger vehicles. Our audit sought to assess the effectiveness of management practices over this fleet by examining management activities at six state agencies, which were selected to provide a broad spectrum of fleet management practices. We also examined purchasing activities at the Department of Administration (DOA).

Agency controls that help ensure efficient and effective fleet management have been lacking in some key areas. Audit work indicated some state vehicles are underutilized—driven few miles, used infrequently, or otherwise of questionable value to the state. Poor utilization increases expenses with little or no benefit to agencies. Low utilization rates may also be caused by assignment of vehicles to individual employees. Some employees may need permanently assigned vehicles to accomplish job duties, but we noted a lack of clear criteria for evaluating the need for permanent vehicle assignments which has resulted in inconsistent assignment practices.

Vehicle operation expenses have also been higher than necessary when employees commute in state vehicles and maintenance is performed more frequently than recommended by manufacturers. House Bill 602 passed by the 2009 Legislature addresses which employees are allowed to commute in state vehicles and provides a new control over the practice; however, the employees who commute in state vehicles may need to be assessed a taxable benefit, and further guidance in this area is needed. State administrative rules set more stringent requirements for operating state vehicles than for the general driving population. Employees are

responsible for self-reporting driving violations. New opportunities for automated checks of state employee driver records may provide a more effective method of ensuring safe state vehicle operation.

Controls are in place to ensure fuel economy standards are met and prices obtained are reasonable. However, DOA does not consider estimated fuel costs for vehicle purchases unless requested by agencies submitting purchase requisitions. Because life-cycle fuel costs are not always included in the procurement process, some agencies may purchase vehicles that do not minimize overall costs.

Results

Recommendations were to DOA and sampled agencies. Recommendations address:

- Implementing a fleet management information system and ensuring data collection controls are in place.
- Establishing utilization guidelines that consider annual vehicle mileage and other criteria for determining the need for state-owned vehicles.
- Developing assignment criteria and controls for monitoring permanent vehicle assignments to individual employees.
- Developing uniform statewide guidelines for administering IRS taxable commuting benefits.
- Adopting maintenance standards consistent with manufacturers' recommendations and using management information systems to ensure maintenance is completed.
- Exploring driver requirement controls to ensure employee compliance with state law and rules related to driver requirements.

- Revising the vehicle procurement process to apply a fuel cost calculation to each bid evaluation where fuel economy estimates are available.

Recommendation Concurrence	
Concur	7
Partially Concur	0
Do Not Concur	0

Source: Agency audit response included in final report.

For a complete copy of the report or for further information, contact the
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