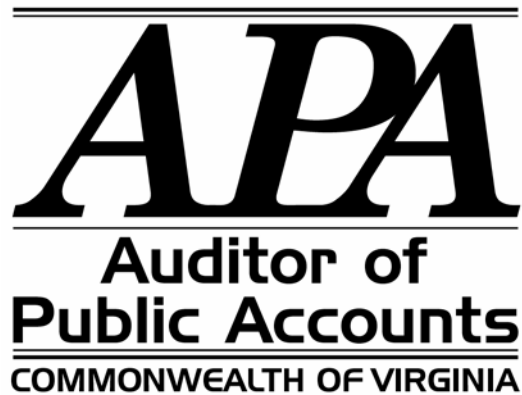


STATEWIDE REVIEW OF AGENCY-OWNED VEHICLES

SPECIAL REPORT

JUNE 2004



EXECUTIVE SUMMARY

The Commonwealth owns over 20,000 vehicles having an average cost of \$23,443 and representing an investment of over \$468 million. Further, the Commonwealth spends on average \$100 million each fiscal year buying vehicles, gas, and maintenance and paying state employees for driving their vehicles on state business.

The Commonwealth's general vehicle policies and procedures covering usage and management are subject to misinterpretation and provide only limited oversight of agency-owned passenger vehicles. Also, there are no general policies and procedures governing non-passenger vehicles such as SUVs and pick-up trucks.

Most agencies do not have adequate policies and procedures or adequately track and record information over vehicle purchase, assignment, use, and maintenance. As a result, we could not determine whether the Commonwealth's agencies and institutions are efficiently purchasing, using, and maintaining their vehicles.

To improve overall fleet management, the report includes recommendations to amend the Commonwealth's overall policies and procedures and change existing central processes. One of these recommendations includes either amending *Executive Order 20* or the Code of Virginia to provide guidelines for the oversight of non-passenger vehicles.

This review also tested some of the agencies that maintain a significant number of vehicles. We also recommended various changes in internal controls, policies, and procedures for the following agencies.

- Department of State Police
- Department of Corrections
- Virginia Polytechnic Institute and State University
- Department of Forestry
- Department of Game and Inland Fisheries
- Department of Conservation and Recreation
- Department of Mines, Minerals, and Energy

These recommendations should improve and maximize use of the Commonwealth's vehicles while strengthening the agencies and institutions control over agency-owned vehicles.

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Commonwealth of Virginia

Walter J. Kucharski, Auditor

**Auditor of Public Accounts
P.O. Box 1295
Richmond, Virginia 23218**

March 12, 2004

The Honorable Mark R. Warner
Governor of Virginia
State Capital
Richmond, VA

The Honorable Lacey E. Putney
Vice Chairman, Joint Legislative Audit
And Review Commission
General Assembly Building
Richmond, VA

We have completed a **Statewide Review of Agency-Owned Vehicles**. We reviewed the purchase, assignment, use, and maintenance of passenger and non-passenger vehicles owned by the Commonwealth of Virginia agencies and institutions.

Objectives

We had several objectives in our review of agency-owned vehicles. These objectives were to:

1. Compile a statewide list of all vehicles owned or leased by state agencies and institutions.
2. Determine whether the number of vehicles owned is reasonable in relation to each state agency's mission, need for vehicles, and number of employees.
3. Determine whether state agencies and institutions have proper justification for purchasing or leasing vehicles and for assignment of those vehicles.
4. Determine whether state agencies and institutions have policies and procedures to ensure vehicles are maintained in accordance with the Office of Fleet Management Services (OFMS) rules and regulations and that employees are made aware of these rules and regulations concerning the use of vehicles.
5. Determine whether state agencies and institutions monitor vehicle use to assure optimum use and efficiency.
6. Determine whether state agencies and institutions have accurate reporting for commuter use of vehicles, including submission of mileage reports and travel logs.
7. Determine whether state agencies and institutions have preventative maintenance schedules and procedures to ensure optimum performance of the vehicles.

Scope

We surveyed 73 agencies to obtain a listing of state agency-owned vehicles outside of the Centralized Fleet and an understanding of the policies and procedures the agencies use for their vehicles. Of these 73 agencies, we selected seven agencies that own 42 percent of the Commonwealth's vehicles outside of the Centralized Fleet. At these seven agencies, we tested the acquisition, assignment, use, and maintenance of vehicles owned or leased by the Commonwealth during fiscal years 2001, 2002, and 2003 for compliance with the Governor's *Executive Order 20*, the Code of Virginia, Office of Fleet Management Services rules and regulations, and Division of Purchase and Supply's procurement rules and regulations.

This review specifically excludes vehicles that are part of the Centralized Fleet and the Department of Transportation. The Centralized fleet was subject to review by the Joint Legislative Audit and Review Commission in their report entitled "Review of the State's Passenger Vehicle Fleet" dated December 8, 2003, required by House Joint Resolution 518 of the 2003 session of the General Assembly. Due to issues related to Transportation's Equipment Management System noted in JLARC's report and internal controls issues surrounding Transportation's capital assets noted in our 2003 audit report, we determined it to be inefficient to include Transportation in our study.

Results

We determined that there is not a single, accurate source listing all of the Commonwealth's vehicles. We determined there are limited regulations governing agency-owned passenger vehicles and no regulations governing non-passenger vehicles. Most agencies do not have adequate policies and procedures over the purchase, assignment, use, and maintenance of their vehicles. Most agencies do not adequately track and record information on vehicle assignment, use, and maintenance. As a result, we could not determine whether the Commonwealth's agencies and institutions are efficiently purchasing, using, and maintaining their vehicles. We also identified specific instances of inefficiencies at individual agencies.

We recommend that the Governor and General Assembly consider amending *Executive Order 20* or the Code of Virginia to create rules and regulations for non-passenger-type vehicles. We also recommend that the Governor and General Assembly consider amending *Executive Order 20* or the Code of Virginia to require agencies to develop internal policies and procedures for passenger and non-passenger-type vehicles that comply with *Executive Order 20* and the Code of Virginia but that also consider the specific needs of the agency. In addition, we recommend various changes in specific agency's internal controls, policies, and procedures.

We discussed this report with management of the following agencies: the Department of Conservation and Recreation, the Department of Corrections, the Department of Forestry, the Department of Game and Inland Fisheries, the Department of Mines, Minerals and Energy, the Department of State Police, Virginia Polytechnic Institute and State University, and the Department of General Services. We have included their responses at the end of this report.

AUDITOR OF PUBLIC ACCOUNTS

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INTRODUCTION

The Commonwealth of Virginia owns over 20,000 vehicles. At an average cost of \$23,443, this is an investment of over \$468 million. The Commonwealth spends on average \$100 million each fiscal year on vehicle-related expenses such as buying vehicles, providing gas and maintenance for the vehicles, and paying personal reimbursement for state employees driving their own vehicles for business-related travel.

Expenses	Fiscal Year		
	2001	2002	2003
Vehicle Purchases	\$ 68,743,374	\$ 52,116,862	\$ 42,505,089
Maintenance	12,034,530	12,598,575	13,338,429
Gasoline	23,529,506	23,717,349	22,938,109
Personal Reimbursement	14,326,768	14,494,411	11,953,603
TOTAL	\$ 118,634,178	\$ 102,927,197	\$ 90,735,230

As reflected in these numbers, the downturn in the economy and the budget problems has had a direct effect on vehicle-related expenses. Purchases of vehicles have declined significantly since fiscal year 2001 and maintenance expenses are starting to increase. Agencies are buying vehicles less often resulting in an increase in maintenance expenses. If agencies properly maintain vehicles, this process can be efficient, as it will take years for the increase in maintenance costs to equal the decrease in expenses for vehicle purchases.

The Commonwealth's vehicles include sedans, station wagons, passenger vans, sport utility vehicles, pickup trucks, dump trucks, buses, and various other types of vehicles. These vehicles are divided into two categories – passenger and non-passenger vehicles. Passenger vehicles typically include sedans, station wagons, passenger vans, and sport utility vehicles. Non-passenger vehicles include pickup trucks, dump trucks, and all other vehicles. The Code of Virginia requires that all passenger-type vehicles, with specific exemptions, be a part of the Centralized Fleet, administered by the Office of Fleet Management Services (OFMS) at the Department of General Services. However, the Centralized Fleet does not provide sport utility vehicles or non-passenger vehicles; therefore, agencies purchase these vehicles themselves.

STUDY METHODOLOGY

Our review encompasses all motor vehicles owned by the Commonwealth except for the Centralized Fleet and the Department of Transportation. The Joint Legislative Audit and Review Commission (JLARC) performed a review of the Centralized Fleet as directed by House Joint Resolution 518 of the 2003 session of the General Assembly. JLARC issued its report entitled "Review of the State's Passenger Vehicle Fleet" dated December 8, 2003. So as not to duplicate efforts, we excluded the Centralized Fleet from our review. Even though we will not test vehicles within the Centralized Fleet for compliance with rules and regulations, we will reference the Centralized Fleet during our review and how the rules and regulations relate to vehicles outside of the Centralized Fleet.

Although the Department of Transportation owns a large number of motor vehicles (over 5,900); we did not include Transportation's vehicles in our study. During JLARC's recent review, they noted that the Department of Transportation stores vehicle maintenance expense histories in its Equipment Management System (EMS) for the Centralized Fleet as well as Transportation's own vehicles. JLARC noted that information in EMS is inaccurate and that Transportation could not provide JLARC with operating costs of the Centralized Fleet from EMS due to technical problems. In our fiscal year 2003 audit of the Department of Transportation, we reported a material weakness in internal controls over capital assets, which include vehicles, and issues regarding the inadequacy and inefficiencies surrounding EMS. Due to these issues, we

determined it to be inefficient to include Transportation in our study. For more information, please see the above-mentioned reports.

We reviewed laws and regulations relating to state-owned vehicles including the Code of Virginia, Executive Order 20 “Purchase, Assignment and Use of State-owned Vehicles,” and the OFMS Rules and Regulations. We conducted interviews and observed key personnel at various agencies.

In planning our review, we found that there is not a single, accurate source documenting all motor vehicles owned by the Commonwealth. To determine the number of state-owned vehicles, we obtained the following lists:

- ❖ vehicles registered to the Commonwealth in the Department of Motor Vehicles’ Citizen Service System;
- ❖ vehicles recorded in the statewide Fixed Asset Accounting and Control System; and
- ❖ vehicles recorded in 73 agencies’ internal accounting and asset management systems.

We found many discrepancies between these listings. We discuss the findings related to this in the section “Reconciliations.”

We obtained the internal listings of state-owned vehicles outside of the OFMS fleet for 73 agencies that own the majority of the Commonwealth’s motor vehicles. See **Appendix A** for a list of the agencies and number of vehicles owned. From these 73 agencies, we selected seven agencies at which we performed detailed testing of the purchase, use, assignment, and maintenance of the vehicles for fiscal years 2001, 2002, and 2003. We selected these seven agencies to ensure a variety of agencies with differing number of vehicles, organizational structures, and purposes. For example, Virginia State Police and Department of Corrections have a high number of vehicles and Department of Mines, Minerals, and Energy has a low number of vehicles. We selected the Department of Corrections because it is decentralized and has multiple facilities. We selected Virginia Tech as a representative of colleges and universities.

We reconciled the three lists noted above for the seven selected agencies to develop an accurate list of vehicles owned by those agencies. The tables below illustrate the study population and the coverage we obtained based on the audited agencies.

Agency Name	Passenger	Non-passenger	Total Number of Vehicles
Total Vehicles Owned by the Commonwealth	10,318	9,813	20,131
<i>Less</i>			
Department of General Service (DGS)/Office of Fleet Management Services (OFMS)	3,669	0	3,669
Department of Transportation	169	5,743	5,912
Total Study Population	<u>6,480</u>	<u>4,070</u>	<u>10,550</u>
<i>Agencies Selected for Review</i>			
Virginia State Police (VSP)	2,483	120	2,603
Department of Corrections (DOC)	947	921	1,868
Virginia Polytechnic Institute and State	384	588	972
Department of Forestry (DOF)	84	422	506
Department of Game and Inland Fisheries	281	201	482
Department of Conservation and Recreation	125	285	410
Department of Mines, Minerals, and Energy	137	3	140
Total	<u>4,441</u>	<u>2,540</u>	<u>6,981</u>
Percent of Study Population Reviewed	69%	62%	66%

	Vehicle Related Expenses for Fiscal Year 2003			
	Vehicle Purchases	Maintenance	Gasoline	Total
Total	\$ 42,505,089	\$ 13,338,429	\$ 22,938,109	\$ 78,781,627
Less:				
OFMS/DGS	3,088,981	1,931,053	1,926,093	6,946,127
VDOT	<u>15,429,697</u>	<u>3,333,125</u>	<u>10,924,273</u>	<u>29,687,095</u>
Total Study Population	<u>\$ 23,986,411</u>	<u>\$ 8,074,251</u>	<u>\$ 10,087,743</u>	<u>\$ 42,148,405</u>
VSP	\$ 6,398,263	\$ 3,177,530	\$ 3,598,621	\$ 13,174,414
DOC	3,527,064	437,970	1,275,121	5,240,155
VT	1,835,145	307,168	824,036	2,966,349
DOF	872,248	32,230	353,726	1,258,204
DGIF	1,409,949	264,059	532,334	2,206,342
DCR	424,324	148,974	182,795	756,093
DMME	<u>94,601</u>	<u>68,920</u>	<u>106,373</u>	<u>269,894</u>
Total	<u>\$ 14,561,594</u>	<u>\$ 4,436,851</u>	<u>\$ 6,873,006</u>	<u>\$ 25,871,451</u>
Percent of Study Population Reviewed	61%	55%	68%	61%

In addition to the internal listings of agency-owned vehicles, we surveyed the 73 agencies to determine what policies and procedures they follow for the purchase, use, assignment, and maintenance of state-owned vehicles.

Definitions

The following are definitions from the Code of Virginia and OFMS Rules and Regulations that appear throughout this report.

<i>Definitions</i>
<i>“Passenger-Type Vehicles”</i> means any automobile, including sedans and station wagons, or vans used primarily for the transportation of the operator and no more than 15 passengers.
<i>“Motor Vehicle”</i> means every vehicle as defined in <u>Code of Virginia</u> Section 46.2-100 that is self-propelled or designed for self-propulsion except as otherwise provided in this title.
<i>“Commuting”</i> means the use of state-owned or leased passenger-type vehicle by an employee for travel between home and office, while not in “travel status.”
<i>“Centralized Fleet”</i> means passenger-type vehicles assigned to the Department of General Services’ Office of Fleet Management Services that are available for use by state agencies.
<i>“Director”</i> means the Director of the Department of General Services.
<i>“Individual Assignment”</i> means a vehicle assigned to an agency and used routinely by one individual.
<i>“Agency pool-use assignment”</i> means a vehicle assigned to an agency and used routinely by more than one individual.
<i>“Temporary Assignment”</i> means a vehicle assigned for specific agency functions, which will involve duration of less than one year.
<i>“Trip pool Assignment”</i> means a vehicle assigned through OFMS’ Trip Pool for use by employees in the greater Richmond area for specific trips with a maximum duration of three weeks.

BACKGROUND

History of the Centralized Fleet

The Commonwealth's Centralized Fleet had been under the direction of the Virginia Department of Transportation, originally known as the Virginia Department of Highways, since 1948. The Centralized Fleet has undergone many changes through mandated code sections and executive orders. Due to these changes, the Centralized Fleet evolved from the original Garage Pool that began at Transportation to the Office of Fleet Management Services (OFMS). Many of these changes are a result of the studies previously noted in this report. Prior to the Centralized Fleet, each agency was responsible for providing employees transportation for official state business. In 1989, the Department of Accounts established an internal service fund to finance the Centralized Fleet.

On July 1, 2001, the Commonwealth's Centralized Fleet oversight responsibility transferred from the Department of Transportation to the Director at the Department of General Services, which has established the Office of Fleet Management Services (OFMS). The mission of OFMS is to provide safe, efficient, and reliable passenger-type vehicular transportation for business use by Commonwealth of Virginia employees. OFMS manages the Commonwealth's Centralized Fleet of approximately 3,700 passenger-type vehicles. Vehicles provided through the Centralized Fleet include compact, mid-size, and full-size sedans and vans. These passenger-type vehicles are available through OFMS for permanent or individual assignment to a state employee. The Centralized Fleet does not provide sport utility vehicles (SUV) or non-passenger-type vehicles.

In 1973, the Central Garage Car Pool Committee authorized Virginia Polytechnic Institute and State University and the University of Virginia to operate its own motor pool independently of the Centralized Fleet, which was under the Department of Transportation at that time. The Centralized Fleet Administrator is responsible for monitoring Virginia Tech and the University of Virginia motor pool operations. However, this authorization was never formalized until the recent exemption of all institutions of higher education from obtaining approval for all vehicle purchases included in the General Provisions of the Appropriation Act Section 4-5.06c.1.b.

Rules and Regulations

The Code of Virginia, Governor's *Executive Order 20*, Commonwealth's policies and procedures, and the OFMS rules and regulations establish authoritative policies and procedures for the purchase, assignment, use, and maintenance of state-owned motor vehicles assigned to the Centralized Fleet, as well as agency-owned passenger-type vehicles. Following is a summary of these policies and procedures:

Code of Virginia

Sections 2.2-1173 through 2.2-1181 of the Code of Virginia set forth the responsibilities of the Director of the Department of General Services (Director) to establish an appropriate administrative unit within General Services to manage the Centralized Fleet. General Services accomplished this requirement by establishing the Office of Fleet Management Services (OFMS). These Code sections stipulate the regulations specifically governing state-owned passenger-type vehicles. The Code sections give the Director the ability to promulgate the regulations for the purchase, use, storage, maintenance, repair, and disposal of all passenger-type vehicles owned by the Commonwealth and assigned to the Centralized Fleet. The Director has delegated his authority to the Centralized Fleet Administrator. The Office of Fleet Management Services develops, updates, and issues these regulations periodically. In addition, the Code of Virginia allows the Governor by Executive Order to extend these regulations to all motor vehicles of any type owned by the

Commonwealth, or as much of them as the Governor designates. However, as noted in the next section, the Executive Order extends some of the regulations to only passenger-type vehicles owned by state agencies.

All passenger-type motor vehicles purchased on behalf of the Commonwealth by any department, agency, or institute, should be assigned to the Centralized Fleet with the following exceptions:

- ❖ Vehicles that have special equipment or performance requirements related to use by law-enforcement officers;
- ❖ Vehicles for use by any elected official of the people of the Commonwealth; and
- ❖ Other special categories of vehicles as the Director may exempt.

The Centralized Fleet Administrator must approve the purchase, lease, or contract rental of any motor vehicle with public funds. The Department of Transportation is exempt from this approval for motor vehicles directly used in carrying out its maintenance, operations, and construction programs. As of July 1, 2003, colleges and universities became exempt from this approval process.

Individuals may only use vehicles from the Centralized Fleet to perform official state duties as deemed necessary by the head of their agency or institution and approved in writing by the Director. In addition, assignments from the Centralized Fleet should not be for a period exceeding two years, unless reviewed by the Director as to the continued need for the assignment. All assignments must comply with one of the following justifications for use:

1. Vehicle must be driven more than an annual minimum mileage requirement.
2. Duties are related to public safety or response to life-threatening situations:
 - ❖ Law enforcement officers, with limited or general police powers;
 - ❖ Employee whose job duties require constant use or continuous availability of specialized equipment directly related to their routine functions; and
 - ❖ Employee on twenty-four hour call who must respond to emergencies on a regular basis and emergency response is normally to a location other than the employee's official workstation.
3. Use is for essential travel related to the transportation of clients or wards of the Commonwealth on a routine basis, or for essential administrative functions of the agency for which it is demonstrated that use of a temporary assignment or personal mileage reimbursement is neither feasible nor economical.

Under the current policy, employees cannot use any passenger-type vehicle purchased or leased with public funds to commute between home and their official workstation without the prior written approval of the agency head and, in the case of vehicles assigned to the Centralized Fleet, the Centralized Fleet Administrator. Employees who do not report to an official workstation do not pay for travel between their homes and field sites. Law-enforcement officers are exempt from the rules and regulations set forth by General Services for commuting in a state vehicle. The Director issues regulations governing the use of vehicles and ensuring that the Commonwealth recovers the costs associated with commuting use from employees.

Governor's Executive Order 20

Governor Warner issued *Executive Order 20* in 2002 that provided agencies and institutions with additional guidance on the purchase, assignment, and use of state-owned passenger-type vehicles. *Executive Order 20* stressed the importance of setting an example of frugality and promoting efficiency and economy in state government. As noted above, the Code of Virginia allows the Governor to extend the regulations set out in the Code of Virginia to motor vehicles other than those in the Centralized Fleet, to the extent he deems necessary. *Executive Order 20* does not extend the regulations to all motor vehicles, but sets out five specific policies relating to all state-owned passenger-type vehicles. This includes the Centralized Fleet as well as any passenger-type vehicles owned by individual agencies and institutions. As a result, there are no regulations, policies, or procedures governing state-owned non-passenger-type vehicles.

1. The head of each agency and institution shall limit the authorization of commuting in state-owned passenger-type vehicles to those employees whose job travel requirements make commuting the only cost-effective or practical alternative.
2. No appointee serving at the pleasure of the Governor shall use a state-owned passenger-type vehicle for commuting. Exceptions to this policy include the Secretary of Public Safety, the Superintendent of State Police, and other appointees that the Secretary of Public Safety determines are necessary to respond to job-related emergencies.
3. The head of each agency and institution of the Commonwealth is directly responsible for ensuring compliance with *Executive Order 20* and all applicable statutes and regulations governing the use of state-owned passenger-type vehicles, including the requirement that vehicle use will only be for official business. Each agency head must ensure that they give "due consideration" to the economy of reimbursing employees for mileage in their personal vehicles in lieu of use of state-owned vehicles, and shall assist the Director of General Services in eliminating the use of state-owned vehicles where such use does not advance the goals of efficient and economical operation of state government.
4. The criteria governing assignment of Centralized Fleet vehicles set out in the Code of Virginia and in the Office of Fleet Management regulations extend to all passenger-type vehicles.
5. The Code of Virginia requires public use license plates for all state-owned vehicles, except plates issued for vehicles devoted solely for police work, Virginia Economic Development Partnership to the extent approved by the Governor, and by the Governor and the Attorney General. *Executive Order 20* requires the Commissioner of the Department of Motor Vehicles to review the use of regular license plates, or "blind tags," on state-owned vehicles, and restrict such use to law enforcement vehicles and to such other vehicles used in the course of official business that makes blind tags essential.

State Travel Regulations

The State Comptroller establishes the state travel regulations for the Commonwealth's employees. The policy regarding transportation using a state-owned vehicle references the OFMS rules and regulations booklet. In addition, the State Comptroller's policies and procedures require agencies that have employees who travel frequently to annually conduct a cost/benefit analysis to evaluate and determine if the use of

permanently assigned vehicles is cost beneficial rather than reimbursing the use of a personal vehicle. The cost/benefit analysis should consider the actual costs associated with providing state-owned vehicles including OFMS charges, administrative costs of establishing an agency fleet or adding vehicles to an existing agency fleet, parking costs, and any vehicle maintenance and operating costs. Once an agency determined that the use of a state-owned vehicle is cost beneficial, agency's management should request a state-owned vehicle on a permanent basis.

OFMS Rules and Regulations

OFMS rules and regulations enforce the fact that each agency head is responsible for monitoring and enforcing the rules and regulations within their agency governing the assignment, use, maintenance, and repair of OFMS vehicles. Each agency head must designate a transportation officer. The transportation officers have the following duties: developing and establishing agency procedures to ensure that vehicles are maintained in accordance with OFMS rules and regulations; monitor fleet vehicle use to assure optimum use and efficiency; submit any requests for exemptions to the minimum mileage criteria as set forth in the Code of Virginia; familiarize employees with OFMS rules and regulations; report commuter use; and maintain internal procedures to assure the vehicle operators possess a valid operator's license.

Other Relevant Vehicle Studies

Joint Legislative Audit and Review Commission Studies

Since 1979, the Joint Legislative Audit and Review Commission (JLARC) has conducted three studies on the Centralized Fleet passenger-type vehicles. These studies reviewed the efficiency and effectiveness of the Commonwealth's Centralized Fleet operations and business practices. These studies revealed that the Centralized Fleet has experienced reoccurring problems with the proper utilization of passenger-type vehicles by state agencies and institutions. The studies were as follows:

<i>Year</i>	<i>Report Issued</i>	<i>Number of Recommendations</i>
1979	Management of State-Owned Motor Vehicles	24
1988	Management and Use of State-Owned Passenger Vehicles	28
2003	Review of the State's Passenger Vehicle Fleet	13

The most recent review issued by JLARC, "Review of the State's Passenger Vehicle Fleet," focused on the Commonwealth's Centralized Fleet and use of government-owned motor vehicles by state employees. This study found that OFMS should improve its oversight of the Centralized Fleet in the areas of purchasing requests, fleet utilization criteria, and outsourcing maintenance of state-owned vehicles. This study resulted in 13 recommendations, of which four were repeat findings from the 1988 study that OFMS had not fully implemented. Data from JLARC's study will be included in this report to emphasize audit recommendations and determine total vehicle counts.

Other Centralized Fleet Management Studies

The Virginia Department of Transportation (VDOT) and the Virginia Transportation Research Council (VTRC) completed additional studies surrounding the Centralized Fleet. These studies included examining the assignment and use of Centralized Fleet vehicles and agency-owned vehicles, the size of the trip pool, and the rental rate structure of the Centralized Fleet. These studies were as follows.

<i>Year</i>	<i>Reports Issued</i>
1990	Centralized Fleet and Agency-Owned Passenger Vehicles: Review and Evaluation of Assignments (<i>VDOT</i>)
1995	Agency-Owned Passenger-type Vehicles: Review and Evaluation of Ownership and Assignments (<i>VDOT</i>)
1998	Rightsizing the Division of Fleet Management's Trip Pool (<i>VTRC</i>)
1999	Rental Rate Study (<i>VTRC</i>)

Department of Motor Vehicles

The Department of Motor Vehicles administers motor vehicle-related laws and is responsible for various services including vehicle services. Vehicle services include titling and registering motor vehicles, issuing license plates, and maintaining general vehicle information. Motor Vehicles has a customer base of more than five million persons.

Agencies are responsible for titling and registering state-owned vehicles in accordance with the Code of Virginia. An agency can accomplish this by going to a customer service center or directly entering the information into Motor Vehicles' Citizens Service System. Motor Vehicles implemented the State Agency Titling and Registration System (STARS) to enable state agencies to electronically transmit to Motor Vehicles the data necessary to title and register their fleet without a third-party service provider. By using STARS, agencies can complete the title and registration process for vehicles without any forms or applications. In addition, Motor Vehicles does not print and deliver the titles on these vehicles unless the agency requests them. Currently, the Department of Transportation, Department of Corrections, Virginia Tech, and the Department of General Services Office of Fleet Management Services use STARS.

Motor Vehicles provides a voluntary program to monitor the driving records of individuals employed by participating public and private transportation companies and other organizations employing large numbers of drivers. This program offers participating employers the ability to monitor their drivers and determine if a driver has a conviction for driving under the influence or reckless driving or has their driving privileges suspended, revoked, or disqualified. The organization must obtain permission from the employee to receive a copy of his or her driving record. This program is free for public organizations; however, no state agencies and institutions make use of this service.

VOYAGER Fleet Systems Fuel Card

The *VOYAGER* credit card is a universal fleet fueling and maintenance card specifically designed to serve any size fleet. *VOYAGER* issues a private label charge card accepted at over 182,000 major and regional vendors in all 50 states. This fuel card's versatility allows agencies to assign cards to individuals or vehicles. In addition, the agency may control purchases through an assigned personal identification number. *VOYAGER* credit cards can restrict purchases by product, for example, fuel only or all products (e.g. snack foods, sodas, tires).

The Department of Transportation entered into a statewide contract with *VOYAGER* Fleet Systems in October 1999 with a renewal period of one year, and five one-year periods under the terms and conditions of the original contract. This contract allows other state agencies to use the *VOYAGER* card contract with Transportation's prior written approval. When the Office of Fleet Management Services transferred to the Department of General Services in July 1, 2001, the contract transferred with it and the terms and conditions remain the same. Currently, General Services plans to renew this contract for an additional 12 months.

STATEWIDE VEHICLE POLICIES

Non-Passenger Vehicles

The Commonwealth owns 3,669 passenger-type vehicles in the Centralized Fleet, 6,649 passenger-type vehicles outside of the Centralized Fleet, and 9,813 non-passenger vehicles. The Code of Virginia and the OFMS rules and regulations address vehicle purchase, assignment, use, and maintenance for passenger-type vehicles in the Centralized Fleet. *Executive Order 20* applies the commuting and assignment regulations to passenger-type vehicles outside of the Centralized Fleet. However, there are no regulations governing “non-passenger” vehicles, and there is nothing requiring agencies to develop policies and procedures for non-passenger-type vehicles. Consequently, there are no rules and regulations governing almost half of the vehicles owned by the Commonwealth.

We found that agencies usually either develop their own internal policies and procedures or try to follow OFMS rules for agency-owned passenger and non-passenger vehicles. Of the 66 agencies we surveyed, 29 indicated they followed OFMS rules and regulations, 13 follow OFMS and developed their own procedures, 21 just followed their own internal policies, and three followed no procedures at all. (See **Appendix B** for details.) However, we found, in most cases, that internal policies and procedures were inadequate and did not meet the needs of the agency.

There are discrepancies in how to classify SUVs. The definition of a passenger-type vehicle does not explicitly include or exclude ‘sport-utility vehicles’. Individual agencies are classifying SUVs as passenger and non-passenger based on the use of the vehicle. For example, according to the recent JLARC report, the Department of Transportation “does not consider SUVs to be passenger-type vehicles because the vehicles are used to perform maintenance and construction work.” We found at the Department of Forestry, management considers SUV’s passenger vehicles even though they often have the same purpose as a pick-up truck, a non-passenger vehicle. Since there are no rules and regulations governing non-passenger vehicles, agencies treat SUV’s differently.

In addition, agencies appear to be purchasing an increased number of SUVs and extended cab pick-up trucks. The majority of the increase in SUVs is reasonable because agencies such as Game and Inland Fisheries, Forestry, and Mines are purchasing SUVs to perform their off-road duties. However, we noted instances where agencies are using SUVs for transporting staff and performing maintenance services rather than a more economical sedan or basic pick-up truck.

As noted above, there are no regulations governing non-passenger-type vehicles. This provides agencies with the opportunity to circumvent the rules governing passenger-type vehicles by purchasing non-passenger-type vehicles. This internal control weakness will allow agencies to purchase such vehicles without being held accountable for personal use and commuting.

***Recommendation #1:** The Governor and General Assembly may wish to consider amending Executive Order 20 or the Code of Virginia to create rules and regulations for non-passenger-type vehicles. These rules and regulations should address purchasing, use, assignment, commuting, and maintenance of those vehicles while taking into consideration the unique use of non-passenger vehicles.*

Recommendation #2: The Governor and General Assembly may wish to consider amending Executive Order 20 or the Code of Virginia to require agencies to develop internal policies and procedures for passenger and non-passenger-type vehicles that comply with the Code of Virginia and Executive Order 20, but that also consider the specific needs of the agency.

Department of Motor Vehicles' Procedures

Motor Vehicles does not have specific policies and procedures for registering state-owned vehicles. Registering a state-owned vehicle differs from registering a personal vehicle because state registrations do not expire and state-owned vehicles must have public use license plates with a state designation. Because the registrations do not expire, state agencies have an additional responsibility to remove state-owned vehicles from Motor Vehicles' system when the agency sells or disposes of a vehicle. The Commonwealth has never established policies, procedures, and responsibility for vehicle removal. The lack of policies has resulted in numerous vehicles remaining on the Motor Vehicle database after sale or disposal.

Recommendation #3: Motor Vehicles should develop policies and procedures on how to register a state-owned vehicle. Motor Vehicles should work with the Department of General Services and the agencies that use STARS to remove state-owned vehicles from Motor Vehicles databases once sold.

Reconciliations

In order to determine an accurate count of vehicles for each agency, we completed reconciliations between three sources. The three sources included agency listings, Motor Vehicles database, and the Commonwealth's Fixed Asset Accounting and Control System (FAACS). We found many discrepancies between the listings. The chart below lists the vehicle count from each source for each agency tested as well as the audited number of vehicles. We discuss the various reasons for the differences below.

Agency	Agency	DMV	FAACS	Audited
Department of State Police	2,646	3,196	2,705	2,603
Department of Corrections	2,169	2,305	1,805	1,868
Virginia Tech	998	979	*	972
Department of Forestry	506	443	470	506
Department of Game and Inland Fisheries	489	573	489	482
Department of Conservation and Recreation	452	386	377	410
Department of Mines, Minerals, and Energy	140	140	*	140
Totals	7,400	8,022	6,984	6,981

* agency does not use FAACS – uses an internal agency system instead.

Motor Vehicles Discrepancies

The majority of the difference, approximately 1,014 vehicles, found between the agencies' listings and Motor Vehicles' listing were a result of agencies not removing sold vehicles from the Motor Vehicles' database. As noted above, the Commonwealth has not established policies, procedures, or responsibility for removing sold vehicles from the Motor Vehicles database.

When a state agency wants to sell a vehicle, the agency must notify the Department of General Services' Division of Surplus Property. General Services sells vehicles and other property through auction or sealed bids. The agency turns the vehicle and title over to General Services. After the vehicle sells, General Services notifies the agency. At this point, either General Services or the state agency should notify Motor Vehicles of the change in ownership and have the state registration for the vehicle removed from Motor Vehicles' database. However, this has rarely occurred as noted by the 1,014 sold vehicles that remain on Motor Vehicles' database.

General Services should provide all agencies and Motor Vehicles with a list of sold vehicles after sale by auction or sealed bids. The agencies that do not use STARS should also report all state-owned vehicles to Motor Vehicles for removal from its database after sale by auction or sealed bid. Motor Vehicles should use the information from both General Services and the individual agencies to remove vehicles from state registration in its database. For the four agencies, Department of Transportation, Department of Corrections, Virginia Tech and OFMS, that currently use STARS, the individual agency should update the status of the vehicle registration in the Motor Vehicles database. It is the responsibility of the individual agencies using STARS to ensure that their vehicle records are accurate. However, these four agencies were unaware that they had the capability and authority to update registrations in STARS. Motor Vehicles should provide these four agencies with detailed instructions and guidance on how to use STARS, indicate the agency's responsibility in maintaining the accuracy of the information in STARS, and ensure that the agencies have the access to STARS they need to perform these duties.

The remaining discrepancies are a result of data integrity issues with Motor Vehicles database. We found numerous data entry errors in various data fields that affect the accuracy of the data. For example, we found errors in vehicle identification numbers, agency numbers, and the designation for state-owned vehicle. Motor Vehicles provided us a listing of all state-owned vehicles based on a data field with an "S" for state. We found 325 discrepancies that resulted from using this data field improperly. This field included an "L" for locality, instead of an "S" for state. As a result, Motor Vehicles did not include any of these 325 vehicles in the listing of state-owned vehicles. Motor Vehicles' employees and the agencies using STARS contributed to these errors. Motor Vehicles should review these errors and develop procedures to reduce the risk of these errors in the future. Part of this process would include providing agencies using STARS with detailed instructions as noted above.

***Recommendation #4:** General Services should provide all agencies with a list of sold vehicles. General Services and each agency should report all sold state-owned vehicles to Motor Vehicles for removal from its database after sale by auction or sealed bids. Motor Vehicles should use the information from both General Services and the individual agencies to remove vehicles from state registration in its database. For the agencies that use STARS, the individual agency should update the status of the vehicle registration in the Motor Vehicles database using the information General Services provides. Motor Vehicles should provide the agencies using STARS with detailed instructions and guidance on how to use STARS and designate what each agency's responsibility is in maintaining the accuracy of the information in STARS.*

Fixed Asset and Agency Listing Discrepancies

We found additional discrepancies when comparing the agencies' listings and FAACS. Both sources originate with the agency. Virginia Tech and Mines, Minerals, and Energy do not use FAACS, but instead have their own internal fixed asset system, which is the source of the agency listing. Virginia Tech also has a separate fleet management system to manage their Motor Pool. The discrepancies we found were a result of data entry errors, improper use of nomenclature codes, and vehicles transferred to other agencies, sold, or surplused but not updated in either the agency list or FAACS.

Corrections had the majority of discrepancies noted during this review. Corrections is a decentralized agency with a total of 1,868 agency-owned vehicles. Corrections transfers vehicles among organizational units to ensure the most efficient use of its vehicles but does not always record these transfers in their agency listing and FAACS. In addition, Corrections had numerous data entry errors relating to vehicle identification numbers and nomenclature codes.

The agencies provided a listing that usually originated from a system or list used to manage, assign, and track their vehicles. Most agencies separate use and maintenance of vehicles into two functions: accounting and capitalization of the vehicles for financial reporting purposes in FAACS or their internal asset management system. Often different individuals manage these two functions and do not communicate with each other. As a result, these lists often differed. It is vital that these functions interact and ensure that the vehicles recorded for financial reporting purposes are the same vehicles that employees use in the course of business. For example, Virginia Tech has an internal fixed asset system and a fleet management system. We found no one at Virginia Tech was reconciling these two systems, which resulted in 32 vehicles where the "status" of the vehicles does not agree between the two systems. Virginia Tech removed these vehicles from the internal fixed asset system because of a physical inventory performed by an outside consultant several years ago. As a result of our review, Virginia Tech recorded 20 of these vehicles on the internal fixed asset system after physical verification, found one vehicle sold, and is conducting an on-going physical verification for the other 11 vehicles.

Recommendation #5: *Agencies should develop and implement controls that ensure that the asset management function and the financial reporting function relating to vehicles interact to ensure that the vehicles the agency owns and uses are the same as the vehicles included for financial reporting purposes.*

Purchasing

The Centralized Fleet Administrator of OFMS must approve the purchase, lease, or contract rental of any motor vehicle, passenger or non-passenger, with public funds with the exception of colleges, universities, and the Department of Transportation. This approval process requires agencies to justify the need to purchase a vehicle outside the Centralized Fleet. This justification could be for an addition to the agency's current fleet or a replacement for a vehicle currently owned. To purchase an additional vehicle, the agency must justify why a vehicle from the Centralized Fleet will not meet the agency's needs.

The following chart indicates total purchases for fiscal years 2001 through 2003.

Agency	2001	2002	2003
VSP	\$ 7,221,445	\$ 7,521,646	\$ 6,398,263
DOC	1,789,089	2,282,826	3,527,064
VT	1,403,030	2,318,762	1,835,145
DOF	994,799	476,263	872,248
DGIF	1,526,080	1,129,987	1,409,949
DCR	523,917	458,876	424,324
DMME	604,710	311,965	94,601
SUBTOTAL	14,063,070	14,500,325	14,561,594
OTHER	54,680,304	37,616,537	27,943,495
TOTAL	\$68,743,374	\$ 52,116,862	\$42,505,089

See **Appendix C** for a detailed listing of vehicle purchases by agency.

We found that the vehicle approval process by the Centralized Fleet Administrator does not always add value to the purchasing process. We found only a few instances where the Fleet Administrator approved a vehicle purchase request with reservation and rarely denied a purchase request. For agencies such as State Police and Game and Inland Fisheries, this purchasing review is irrelevant because these purchases are for law enforcement and will always meet the approval justification. In addition, for agencies requesting purchases for SUVs, pick-up trucks, and other non-passenger vehicles, the Centralized Fleet Administrator approves these as long as the agency has funding to purchase the vehicles. Since the approval process does not always add value to the purchasing process, we recommend giving the Centralized Fleet Administrator the authority to delegate this approval process to agencies where the Administrator's approval adds little value, such as for non-passenger and law enforcement vehicle purchases, and to agencies with strong controls and policies governing vehicle purchases.

***Recommendation #6:** The General Assembly may wish to consider amending the Code of Virginia and the Appropriation Act to give the Centralized Fleet Administrator the authority to delegate the approval of vehicle purchases. The Centralized Fleet Administrator should delegate authority to agencies where the Administrator's approval adds little value, such as for non-passenger and law enforcement vehicle purchases, and to agencies with strong controls and policies governing vehicle purchases. Additionally as required for colleges and universities in their exemption to Centralized Fleet approval, once exempted from the approval process, agencies should be required to report their entire inventory of purchased and leased vehicles including the cost to the Director of the Department of General Services, who shall review the purchases for appropriateness and cost effectiveness.*

We found that none of the seven agencies included in this review perform a cost-benefit analysis to determine if the agency should use a vehicle from the Centralized Fleet, lease from private vendors, purchase used versus new, or pay personal reimbursements for employees using personal vehicles on official state business. The Comptroller requires agencies to perform an annual cost-benefit analysis to evaluate whether the use of permanently assigned vehicles is cost beneficial over reimbursement for using a personal vehicle. As noted throughout this report, most agencies do not maintain detailed usage and maintenance records by vehicle. Without this data, we were unable to perform cost-benefit analysis on currently owned vehicles.

***Recommendation #7:** Agencies should develop, perform, and document a cost-benefit analysis to determine whether the agency should use a vehicle from the Centralized Fleet, lease from private vendors, purchase used versus new, or pay personal reimbursements for employees using personal vehicles on official state business. By implementing a cost benefit analysis for vehicles, agencies will ensure compliance with the Comptroller's requirement.*

Purchasing Methodology and Replacement Policies

Each agency should have a methodology to determine the number and types of vehicles to purchase each fiscal year. This methodology would vary by agency in relation to its mission and the type of funding the agency receives. To have an adequate vehicle purchasing methodology, each agency should establish a vehicle replacement policy. This policy seeks to find the optimal point to replace a vehicle based on the vehicle's cost, use, and maintenance expenses with the main indicator being mileage.

Prior to 1988, the replacement mileage for the Centralized Fleet was 80,000 miles. Since then, replacement mileage has continuously increased. In 1988, JLARC recommended increasing it to 95,000 miles. As of July 1, 2003, JLARC increased the replacement mileage to 110,000 miles for sedans and smaller vehicles. The replacement mileage for larger vehicles, such as SUVs, is 132,000 miles. Most agencies use the Centralized Fleet replacement mileage as a guide to setting their own. However, they must consider their unique use of vehicles when establishing a replacement policy. By increasing the replacement mileage, agencies have reduced their spending on vehicles during a time of economic constraints. For example, State Police increased their replacement mileage for patrol vehicles from 110,000 to 120,000 in the past three fiscal years. This has helped reduce their vehicle purchases, which decreased from \$7.5 million in fiscal year 2002 to \$6.3 million in fiscal year 2003.

We found that agencies either did not have a purchasing methodology or the methodologies agencies did have were inadequate, which could result in purchasing vehicles that are unnecessary and under utilized. Without an adequate replacement policy, agencies risk incurring an increase of maintenance costs that outweighs the benefits of keeping the vehicle.

***Recommendation #8:** Agencies should develop and adhere to vehicle purchasing methodologies, including replacement policies, for agency-owned vehicles. Agencies should develop a policy that considers their individual and unique needs and operations. This methodology should ensure maintenance of the optimum number of vehicles to meet the agency's needs while minimizing cost. The policy should ensure that agencies dispose of vehicles once they have purchased replacement vehicles. This will aid in preventing agencies from keeping older vehicles and incurring excessive maintenance costs.*

Assignment and Utilization

The assignment and utilization rules and restrictions are set forth in the Code of Virginia, again with emphasis on passenger-type vehicles of the Centralized Fleet. *Executive Order 20* extends the assignment rules to all agency-owned passenger-type vehicles.

Assignment

Each agency head may assign a vehicle to persons performing state duties with the approval of the Centralized Fleet Administrator. The Transportation Officer should review any long-term assignments for continual need every two years. The Centralized Fleet Administrator is to approve assignments based on one of the following criteria with use limited to official state business:

- ❖ The vehicle is to be driven not less than the annual business mileage (total miles minus commute miles), which is determined in the Code of Virginia, Section 2.2-1178.
- ❖ A law enforcement officer as defined in the Code of Virginia, Section 9.169.
- ❖ An employee whose job requires the constant use or continuous availability of specialized equipment directly related to their routine functions.
- ❖ An employee on twenty-four hour call who must respond to emergencies on a regular or continuing basis, and emergency response is normally to a location other than the employee's official workstation.
- ❖ The vehicle is for essential travel related to the transportation of clients or wards of the Commonwealth on a routine basis, or for essential administrative functions of the agency for which the use of a temporary assignment or personal mileage reimbursement is neither feasible nor economical.

Once agencies assign vehicles, they should have a method to monitor and review vehicle use. For Centralized Fleet assignments and agency-owned passenger vehicles, the user or agency must meet the annual minimum mileage criteria. Code of Virginia, Section 2.2-1178 establishes the method used in determining the minimum mileage criteria. The current minimum mileage criteria are as follows:

Vehicle Type	Annual Minimum Mileage
Compact Sedans	7,059
Mid-Size Sedans	8,571
Upper Mid-Size Sedans	10,825
Full-Size Vans	17,777

The Centralized Fleet does not provide SUVs; therefore, OFMS has not established a minimum mileage criteria or daily rate for SUVs. Agencies should develop a minimum mileage criterion for SUVs based on the calculation set out in the Code of Virginia using internal agency data.

There are exemptions to the minimum mileage criteria for vehicle assignments. Vehicles that meet any of the other assignment criteria listed above are exempt from the minimum mileage criteria. We found that agencies are not always reviewing vehicle mileage for the minimum mileage requirement. The main reason for this was that agencies thought this requirement only applied to vehicles from the Centralized Fleet. Therefore, most agencies do not gather and maintain mileage information on their passenger-type vehicles. Since none of these requirements apply to non-passenger vehicles, most agencies do not gather and maintain any data on non-passenger vehicles. Without this information, we cannot determine whether agencies are using vehicles properly or efficiently in relation to mileage. Monitoring mileage on a continuous basis can aid in detecting abuse or misuse of vehicles. As recommended earlier, regulations governing passenger-type

vehicles should extend to cover non-passenger vehicles as well. As a result, agencies should gather, maintain, and monitor data on non-passenger vehicles, including mileage information.

Recommendation #9: The Centralized Fleet Administrator should emphasize to agencies that the assignment criteria apply to all passenger-type vehicles as required by Executive Order 20. Agencies need to gather and maintain mileage data on all passenger and non-passenger vehicles and evaluate the vehicle's use against that data to ensure personal use of the vehicle does not occur.

Recommendation #10: Each agency should develop and implement policies and procedures to review all passenger and non-passenger vehicle assignment to determine if the vehicles are necessary for the mission of the agency at least every two years. In addition, the vehicle assignments should meet the criteria set forth in the Code of Virginia. Agencies with underutilized vehicles should consider this fact before purchasing additions to their fleet.

Commuting

Commuting is the use of a state-owned vehicle by an employee for travel between home and office, while not in "travel status." Travel status is when an employee is on overnight travel for official state business. The Code of Virginia specifically requires the Centralized Fleet Administrator to approve any commuter use of passenger-type vehicles, except law enforcement, from the Centralized Fleet. *Executive Order 20* extended such rules and regulations to all passenger-type vehicles owned by the Commonwealth. Each agency head is responsible for ensuring compliance with *Executive Order 20* and all applicable statutes and regulations governing the use of state-owned vehicles. *Executive Order 20* emphasized that the head of each agency or institution of the Commonwealth shall limit authorization of commuting in state-owned vehicles to those employees whose job travel requirements make commuting the only cost-effective or practical alternative. In addition, *Executive Order 20* requires each agency head to give due consideration to the economy of reimbursing employees for mileage in their personal vehicles in lieu of using state-owned vehicles. All employees authorized to use a passenger-type vehicle for commuting are to reimburse the state for mileage unless they are law enforcement officers or employees who do not report to an official workstation and whose office is in their home. During fiscal year 2003 and 2002, the Commonwealth received reimbursement from 172 employees totaling \$68,785 and 184 employees totaling \$68,730, respectively. See **Appendix D** for a complete listing of agencies and total commuting fees reimbursed.

Large portions of agency-owned vehicles are non-passenger vehicles. As noted previously, there are no rules or regulations governing commuting in non-passenger vehicles. Many types of non-passenger vehicles, such as buses, cargo vans, tractor-trailers, and dump trucks are not practical for commuting. However, pick-up trucks and SUVs are practical for commuting. Pick-up trucks are non-passenger vehicles; however, it is not clear whether SUVs are either passenger or non-passenger vehicles.

The Centralized Fleet Administrator considers SUVs passenger vehicles; however, some agencies classify them as non-passenger based on their primary purpose – to carry specialized equipment instead of transporting people. As a result, if an agency considers the vehicle to be non-passenger and an employee uses it for commuting, that employee will not pay commuting fees. At another agency, an individual commuting

in an SUV considered a passenger vehicle would pay commuting fees. By not regulating and charging commuting in non-passenger vehicles, the Commonwealth is not recovering the cost of vehicles used by employees for personal benefit.

***Recommendation #11:** The Governor and General Assembly may wish to consider amending the Code of Virginia or Executive Order 20 to specifically create rules and regulations governing the commuting in non-passenger-type vehicles.*

Vehicle Abuse

Use of all state-owned vehicles should be limited to official state business. Given the total number of state-owned vehicles, it is necessary to have controls in place to monitor and report vehicle abuse. Abuse could be physical abuse to the actual vehicle by neglect or using the vehicle for personal benefit. We found that agencies had policies and procedures to identify and handle instances of physical abuse or damages to state-owned vehicles.

Personal use is more difficult to detect and monitor. Agencies rely on employees that are aware of abuse or citizens that suspect abuse to report it. The only identifiable feature on state vehicles is the blue public-use license plate. Agencies such as State Police, Forestry, and Game and Inland Fisheries have identifying decals, which allows complaints to go directly to those agencies. Other agencies do not have these displays. The Commonwealth should consider implementing a window decal or static of the agency logo to display on each vehicle when used. This would allow for identification of the agency using the vehicle and easier reporting of the abuse. JLARC's report addresses options to deal with the misuse of vehicles. JLARC also recommended an option to enhance the visibility of state-owned vehicles with state decals or bumper stickers.

***Recommendation #12:** OFMS should consider creating agency logos or some other visual means to identify state vehicles for display on Centralized Fleet and agency-owned vehicles and requiring display of the logo on state-owned vehicles, with exceptions for law enforcement and specialized vehicles. OFMS should consider implementing a pilot project to determine the cost effectiveness of this recommendation before implementing it statewide. The pilot program should only involve the Centralized Fleet.*

Review of Driver's Licenses and Records

Vehicle operators must have a valid operator's license to drive any state-owned vehicle. For temporary assignments or trip pool use, employees must show the transportation officer a driver's license before using the vehicle. However, for agencies that have permanent and agency pool vehicles, the agency should take additional measures to ensure the individual is competent to drive. The agency should have a mechanism in place that helps ensure individuals maintain a valid driver's license. We found seven out of eight agencies do not have a mechanism in place to review permanent and agency pool vehicle users to ensure the employee maintains a valid driver's license. To do this, agencies can use a service provided by the Department of Motor Vehicles to monitor employee driving records. This service notifies the employer if an employee's driver's license is suspended or revoked. This service would allow agencies to monitor employees with long-term vehicle assignments to ensure that they maintain a valid driver's license.

Recommendation #13: Agencies should develop a mechanism to guarantee individuals authorized to drive any state-owned vehicle possess a valid operator's license. All state agencies with long-term vehicle assignments should use the voluntary, automated driving record program offered free to public organizations through the Department of Motor Vehicles. This will ensure agencies are aware of serious driving violations for employees that use state-owned vehicles and can help reduce the risk of accidents and liability for the Commonwealth.

Maintenance

During fiscal year 2003, the Commonwealth spent \$13.3 million on repair and maintenance services for motor vehicles, watercraft, aircraft, and other vehicular equipment. The following chart presents total maintenance expenses for fiscal years 2001 through 2003.

Agency	2001	2002	2003
VSP	\$3,125,389	\$3,575,032	\$3,177,530
DOC	312,952	488,871	454,394
VT	288,639	350,917	307,168
DOF	46,366	26,388	32,230
DGIF	306,162	262,952	264,059
DCR	186,416	159,736	148,974
DMME	63,696	63,217	68,920
SUBTOTAL	\$4,329,620	\$4,927,113	\$4,453,275
OTHER	7,704,910	7,671,462	8,885,154
TOTAL	\$12,034,530	\$12,598,575	\$13,338,429

See Appendix E for complete listing of Maintenance Expenses.

The Code of Virginia allows the Centralized Fleet Administrator to promulgate regulations for vehicle maintenance of all passenger-type vehicles owned by the Commonwealth and assigned to the Centralized Fleet. *Executive Order 20* did not extend OFMS rules and regulations for maintenance of vehicles to passenger or non-passenger-type agency-owned vehicles. As a result, agency-owned vehicles are only subject to the Comptroller's policy to establish a sound cost beneficial maintenance program which ensures all assets are in optimal working condition for as long as practical. We included two basic maintenance requirements in our review of agency-owned vehicles: (1) the vehicle had a current state inspection sticker and (2) the operator changed the oil at least once every 6,000 miles or six months, whichever occurred first.

We found that most agencies do not have policies and procedures for properly maintaining agency-owned vehicles nor evidence of proper maintenance being completed through documented maintenance records. Our audit did not include physical inspections of the vehicles for proper care, maintenance, and operation. Therefore, we could not conclude that the agencies are not properly maintaining the vehicles. We found that agencies do not track maintenance costs by vehicle. This prohibits an agency from analyzing maintenance costs and determining if maintaining the vehicles is no longer cost-beneficial. In addition, agencies do not keep maintenance logs to ensure proper maintenance of vehicles.

***Recommendation #14:** Each agency owning passenger and non-passenger type vehicles should develop and document internal policies and procedures for maintaining those vehicles. These policies should include a preventive maintenance schedule and methodology for tracking vehicle maintenance and the related expenses. The extent and detail to which agencies should keep these records is dependent on the size of the agency's fleet and use of the vehicles.*

VOYAGER Fuel Cards

The Department of General Services provides agencies the ability to use the *VOYAGER* fuel and maintenance card through a statewide contract. There are currently 40 agencies with 7,441 *VOYAGER* cards. The seven agencies tested spent approximately \$1 million using the *VOYAGER* credit card during fiscal year 2003. The use of the *VOYAGER* credit card has continually increased each year since 2001. The following are *VOYAGER* purchases for fiscal years 2001 through 2003 for the seven agencies tested.

Agency	2001	2002	2003
VSP	\$208,454	\$277,400	\$349,227
DOC	1,090	1,190	4,104
VT	124,562	107,699	111,098
DOF	2,718	7,863	7,586
DGIF	-	359,073	415,935
DCR	4,404	28,267	25,900
DMME	7,456	9,152	15,672
TOTAL	\$348,684	\$790,644	\$929,522

The Department of General Services does not properly monitor the use of the statewide *VOYAGER* contract. General Services could not provide a list of agencies using the contract. Instead, General Services had to rely on the vendor to provide a list of user agencies. General Services has implemented controls to require a contract modification as agencies begin using Voyager cards.

Agencies can assign the cards to individuals or vehicles and can restrict the card for fuel purchases only. State Police and Game and Inland Fisheries are the only agencies that assign the cards to the individual and not the vehicle. There is an even split between agencies that restrict purchases to fuel and those that do not restrict purchases. To reduce the risk of inappropriate purchases, each agency should have policies and procedures to review the *VOYAGER* card bills for abuse before payment. We found that four out of seven agencies do not have policies and procedures to perform this review. The Departments of Accounts and General Services do not provide any guidance over use and monitoring of the *VOYAGER* cards. We did find that Game and Inland Fisheries has excellent documented policies and procedures similar to the American Express credit cards for monitoring and reconciling *VOYAGER* credit cards. We did not find any instances of inappropriate purchases; however, without policies and procedures in place, the opportunity for abuse exists.

***Recommendation #15:** The Department of General Services should monitor use of the statewide *VOYAGER* contract through its newly implemented contract modifications. The Department of Accounts should develop policies and procedures for agencies to monitor the use of *VOYAGER* credit cards.*

AGENCY VEHICLE POLICIES

As described in the study methodology, we selected seven agencies to determine whether they had appropriate policies, procedures, and internal controls over vehicle purchasing, assignment, use, and maintenance. We specifically tested these policies and procedures to determine whether each of the seven agencies had the following:

- ❖ Documented policies and procedures for the purchasing, assignment, use and maintenance of their agency owned vehicles.
- ❖ A purchasing methodology for determining the number and types of vehicles to purchase each fiscal year. This methodology would vary by agency in relation to their mission and the type of funding the agency receives.
- ❖ A replacement policy that seeks to find the optimal point to replace a vehicle based on the vehicle's cost, use, and maintenance expenses with the main indicator being mileage.
- ❖ A cost benefit analysis to determine if the agency should either use a vehicle from the Centralized Fleet, lease from private vendors, purchase used versus new, or pay personal reimbursements for employees using personal vehicles on official state business.
- ❖ Maintenance records for each vehicle.
- ❖ Policies and procedures to govern vehicle assignments and monitor long-term assignments.
- ❖ Policies and procedures to track and monitor mileage on each vehicle and ensure that vehicles are meeting the minimum mileage criteria.
- ❖ Policies and procedures covering commuting.
- ❖ Procedures for identifying vehicle abuse including physical abuse and misuse.

The matrix below illustrates the policies and procedures each agency had and whether they were adequate. These specific findings support the overall findings and recommendations noted earlier in this report.

Matrix of Agency Vehicle Policies							
Agency Name	VSP	DOC	VT	DOF	DGIF	DCR	DMME
Documented Policies and Procedures	?	?	?	?	?	?	?
Purchasing Methodology	?	?	Y	Y	?	Y	Y
Replacement Policy	Y	N	Y	Y	N	N	Y
Cost Benefit Analysis	N	N	N	N	N	N	N
Vehicle Monitoring and Assignments	?	?	Y	Y	?	N	Y
Monitors mileage criteria	N	N	Y	Y	N	N	Y
Commuting Procedures	N/A	?	N/A	?	?	?	Y
Vehicle Maintenance Records	?	?	Y	Y	?	?	Y
Monitors vehicle abuse	?	N	N	?	?	?	Y

Y agency has policies/procedures and they are adequate
? agency has policies/procedures but they are **not** adequate
N agency does not have policies/procedures
N/A not applicable

We performed the same procedures at each of the seven agencies for passenger and non-passenger vehicles. We used OFMS policies and procedures as a best practice standard in our tests. We reviewed the agency's policies and procedures for vehicles and determined their adequacy. We obtained the agency listing of vehicles, including assignments, and analyzed the make-up of each agency's fleet to determine the type of vehicles each agency owns and uses. We tested a sample of vehicle purchases from fiscal years 2001, 2002, and 2003 for compliance with all procurement regulations, proper approval from OFMS, and proper recording of the vehicle in the agency's asset system. In addition, we reviewed, analyzed, and determined the adequacy of each agency's purchasing methodology that enables the agency to determine when and how many vehicles to buy. We selected another sample of vehicles to ensure vehicles assignments met the criteria requirements. For those same vehicles, we reviewed maintenance records, looking for timely oil changes and state inspections. For agencies that use the Voyager card, we determined whether they had adequate procedures to control card use, review billings for improper use, and reconcile the vendor statement to employee receipts.

Following is a description of each agency, the issues we found, and recommendations for each agency to improve its internal controls over vehicles. For any area tested but not discussed below for a specific agency, the agency had and was following proper policies and procedures in that area.

Department of State Police

The Department of State Police's mission is to provide the Commonwealth of Virginia with a responsive statewide police department, independent yet supportive of other law enforcement agencies; to preserve law and order; to enforce criminal, traffic and regulatory laws; and to provide essential public safety services efficiently and effectively to citizens of the Commonwealth. To accomplish this mission, State Police must provide each law enforcement officer with a law enforcement vehicle to ensure responsiveness and the ability to carry out their duties. State Police has 2,267 sedans; 103 SUVs; 152 trucks, vans, and buses; and 81 other vehicles.

State Police does not have accurate, automated information to assist in managing its vehicles. A major source of this problem is the State Police's Property and Materials Management System and Vehicle Expense System that do not contain accurate information on its vehicles. State Police did not design the Systems to track detailed information related to the vehicle, such as vehicle maintenance and equipment installed in the vehicle. As evidence of the inaccuracy of the information in the Property System, our analysis of the original information State Police provided from these systems showed 552 vehicles at the Central Garage designated as unassigned and unused.

State Police personnel stated that the information in the system was inaccurate and out of date. State Police performed an extensive update of the information in the Property System. From this updated information, we determined that there were 236 vehicles at the Central Garage, a difference of 316 vehicles. The 316 vehicles were vehicles assigned to troopers or surplus vehicles but not properly recorded in the Property System. This difference is due to the fact that State Police does not update the system as changes and transactions occur. Because the system contains inaccurate data, State Police uses manual, inefficient processes to make purchasing, assignment, and maintenance decisions. Without accurate and complete data, State Police cannot make informed decisions regarding the purchase, assignment, and maintenance of its vehicles.

***Recommendation #16:** State Police should evaluate its needs against the ability of its systems to have timely and accurate information entered into it to meet the department's needs. This evaluation should determine if the entry of data into the system requires system modification or other changes to improve the reliability of information. If the systems can meet State Police's needs, State Police should continuously update the information in the Property and Vehicle Expense Systems as purchases, assignments, and maintenance occur. If the systems do not meet its needs, State Police should develop an efficient process or acquire a new system that allows them to manage their vehicles properly and cost effectively.*

State Police does have documented internal policies and procedures for purchasing, use, assignment, and maintenance of agency-owned vehicles. However, some of these procedures are not adequate. We discuss these issues below.

State Police's methodology to determine how often and how many vehicles to purchase is complex. The methodology includes consideration of the number of sworn police officers, average mileage driven, replacement mileage, marked and unmarked vehicles, and existing inventory. State Police needs to maintain a reserve of unassigned vehicles to ensure that they can always provide troopers with a vehicle and can continuously replace vehicles over time. State Police has not set its reserve levels. To improve its methodology, State Police should determine this reserve needs and factor the reserve into its purchasing methodology. This factor will help prevent both having excessive vehicles on hand and the risk of running out of vehicles. State Police should also work additional factors into its purchasing methodology such as the

projected number of troopers resigning or retiring each year. By adding these considerations to its purchasing methodology, State Police will be able to refine and improve its methodology while ensuring the best use of available funding.

***Recommendation #17:** State Police should determine the level of unassigned vehicles that they need on hand to ensure that they can always provide troopers with a vehicle and can replace vehicles over time. To improve its purchasing methodology, State Police should include the reserve and the projected number of troopers resigning or retiring each year in the purchasing methodology.*

State Police has documented criteria that govern the type of vehicle each trooper receives, including the distribution of marked and unmarked vehicles throughout the state. However, State Police does not have documented procedures over the physical process of determining the specific vehicle each trooper will receive. In addition, this process for making vehicle assignments is manual and time consuming because the Property System does not have the capability to track the necessary information. When making assignments, State Police must consider many details relating to the trooper's use of the vehicle, such as whether the trooper receives a marked or unmarked vehicle and the type of equipment needed for his or her particular duties, such as a camera, a computer, canine equipment, etc. State Police should also consider the vehicles currently on-hand, the mileage of each vehicle, and the equipment installed in each vehicle to be able to match up the trooper with the most appropriate vehicle. Because the Property System does not have this information, the Garage Manager must manually contact each division to determine which vehicles are available for assignment.

This manual process of determining vehicles available for assignment can result in the State Police not always optimizing the use of its vehicles. For example, the Garage Manager tries to assign used vehicles in a division to a trooper in that division that needs a vehicle. As a result, a trooper in one division may receive a new vehicle because there is not an appropriate used vehicle in that division. However, another division may have an appropriate used vehicle, but it will sit unused while that trooper receives a new vehicle. If State Police updated information timely in the Property System, the Garage Manager could make informed decisions based on statewide data.

The Garage Manager is responsible for preparation and assignment of all new vehicles. Due to the inaccuracy of the information in the Property System, the Garage Manager does not have an efficient process to ensure that he assigns vehicles using a "first-in, first-out" methodology. As of February 2004, State Police had 205 new vehicles not assigned to personnel or a division. Of the 205 vehicles, 121 vehicles were Crown Victoria marked patrol vehicles and 36 vehicles were Intrepid unmarked patrol vehicles. The following chart outlines the purchase and assignment of marked Crown Victoria patrol cars from June 2002 through June 2003.

Marked Crown Victorias				
	June 2002	April 2003	May 2003	June 2003
Purchased	92	46	51	56
Unassigned	5	19	49	53
Assigned	87	27	2	3

Based on the information in the above tables, there were several instances where the Garage Manager did not assign vehicles of the same make and model in the same order State Police received the vehicles. There were five Crown Victoria marked patrol vehicles purchased in June 2002 that are unassigned while 32 Crown Victoria marked patrol vehicles purchased after that were assigned. State Police should not assign vehicles purchased in one month before assigning all similar vehicles purchased in previous months. Without accurate and updated information in the Property System, the Garage Manager cannot make informed decisions when assigning vehicles.

Recommendation #18: State Police should develop and document a methodology for tracking the assignment status of vehicles and the equipment installed in each vehicle to enable the Garage Manager to make informed decisions when assigning vehicles to ensure the most efficient and cost effective distribution and use of its vehicles. To do this, State Police should maintain updated information on its vehicles in its Property System. If the Property System cannot track the equipment installed in each vehicle, State Police should develop a process that will provide this information in a cost effective manner.

State Police does not have adequate policies and procedures for documenting and tracking the maintenance of agency-owned vehicles. State Police could not provide documentation for the maintenance of 31 out of 45 vehicles tested and documentation for state inspections for eight out of 45 vehicles tested. Each employee assigned a vehicle has direct responsibility for its proper use and care and their supervisor must inspect their vehicle monthly in accordance with the State Police General Orders. This personal accountability and supervisory inspection help ensure maintenance of vehicles. For agency pool vehicles, the department head has responsibility for maintenance. We found that pool vehicles were less likely to have maintenance records than individually assigned vehicles due to the personal responsibility factor. We also found that some individuals assigned vehicles assumed the State Police Central Garage completed the maintenance and maintained records for their vehicle, which is not completely true. Central Garage can perform vehicle maintenance, but they do not keep maintenance records for each vehicle.

State Police does not have a maintenance system for their fleet. State Police does have a Vehicle Expense System, which tracks costs associated with each vehicle but it does not track the actual maintenance performed. For example, the system shows the dollar amount spent for oil, but it does not record the actual frequency of the oil changes. We reviewed the summarized vehicle expense report but could not determine whether State Police was properly maintaining vehicles due to inconsistencies in the data. We noted vehicles with expenses for maintenance areas such as oil, gas, and tires that ranged from none to high. For example, in reviewing for proper oil changes we noted vehicles with no quarts of oil recorded ranging to vehicles with as many as 96 quarts of oil recorded. We could not determine from this data whether State Police had improperly recorded the information or improperly maintained the vehicles. Given the large investment that State Police has in its fleet and the important factor vehicles play in its mission, State Police should develop an adequate method to record all maintenance information and track expenses by vehicle. This information is important in ensuring that State Police maintains vehicles in optimal working condition for as long as practical and in determining when to replace vehicles.

Recommendation #19: State Police should develop an adequate method to record all maintenance information and track expenses by vehicle. State Police should consider implementing an automated maintenance system and monitoring this information centrally.

Department of Corrections

The Department of Corrections' mission is to enhance public safety by controlling and supervising sentenced offenders in a humane, cost-efficient manner, consistent with sound correctional principles and constitutional standards. Corrections is a decentralized agency with 27 major correctional centers, four work centers, two reception and classification centers, one treatment center, 13 field units, five detention centers, seven diversion centers, and a boot camp for non-violent probationers. To accomplish its mission, Corrections assigns vehicles to each of its institutions. The institutions use vehicles in their everyday operations to transport inmates and perform daily activities such as maintenance of the facilities. Corrections has 24 sedans; 170 SUVs; 1,463 trucks, vans, and buses; and 211 other vehicles.

Corrections has documented internal policies and procedures for agency-owned vehicles. However, these policies and procedures are more than six years old and require updating. These policies and procedures adequately address the purchasing of vehicles (with the exception of references to the Virginia Department of Transportation).

We did find one instance where Corrections spent \$3,400 more for two vehicles than they should have by not buying them on state contract in order to use fiscal year 2002 funding. Corrections authorized the purchase of eight vehicles on June 16, 2002, for the newly created Environmental Services Unit. To use fiscal year 2002 funding, Corrections had to order, receive, and pay for these vehicles by June 30, 2002. The Environmental Services Unit did not physically need the vehicles before June 30, 2002; however, Corrections was not sure whether funding would be available in fiscal year 2003 to purchase the vehicles. Corrections located and purchased six vehicles on state contract. To obtain the remaining two vehicles, Corrections solicited bids from local dealers and purchased the two vehicles, paying approximately \$1,700 over the state contract price for each vehicle.

Corrections does not have a replacement policy. The agency felt they would continue to maintain and use vehicles until the "wheels fall off." As vehicles age, Corrections moves the vehicles into different roles such as farm use or facility maintenance. Corrections should formalize and document its policy to ensure that maintenance costs for these vehicles do not outweigh their benefit.

***Recommendation #20:** Corrections should develop a replacement policy that can act as a guide in deciding when to replace vehicles to ensure the more efficient use of its resources.*

Vehicle assignment within Corrections' policies and procedures is not as thorough as the OFMS policies and procedures. Corrections' policies and procedures discuss only how to change the assignment of a vehicle or the initial information reported to OFMS. Corrections does not have policies and procedures to periodically review and evaluate vehicle assignments. The agency head or transportation officer does not evaluate the continuing need for the vehicle after two years. The agency head or transportation officer should monitor the continuing need for the vehicle assignment to ensure Corrections uses its vehicles productively and efficiently.

Corrections has one policy that addresses maintenance of vehicles. This policy states that employees can only use Corrections' vehicle repair facilities for the repair and maintenance of state-owned vehicles; however, the policy does not address the vehicle's preventive maintenance schedule. Corrections requires employees to maintain a vehicle log for every vehicle that indicates the license plate number, internal vehicle number, year to date odometer readings, oil and fuel purchases, and any maintenance services performed. However, Corrections could not provide any maintenance records for five out of 38 vehicles selected for

review. Of the records we reviewed, 27 vehicles had oil changes recorded less often than every 6,000 miles or six months. We were unable to determine whether the oil changes occurred but were not recorded or did not occur.

***Recommendation #21:** Corrections should document its policies and procedures for preventive maintenance of vehicles, communicate this policy to employees responsible for vehicles, and properly maintain all vehicles.*

Virginia Polytechnic Institute and State University

Virginia Polytechnic Institute and State University is a public land-grant university serving the Commonwealth of Virginia, the nation, and the world community. The discovery and dissemination of new knowledge are central to its mission. Through its focus on teaching and learning, research, and outreach, the university creates, conveys, and applies knowledge to expand personal growth and opportunity, advance social and community development, foster economic competitiveness, and improve the quality of life. The Virginia Tech Motor Pool provides passenger and non-passenger vehicles to University faculty, students, and employees for activities such as attending meetings and conferences, visiting satellite offices, working on the SMART road and farm, transporting animals, and providing maintenance and utility services. Virginia Tech has 201 sedans; 42 SUVs; 654 trucks, buses, and vans; and 75 other vehicles.

Virginia Tech's policies and procedures for the Motor Pool are adequate for passenger-type vehicles and resemble that of OFMS. Virginia Tech does not have policies and procedures for passenger and non-passenger vehicles permanently assigned to various departments outside the Motor Pool.

***Recommendation #22:** Virginia Tech should develop and follow policies and procedures over all vehicles assigned to various departments outside of the Motor Pool. The policies should address the purchasing, assignment, use, and maintenance of these vehicles.*

Department of Forestry

The Department of Forestry's mission is to protect and develop healthy, sustainable forest resources for Virginians. To accomplish this mission, Forestry must provide each Forester with a specialized vehicle to ensure responsiveness to emergencies, such as fires and floods, and the ability to carry out their daily duties of managing the forest resources. In addition to individually assigned vehicles, Forestry has specialized heavy-duty equipment resulting in Forestry owning more vehicles than the number of people it employs. Forestry has 16 sedans; 60 SUVs; 278 trucks, buses, and vans; and 152 other vehicles.

Forestry has policies and procedures that resemble that of the OFMS for passenger-type vehicles. Forestry created its own policies for commuting in non-passenger-type vehicles, but does not have any other policies for non-passenger vehicles. Forestry was the only agency we found that developed their own internal policy to govern allowability and charges for commuting in non-passenger vehicles; however, the policy is less restrictive than the state policy for passenger vehicles. Forestry applies OFMS rules and regulations to passenger vehicles, including SUVs. However, Forestry's policy for non-passenger vehicles allows use of these vehicles for commuting if employees need access to state-owned vehicles for responding to job-related

emergencies and those working out of their homes. The current policy allows an employee residing within 20 miles of a base point in each county to pay no commuting fee. If the employee lives outside of the 20 miles, they must pay commuting for the miles in excess of 20. As a result, individuals that drive SUVs instead of pick-up trucks pay more commuting fees than those that drive pickup trucks for the same purpose.

***Recommendation #23:** Forestry should revise their policies and procedures to incorporate other policies for non-passenger vehicles.*

Department of Game and Inland Fisheries

The Department of Game and Inland Fisheries' mission is to manage wildlife and inland fish to maintain optimum populations of all species to serve the needs of the Commonwealth; to provide opportunity for all to enjoy wildlife, inland fish, boating, and related outdoor recreation; to promote safety for persons and property in connection with boating, hunting, and fishing. To accomplish this mission, Game and Inland Fisheries must provide each Game Warden with a law enforcement vehicle with off-road capabilities to ensure responsiveness to emergencies and the ability to carry out their daily duties of enforcing related laws. The Game Wardens also have seasonal equipment that assists in maintaining outdoor recreations. Game and Inland Fisheries has five sedans, 275 SUVs, 169 trucks and vans, and 33 other vehicles.

Game and Inland Fisheries does not have internal policies and procedures for purchasing, assignment, use, and maintenance of agency-owned vehicles. The agency indicated they followed OFMS rules and regulations. These policies are not adequate for this agency. The agency must revise these procedures for passenger and non-passenger-type vehicles regarding the areas noted below.

Overall, Game and Inland Fisheries purchases the majority of their agency-owned vehicles properly using state contracts. However, we found one instance where Game and Inland Fisheries purchased a vehicle in July 2002 that did not give the appearance of frugality as set out in the Governor's *Executive Order 20*. When Game and Inland Fisheries hired an employee for a new position, they allowed him to write the specifications for the vehicle he would use in his position. The employee developed very intricate specifications, which indicated only one vehicle that would meet those needs. This specific vehicle was not on state contract. In addition, the agency transportation officer did not sign the vehicle purchase approval and the Centralized Fleet Administrator approved the purchase with reservations indicating his concern with the high cost of this vehicle during a time of budget constraints. The manufacturer's suggested retail price was approximately \$38,000. However, Game and Inland Fisheries was able to purchase the vehicle at a lower cost of \$29,816. Game and Inland Fisheries did not perform any type of analysis to determine whether any other vehicle could meet their needs at a lower cost.

Game and Inland Fisheries does not have a documented replacement policy for agency-owned vehicles. In addition, we found Game and Inland Fisheries did not properly dispose of vehicles once they purchased replacement vehicles. Game and Inland Fisheries is currently in the process of implementing a 150,000-mile or six-year replacement policy. They are performing a complete inventory of all assets, which includes disposing of underutilized or non-productive vehicles.

Game and Inland Fisheries does not have documented policies and procedures to review vehicle minimum mileage or assignments every two years. Game and Inland Fisheries annually submits a mileage report for passenger and non-passenger-type vehicles to OFMS but does not review this information to ensure it is using vehicles efficiently. However, the vehicles for which Game and Inland Fisheries reported mileage

were not, in all cases, the same vehicles reported to us on its agency listing. This indicates a lack of communication between these two functions and the possibility that some of Game and Inland Fisheries' vehicles are idle. During this review, Game and Inland Fisheries began identifying vehicles that are not productive and plans to dispose of those vehicles. Game and Inland Fisheries should ensure it fully utilizes vehicles before purchasing additional vehicles and disposes of replaced vehicles timely.

Game and Inland Fisheries does not have documented procedures for maintaining agency-owned vehicles. Game and Inland Fisheries could not provide any maintenance records for any of the vehicles in our sample. Therefore, we could not verify if the agency was properly performing oil changes and obtaining state inspections. Game Wardens have General Orders to follow, which include inspection and maintenance of their assigned vehicle. Game and Inland Fisheries should document and ensure compliance of policies and procedures for maintaining its vehicles.

***Recommendation #24:** Game and Inland Fisheries should document its policies and procedures surrounding the management of vehicles. Management should perform a cost benefit analysis before purchasing vehicles to ensure that all vehicle purchases are in the best interest of the agency. Game and Inland Fisheries should complete its inventory of all assets and its identification of underutilized equipment. Game and Inland Fisheries should document and ensure compliance of policies and procedures for maintaining its vehicles.*

Department of Conservation and Recreation

The Department of Conservation and Recreation's mission is to conserve, protect, enhance, and advocate the wise use of the Commonwealth's unique natural, historic, recreational, scenic, and cultural resources. In order to accomplish this mission, the Conservation Officers use vehicles with special equipment to maintain and operate the parks and assist tourists. Conservation and Recreation has a variety of vehicles including 21 sedans, 88 SUVs, 244 trucks and vans, and 57 other vehicles. In addition, the agency uses the Centralized Fleet mainly for their Soil and Water division.

Conservation and Recreation does not have internal policies and procedures for purchasing, use, and maintenance of passenger and non-passenger-type vehicles. Conservation and Recreation indicated they followed OFMS rules and regulations. However, through our review we found OFMS rules and regulations are not adequate for this agency due to the nature and use of its vehicles. Conservation and Recreation should develop internal policies and procedures for passenger and non-passenger-type vehicles to ensure the proper and efficient use of its vehicles.

Conservation and Recreation did not have a documented replacement policy. Conservation and Recreation generally uses its vehicles to maintain the state parks. As a result, the vehicles have low mileage but experience rough use due to off-road conditions. Conservation and Recreation uses the vehicles as long as they will function. In addition, Conservation often purchases used vehicles because they feel it is more cost-beneficial than purchasing new vehicles; however, they do not have documentation to show they have performed an actual cost-benefit analysis to make this determination.

Conservation and Recreation does not review or monitor vehicle assignments centrally. Typically, Conservation and Recreation performs assignment and monitoring at the division level without central office oversight. Conservation and Recreation should develop policies and procedures that are specific to meet its own needs and ensure efficient and productive use of its vehicles. During this review, Conservation and Recreation restructured the vehicle oversight functions to bring them under the procurement section. The

assigned individual will be responsible for monitoring the procurement and assignment of the agency's vehicles.

Conservation and Recreation does not have documented policies and procedures for maintaining agency-owned vehicles and does not have a documented preventive maintenance schedule for its fleet. Conservation and Recreation could not provide documentation for 72 percent and 66 percent of vehicles selected for vehicle maintenance and state inspections, respectively. Conservation and Recreation purchases a majority of used vehicles due to budget constraints. Considering the nature and environment of its operations and the use of mostly used vehicles, Conservation and Recreation should develop and document policies and procedures to ensure proper maintenance of its vehicles. Without monitoring the maintenance costs by vehicle, Conservation and Recreation has no way to determine the efficiency of buying and keeping used vehicles.

***Recommendation #25:** Conservation and Recreation should document policies and procedures for purchasing, assignment, use, and maintenance of its vehicles. The restructuring of the vehicles functions provides the ideal opportunity to develop and document the policies and procedures governing these areas. Within these policies, Conservation and Recreation should perform a cost benefit analysis before purchasing vehicles to ensure purchasing used vehicles is the most effective use of its limited funding. To aid in the analysis, Conservation and Recreation should develop maintenance schedules for its vehicles and track maintenance costs for each vehicle.*

Department of Mines, Minerals, and Energy

The Department of Mines, Minerals, and Energy's mission is to enhance the development and conservation of energy and mineral resources in a safe and environmentally sound manner in order to support a more productive economy in Virginia. To accomplish this mission, the Department of Mines, Minerals, and Energy assigns vehicles to each of its divisions. The divisions use the vehicles to respond to emergencies such as mine accidents, environmental situations, reportable injuries, emergency complaints, and field inspections. Mines, Minerals, and Energy has one van, three trucks, and 136 SUVs.

Mines, Minerals, and Energy does not have documented internal policies and procedures for agency-owned vehicles. Mines, Minerals, and Energy only has documented policies and procedures for Vehicle Assignment and Vehicle Accidents, and there are informal guidelines in other areas. For example, Mines, Minerals, and Energy monitors and controls routine maintenance and repair for agency-owned vehicles. In addition, Mines, Minerals, and Energy conducts an abuse review as the vehicles come into the service center for routine maintenance.

Mines, Minerals, and Energy did not have a documented replacement policy. Mines, Minerals, and Energy has an informal policy that they replace vehicles every 7 years or 95,000 miles. The 95,000-mile replacement goal assumes increased cost of maintenance Mines, Minerals, and Energy faces due to the off-road use of their vehicles. Mines, Minerals, and Energy should formalize and document this policy.

***Recommendation #26:** Mines, Minerals, and Energy should formalize and document its policies and procedures surrounding vehicles.*

APPENDIX A
Agency Listing
Vehicle Counts

Agency Name	Passenger	Non-Passenger	Total
Alcoholic Beverage Control Board	195	5	200
Blue Ridge Community College	-	16	16
Central Virginia Community College	-	5	5
Christopher Newport University	20	3	23
College of William & Mary	87	38	125
Dabney S Lancaster Community College	5	3	8
Danville Community College	2	5	7
Department of Agriculture & Consumer Services	14	104	118
Department of Aviation	2	2	4
Department of Conservation and Recreation	125	285	410
Department of Correctional Education	-	-	-
Department of Corrections	947	921	1,868
Department of Education	2	-	2
Department of Emergency Services	41	3	44
Department of Environmental Quality	79	15	94
Department of Fire Programs	5	7	12
Department of Forestry	84	422	506
Department of Game and Inland Fisheries	281	201	482
Department of Health	49	23	72
Department of Historic Resources	3	6	9
Department of Housing & Community Development	5	-	5
Department of Juvenile Justice	47	42	89
Department of Mental Health, Mental Retardation, and Substance Abuse Services	195	168	363
Department of Military Affairs	19	5	24
Department of Mines, Minerals, and Energy	137	3	140
Department of Motor Vehicles	61	25	86
Department of Professional & Occupational Regulation	-	-	-
Department of Rehabilitative Services (all agencies under its control)	14	7	21
Department of State Police	2,483	120	2,603
Department of Taxation	4	3	7
Department of Transportation	169	5,743	5,912
Eastern Shore Community College	-	2	2
George Mason University	52	61	113
Germanna Community College	2	5	7
J. Sargent Reynolds Community College	15	13	28
James Madison University	97	117	214
John Tyler Community College	2	11	13
Library of Virginia	4	2	6
Longwood College	31	25	56
Lord Fairfax Community College	2	3	5
Marine Resources Commission	14	18	32

APPENDIX A
Agency Listing
Vehicle Counts

Agency Name	Passenger	Non-Passenger	Total
Mary Washington College	37	33	70
Mount Empire Community College	10	5	15
Museum of Fine Arts	2	2	4
Museum of Natural History	2	4	6
New River Community College	-	6	6
Norfolk State University	47	55	102
Northern Virginia Community College	39	37	76
Old Dominion University	86	33	119
Patrick Henry Community College	3	5	8
Paul D Camp Community College	6	5	11
Piedmont Virginia Community College	-	5	5
Radford University	46	44	90
Rappahannock Community College	2	2	4
Southside Virginia Community College	3	27	30
Southwest Virginia Community College	18	10	28
State Corporation Commission	4	1	5
Thomas Nelson Community College	7	5	12
Tidewater Community College	12	17	29
University of Virginia	321	279	600
University of Virginia Medical Center	32	18	50
Virginia Commonwealth University	58	68	126
Virginia Community College System	-	-	-
Virginia Employment Commission	6	1	7
Virginia Highlands Community College	2	2	4
Virginia Military Institute	13	27	40
Virginia Polytechnic Institute & State University	384	588	972
Virginia Port Authority	40	-	40
Virginia State Lottery	82	8	90
Virginia State University	60	49	109
Virginia Western Community College	3	11	14
Woodrow Wilson Rehabilitation Center	26	25	51
Wytheville Community College	4	4	8
GRAND TOTAL	6,649	9,813	16,462

APPENDIX B
Policies and Procedures

Agency Name	DGS	Internal Policies	NONE
Alcoholic Beverage Control Board	✓	✓	
Blue Ridge Community College	✓		
Central Virginia Community College	✓		
Christopher Newport University		✓	
College of William & Mary	✓		
Dabney S Lancaster Community College	✓	✓	
Danville Community College	✓		
Department of Agriculture & Consumer Services	✓	✓	
Department of Aviation	✓		
Department of Conservation and Recreation	✓		
Department of Correctional Education	✓		
Department of Corrections		✓	
Department of Education	✓		
Department of Emergency Services	✓	✓	
Department of Environmental Quality	✓		
Department of Fire Programs	✓		
Department of Forestry		✓	
Department of Game and Inland Fisheries	✓		
Department of Health	✓		
Department of Historic Resources	✓		
Department of Housing & Community Development	✓		
Department of Juvenile Justice		✓	
Department of Mental Health, Mental Retardation, and Substance Abuse Services	✓	✓	
Department of Military Affairs	✓		
Department of Mines, Minerals, and Energy	✓		
Department of Motor Vehicles		✓	
Department of Professional & Occupational Regulation			
Department of Rehabilitative Services (all agencies under its control)		✓	
Department of State Police		✓	
Department of Taxation	✓		
Department of Transportation		✓	
Eastern Shore Community College	✓		
George Mason University		✓	
Germanna Community College		✓	
J. Sargent Reynolds Community College		✓	
James Madison University		✓	
John Tyler Community College	✓		
Library of Virginia	✓	✓	
Longwood College	✓	✓	
Lord Fairfax Community College			✓

APPENDIX B
Policies and Procedures

Agency Name	DGS	Internal Policies	NONE
Marine Resources Commission		✓	
Mary Washington College		✓	
Mount Empire Community College	✓		
Museum of Fine Arts	✓		
Museum of Natural History		✓	
New River Community College	✓	✓	
Norfolk State University		✓	
Northern Virginia Community College	✓		
Old Dominion University		✓	
Patrick Henry Community College	✓	✓	
Paul D Camp Community College	✓		
Piedmont Virginia Community College		✓	
Radford University	✓		
Rappahannock Community College	✓	✓	
Southside Virginia Community College	✓		
Southwest Virginia Community College		✓	
State Corporation Commission	✓		
Thomas Nelson Community College	✓		
Tidewater Community College		✓	
University of Virginia	✓		
University of Virginia Medical Center		✓	
Virginia Commonwealth University			✓
Virginia Community College System	✓		
Virginia Employment Commission	✓		
Virginia Highlands Community College			✓
Virginia Military Institute	✓		
Virginia Polytechnic Institute & State University	✓	✓	
Virginia Port Authority		✓	
Virginia State Lottery	✓	✓	
Virginia State University	✓	✓	
Virginia Western Community College	✓		
Woodrow Wilson Rehabilitation Center	✓		
Wytheville Community College	✓	✓	

APPENDIX C
Vehicle Purchases

Agency	FY 2001	FY 2002	FY 2003
Attorney General	\$ 23	\$ 4	\$ -
Chippokes Plantation Farm Foundation	4,873	4,873	-
Christopher Newport University	40,444	48,035	10,395
College of William & Mary	86,741	116,762	240,008
Commonwealth Attorney's Services Council	-	-	423
Department for the Visually Handicapped	-	-	14,290
Department of Agriculture & Consumer Services	160,823	33,710	240,340
Department of Aviation	31,750	-	-
Department of Conservation and Recreation	523,917	458,876	424,324
Department of Corrections, Central Activities	479,443	108,929	35,573
Department of Corrections, Division of Community Corrections	48,490	33,140	337,084
Department of Corrections, Division of Institutions	1,677,543	1,921,456	3,154,408
Department of Criminal Justice Services	-	-	14,804
Department of Education	9,134	7,978	5,415
Department of Emergency Services	128,844	280,550	153,485
Department of Environmental Quality	90,201	40,244	58,655
Department of Fire Programs	698	95,391	87,536
Department of Forestry	994,799	476,263	872,248
Department of Game and Inland Fisheries	1,526,080	1,129,987	1,409,949
Department of General Services	52,780	10,086,028	3,088,981
Department of Health	131,807	211,175	151,157
Department of Historic Resources	-	96,604	-
Department of Housing & Community Development	-	-	32,897
Department of Juvenile Justice	23,917	278,067	54,805
Department of Medical Assistance Services	496	-	-
Department of Mental Health, Mental Retardation, and Substance Abuse Services	303,392	321,882	494,411
Department of Military Affairs	82,424	18,760	399
Department of Mines, Minerals, and Energy	604,710	311,965	94,601
Department of Motor Vehicles	676,928	427,600	-
Department of Professional & Occupational Regulation	-	-	22,842
Department of Rail and Public Transportation	20,052,403	5,700	-
Department of Rehabilitative Services (all agencies under its control)	676,145	768,418	561,289
Department of Social Services	-	120	165
Department of State Police	7,221,445	7,521,646	6,398,263
Department of Transportation	19,360,616	17,326,273	15,429,697
Department. of Taxation	1,934	-	3,287
Division of Capital Police	18,733	-	-
Frontier Culture Museum	-	3,000	-
George Mason University	252,937	271,267	55,450

APPENDIX C
Vehicle Purchases

Agency	FY 2001	FY 2002	FY 2003
James Madison University	374,282	378,493	136,667
Jamestown-Yorktown Foundation	47,006	153	44,113
Library of Virginia	74,365	-	-
Longwood College	25,468	31,739	120,353
Marine Resources Commission	-	115,092	124,614
Museum of Natural History	745	-	-
Norfolk State University	245,773	713,246	10,049
Old Dominion University	3,750	2,999	5,717
Other	421,785	723,568	666,707
Radford University	288,245	77,711	89,228
Southwest Virginia Higher Education Center	-	1,556	-
State Corporation Commission	44,806	66,256	6,320
University of Virginia	1,798,090	505,488	4,410,431
Virginia Commonwealth University	265,175	283,611	140,994
Virginia Community College System	569,963	189,875	441,090
Virginia Correctional Enterprises	111,546	361,371	450,906
Virginia Employment Commission	475	33,115	-
Virginia Military Institute	1,394	3,100	2,500
Virginia Polytechnic Institute & State University	1,403,030	2,318,762	1,835,145
Virginia Port Authority	6,790,939	3,600,240	363,421
Virginia Racing Commission	13,885	-	-
Virginia State Lottery	891,347	176,745	138,686
Virginia State University	104,648	127,441	70,968
Virginia Veteran's Care Center Board of Trustees	2,188	1,600	-
GRAND TOTAL	\$ 68,743,374	\$ 52,116,862	\$ 42,505,089

APPENDIX D
Commuting Fees
Fiscal Year 2003

Agency Name	Number of Employees Commuting	Commuting Fee Paid
Brunswick Correctional Center	2	\$ 1,424
Buckingham Correctional Center	1	167
Central Virginia Community College	1	676
Correctional Center for Women	1	146
Corrections Adult Community Services	8	6,908
Corrections Adult Services	5	2,331
Dabney S. Lancaster Community College	1	2,040
Danville Community College	1	2,132
Deep Meadow Correctional Center	2	1,045
Department of Business Assistance	10	4,253
Department of Corrections	2	1,350
Department of Emergency Management	2	568
Department of Forestry	11	707
Department of Health	1	73
Department of Juvenile Justice	1	601
Department of Motor Vehicles	59	3,734
Eastern Regional Field Units	1	305
Eastern Regional Office	1	126
Eastern State Hospital	1	268
Fluvanna Women's Correctional Center	2	355
Haynesville Correctional Center	1	603
Indian Creek Correctional Center	2	1,839
James River Correctional Center	1	1,026
Keen Mountain Correctional Center	1	535
Lord Fairfax Community College	1	935
Marine Resources Commission	15	8,093
Mecklenburg Correctional Center	2	157
Mountain Empire Community College	1	759
Northern Virginia Community College	8	7,813
Office of Commonwealth Preparedness	1	1,374
Patrick Henry Community College	1	216
Piedmont Virginia Community College	1	1,087
Powhatan Correctional Center	1	564
Rappahannock Community College	1	2,793
Red Onion Correctional Center	2	949
Southampton Correctional Center	1	948
Southside Virginia Community College	1	1,797
St. Brides Correctional Center	3	1,177
Staunton Correctional Center	1	37
Sussex I Correctional Center	1	200
Sussex II Correctional Center	3	1,638

APPENDIX D
Commuting Fees
Fiscal Year 2003

Agency Name	Number of Employees Commuting	Commuting Fee Paid
Tidewater Community College	1	313
VDOT - Lynchburg Office	1	669
Virginia Community College System	1	3,177
Virginia Correctional Enterprises	2	169
Virginia Highlands Community College	1	226
Virginia State Lottery	1	-
Western Regional Field Units	3	482
GRAND TOTAL	172	\$ 68,785

APPENDIX E
Vehicle Maintenance Expenses

Agency Name	FY 2001	FY 2002	FY 2003
Attorney General	\$ 1,755	\$ 330	\$ -
Charitable Gaming Commission	108	40	8,362
Chippokes Plantation Farm Foundation	2,155	190	1,812
Christopher Newport University	23,373	28,702	32,718
College of William & Mary	168,828	262,706	231,761
Commonwealth Attorney's Services Council	254	-	-
Department for the Aging	-	837	1,264
Department for the Visually Handicapped	10,058	6,152	1,270
Department of Agriculture & Consumer Services	24,857	175,087	50,419
Department of Aviation	777,565	317,449	516,813
Department of Business Assistance	492	60	-
Department of Conservation and Recreation	186,416	159,736	148,974
Department of Correctional Education	-	1,291	5
Department of Corrections, Central Activities	13,052	28,300	14,632
Department of Corrections, Division of Community Corrections	37,203	50,887	44,238
Department of Corrections, Division of Institutions	276,582	365,458	379,099
Department of Criminal Justice Services	2,277	306	1,017
Department of Education	11,441	16,936	17,799
Department of Emergency Services	13,011	24,206	13,688
Department of Environmental Quality	43,610	72,951	67,730
Department of Fire Programs	48,505	39,157	52,109
Department of Forestry	46,366	26,388	32,230
Department of Game and Inland Fisheries	306,162	262,952	264,059
Department of General Services	38,287	722,338	1,931,053
Department of Health	46,838	82,389	58,690
Department of Health Professions	40	87	13
Department of Historic Resources	879	332	190
Department of Housing & Community Development	1,237	61	1,205
Department of Human Resource Management	-	-	193
Department of Juvenile Justice	38,785	19,337	23,909
Department of Labor and Industry	-	1,312	-
Department of Medical Assistance Services	3,149	1,051	1,046
Department of Mental Health, Mental Retardation, and Substance Abuse Services	241,217	300,964	207,767
Department of Military Affairs	10,656	6,924	10,974
Department of Mines, Minerals, and Energy	63,696	63,217	68,920
Department of Minority Business Enterprise	-	115	-
Department of Motor Vehicles	79,561	145,648	102,765
Department of Professional & Occupational Regulation	1,998	139	4,964
Department of Rail and Public Transportation	-	-	415
Department of Rehabilitative Services (all agencies under its control)	172,006	229,318	137,703

APPENDIX E
Vehicle Maintenance Expenses

Agency Name	FY 2001	FY 2002	FY 2003
Department of Social Services	635	10,800	3,903
Department of State Police	3,125,389	3,575,032	3,177,530
Department of Transportation	3,727,902	3,137,351	3,333,125
Department of Veteran's Affairs	274	14	63
Department. of Taxation	1,354	2,912	4,775
Division of Capital Police	2,589	3,587	1,125
Frontier Culture Museum	3,809	3,056	1,676
George Mason University	71,832	30,707	15,686
Gunston Hall	5,762	2,005	5,083
James Madison University	191,546	166,302	133,592
Jamestown-Yorktown Foundation	17,921	1,500	8,422
Library of Virginia	1,121	978	1,449
Longwood College	512	152	1,528
Marine Resources Commission	62,450	75,601	44,907
Mary Washington College	913	(1,027)	(504)
Motor Vehicle Dealer Board	1,267	-	28
Museum of Fine Arts	698	-	695
Museum of Natural History	3,289	1,968	4,355
Norfolk State University	68,440	122,003	104,220
Office of the Governor	38	-	25
Old Dominion University	63,615	48,409	35,986
Other	18,887	12,230	44,133
Radford University	32,964	16,530	9,954
Science Museum	17,391	4,261	187,147
Secretary of Administration	-	-	-
Secretary of Natural Resources	-	-	1,696
Secretary of Public Safety	-	52	-
Secretary of the Commonwealth	-	-	159
Southwest Virginia Higher Education Center	-	918	583
State Board of Elections	-	-	333
State Corporation Commission	3,189	2,421	1,759
University of Virginia	1,001,099	1,178,308	1,181,175
Virginia Commonwealth University	84,042	32,950	26,948
Virginia Community College System	120,508	120,197	78,818
Virginia Correctional Enterprises	23,319	95,113	60,662
Virginia Employment Commission	2,341	4,887	1,228
Virginia Military Institute	1,089	3,281	4,277
Virginia Polytechnic Institute & State University	288,639	350,917	307,168
Virginia Port Authority	287,890	50,470	31,071
Virginia State Bar	-	4,648	-
Virginia State Lottery	59,813	87,263	49,622
Virginia State University	49,581	39,429	44,217
GRAND TOTAL	\$ 12,034,530	\$ 12,598,575	\$ 13,338,429

AGENCY RESPONSES

This appendix contains responses from the Departments of Conservation and Recreation, Corrections, Forestry, Game and Inland Fisheries, General Services, Mines, Minerals and Energy, Motor Vehicles, and State Police and Virginia Polytechnic Institute and State University. Generally, the agencies and institutions agreed with the findings and recommendations included in the report.

The State Police generally did not agree with our findings and recommendations and their response includes comments concerning their disagreement with our work. Because, we believe that their conclusions on some issues may be incorrect, we have provided some clarification on the issues.

The table below shows the State Police comments and our clarification.

Department of State Police Comments	APA Response
<p>1. The report states the State Police does not does have accurate, automated information to assist in managing its vehicles.</p> <p>There was a problem with the way surplus and reissue vehicles were entered into the system. The system has been corrected to show surplus vehicles as surplus. Vehicles being reissued are now shown to be at the respective division headquarters. As surplus vehicles are sold, they are removed from the system. The changes made to the system will enable the Department to maintain an updated and accurate accounting of Department vehicles.</p>	<p>State Police initially provided the auditors their computerized records, and based on our initial findings, management had to take the noted actions to correct the records. The errors remained undetected until our review.</p> <p>The recommendation encourages State Police to continuously update the system with accurate and timely data.</p>
<p>2. To improve the methodology, the report recommends the State Police determine a reserve level and consider factoring the projected number of retirements and resignations each year into the purchasing methodology.</p> <p>This would result in the Department purchasing more vehicles than we need. The methodology the Department utilizes takes into consideration a number of factors when determining the number of vehicles needed. To include a reserve and the projected number of resignations or retirements in the purchasing methodology would offset each other and would serve no useful purpose.</p>	<p>The report recommends that State Police Management set a reserve level as part of their methodology. The report does not recommend using an inflexible reserve level within the methodology.</p>
<p>3. The report indicates the State Police does not have documented procedures over the physical process of determining the specific vehicle each Trooper will receive. We totally disagree with this statement. While our automated system may not include all the information needed to determine what equipment to install on the vehicle, we believe we will never be able to eliminate interaction between the Field Division and Garage Staff.</p>	<p>We believe the response shows there is a lack of documentation.</p>

Department of State Police Comments	APA Response
<p>4. The report indicates the process of determining vehicles available for assignment has resulted in the State Police not always optimizing the use of its vehicles. The report advocates having Troopers travel across the state to another division to be reissued a vehicle. This is not an efficient process. In addition, this would be a cumbersome and difficult process to manage.</p>	<p>The report does not require Trooper travel, but only further points out the problems with inaccurate and incomplete computerized information.</p>
<p>5. The report indicates the State Police does not have an efficient process to ensure vehicle assignments using the first in, first out methodology. The State Police makes every effort to utilize a first in first out process when assigning vehicles. There are valid reasons in those instances when the first in first out process is not utilized. The vehicles could be purpose funded vehicles for the Dulles Greenway, vehicles equipped with new products for testing and evaluation purposes, and vehicles for the basic schools.</p>	<p>See previous comment.</p>
<p>6. The report indicates the State Police does not have adequate policies and procedures for documenting and tracking the maintenance of agency-owned vehicles. The survey method utilized by the auditor was flawed and non-scientific. They based a non-response to the survey to mean there was no maintenance or state inspection performed. This simply is not true and misleading assumption. The State Police documents maintenance and associated costs monthly for each vehicle on form SP-93, Vehicle expense report. From this information a quarterly report is generated detailing the operating cost for each vehicle. The results of these inspections are documented and maintained at the area level.</p>	<p>The initial sample indicated a problem and further reviews and interviews by the auditors indicated that increasing the sample size would provide the same results.</p>

W. Tayloe Murphy, Jr.
Secretary of Natural
Resources



Joseph H. Maroon
Director

COMMONWEALTH of VIRGINIA
DEPARTMENT OF CONSERVATION AND RECREATION

203 Governor Street
Richmond, Virginia 23219-2010
(804) 786-6124

June 15, 2004

Mr. Walter Kucharski
Auditor of Public Accounts
PO Box 1295
Richmond, Virginia 23218

RE: APA Statewide Report on Agency-Owned Vehicles; dated 3/31/04

Dear Mr. Kucharski:

As requested our response to the subject audit is indicated below. The portion of the report applicable to this agency is also attached for reference.

We have carefully reviewed the comments and recommendations and we concur. We have a committee in the process of developing an agency policy that will address the management of agency-owned and pool vehicles. The policy will address your specific recommendations relative to purchase, assignment, use and maintenance of vehicles. We anticipate the draft of the agency policy to be complete by July 1, 2004. It will then be routed to the DCR Management Team for comment and discussion. Our target date for the policy to be published is August 1, 2004.

Please contact our Director of Administration, Bill Price (371-7483), or our Internal Auditor, Terry Brown (786-7622), if you have any questions related to this audit report.

Sincerely,

A handwritten signature in blue ink that reads "Joe Maroon".

Joseph H. Maroon
Director

Attach



COMMONWEALTH of VIRGINIA

Department of Corrections

GENE M. JOHNSON
DIRECTOR

P. O. BOX 26963
RICHMOND, VIRGINIA 23261
(804) 674-3000

June 14, 2004

Mr. Walter Kucharski
Auditor of Public Accounts
101 N. 14th Street, 8th Floor
Richmond, Virginia 23218

Subject: APA Statewide Report On Agency-Owned Vehicles

Dear Mr. Kucharski,

The Department of Corrections concurs with Recommendation #20 and Recommendation #21 in the APA Statewide Report On Agency-Owned Vehicles just issued. The Department is currently in the process of updating and making changes to our policy manuals. A vehicle replacement policy, (Recommendation #20), as well as a preventive maintenance policy, (Recommendation #21), for vehicles will be developed and made a part of this policy manual update.

The Department will review existing replacement and maintenance policies, programs and computer software in operation within DOC and at other state agencies and private sector and will develop policies and programs that are applicable to the various DOC facilities utilizing DOC owned vehicles.

Sincerely,

A handwritten signature in dark ink, appearing to read "Gene M. Johnson", with a long, sweeping horizontal line extending to the right.

Gene M. Johnson
Director

Cc: John Jabe
Cookie Scott
Ted Link

JUN 15 '04 4:25:52

JAMES W. GARNER
State Forester



COMMONWEALTH of VIRGINIA
DEPARTMENT OF FORESTRY

Fontaine Research Park
900 Natural Resources Drive, Suite 800
Charlottesville, Virginia 22903

434-977-6555 (V/TDD)
FAX 434-296-2369

Date: June 14, 2004
To: DeAnn Compton
Audit Director
From: James W. Garner
State Forester
RE: Response on Statewide Review of Agency-Owned Vehicles

We have reviewed the Statewide Report on Agency-Owned Vehicles conducted by the Auditors of Public Accounts dated March 12, 2004 for Fiscal Year 2001, 2002 and 2003. The Table below identifies the corrective action that will be taken and the responsible position.

Recommendation	Proposed Corrective Action	Implementation Date	Responsible Position
#23 ~ Forestry should revise their policies and procedures to incorporate other policies for non-passenger vehicles.	The Department of Forestry has informal policies and procedures on non-passenger vehicles that will be formalized and incorporated into existing policies and procedures.	9/30/04	Ron Jenkins; Director of General Services

Please do not hesitate to contact me if you have any questions.



COMMONWEALTH of VIRGINIA

W. Tayloe Murphy, Jr.
Secretary of Natural Resources

Department of Game and Inland Fisheries

William L. Woodfin, Jr.
Director

June 15, 2004

Mr. Walter J. Kucharski
Auditor of Public Accounts
James Monroe Building, 8th Floor
101 North 14th Street
Richmond, Virginia 23219

Dear Mr. Kucharski:

We are in receipt of the final draft of your office's Statewide Review of Agency-Owned Vehicles and its resulting factual conclusions and recommendations. We appreciate this opportunity to comment for our Department on this report. We were generally satisfied with the review and particularly pleased with your office's recognition of our efforts on policies, procedures and reviews for monitoring and reconciling VOYAGER credit cards.

When, with the aid and counsel of your staff, the Department brought on line its Comprehensive Financial Information and Reporting System (CFIRS), an integrated financial accounting and budgeting system, a portion of that was our fixed assets component, which included a system to repair and maintain our vehicles over their useful life. This system is on-line, but is not yet complete nor totally populated.

Your office's recommendation # 24 that the Department needs to document its policies and procedures, complete its inventory and identify underutilized equipment as well as documenting and ensuring compliance for maintenance is well taken. Once we have finalized inventory and completed our fixed assets maintenance and repair portion of CFIRS, we will document our policies, procedure and compliance mechanisms to compliment that system. We are hopeful that we can be in that position by calendar year end or sooner. Cost benefit analyses of purchases have been an informal, anecdotal and undocumented process, which we will formalize and document in the future.

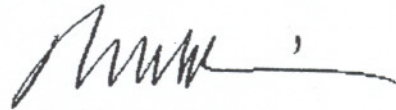
The Honorable Walter J. Kurcharski

Page 2

June 15, 2004

Again, we thank you for provide an opportunity for us to comment on these findings and recommendations.

Very truly yours,

A handwritten signature in dark ink, appearing to read 'Raymond E. Davis', with a long horizontal flourish extending to the right.

Raymond E. Davis
Director of Administration

RED/h

xc: William L. Woodfin, Jr.
DeAnn Compton, APA
John C. Moore



COMMONWEALTH of VIRGINIA

Department of General Services

James T. Roberts
Director

June 11, 2004

202 North Ninth Street
Suite 209
Richmond, Virginia 23219-3402
Voice/TDD (804) 786-6152
FAX (804) 371-8305

Mr. Walter J. Kurcharski
Auditor of Public Accounts
Richmond, Virginia 23218-1295

Dear Walt:

We appreciate the opportunity to review your report, "Statewide Review of Agency-Owned Vehicles" and for your consideration of our comments on the earlier drafts. We are generally in agreement with the recommendations and will work towards implementation.

We thank you and your staff for your efforts in producing this report and look forward to working with both you and them in the future.

Sincerely,

A handwritten signature in black ink, appearing to read "James T. Roberts", written over a horizontal line.

James T. Roberts
Director

JUN 14 '04 PM 2:49



COMMONWEALTH of VIRGINIA

Department of Mines, Minerals and Energy

Ninth Street Office Building / 8th Floor
202 North Ninth Street
Richmond, Virginia 23219-3402
(804) 692-3200 FAX (804) 692-3237
www.dmme.virginia.gov

June 15, 2004

Walter J. Kucharski
Auditor of Public Accounts
The James Monroe Building
101 North 14th Street, 8th Floor
Richmond, Virginia 23219

Dear Mr. Kucharski:

Thank you for the opportunity to review the Auditor of Public Accounts' report *Statewide Review of Agency-Owned Vehicles*. This report recommended that the Department of Mines, Minerals and Energy (DMME) formalize and document its policies and procedures surrounding vehicles.

DMME has developed written procedures addressing our vehicle management practices. These procedures document our agency's compliance with the requirements for management of state-owned vehicles.

Please let us know if you have any additional questions regarding DMME's management of its vehicles.

Sincerely,

A handwritten signature in cursive script, reading "O. Gene Dishner".

O. Gene Dishner

c: DeAnn B. Compton



COMMONWEALTH of VIRGINIA

Department of Motor Vehicles
2300 West Broad Street

D. B. Smit
Commissioner

Post Office Box 27412
Richmond, VA 23269-0001
866-DMV-LINE or
800-435-5137

MEMORANDUM

DATE: June 11, 2004

TO: The Honorable Walter J. Kucharski
Auditor of Public Accounts

FROM: D. B. Smit *DB*

SUBJECT: Response to the Review of Agency Owned Vehicles

The Department of Motor Vehicles agrees with the Auditor of Public Accounts' findings and recommendation Nos. 3,4 and 13. The recommendations will be addressed in a publication to be developed, in part with the Department of General Services, and made available on the DMV website. State agencies will be informed of the existence, purpose and location of the publication by email or other written correspondence.

The publication will address the policies and procedures for the titling, registration and sale of vehicles that are owned by state agencies. In addition, the capability for agencies to monitor the driver license status of their vehicle operators will be explained.

The information developed and distributed will be designed to also address confusion that may exist with regard to utilization of the State Agency Registration System (STARS). DMV will also take advantage of this opportunity to promote STARS to other appropriate agencies. DMV's customer service centers and license agents will receive clarification on the titling and registration of state and local vehicles to improve the validity of information in DMV's database.

The completion date for this effort is targeted for November 1, 2004. Thank you for the efforts of your office to enhance the validity of the DMV database and controls on state vehicles. If you have any questions regarding this response, please contact me.

DBS/jc

JUN 14 '04 4:58



COMMONWEALTH of VIRGINIA


Colonel W. S. (Steve) Flaherty
Superintendent

DEPARTMENT OF STATE POLICE
P. O. Box 27472, Richmond, VA 23261-7472
(804) 674-2000

Lt. Colonel Donald R. Martin
Deputy Superintendent

June 10, 2004

TO: Ms. DeAnn Compton – Audit Director
Auditor of Public Accounts

FROM: Colonel W. Steven Flaherty 

SUBJECT: APA Statewide Report on Agency-Owned Vehicles

There are a number of comments relating to the Department of State Police contained in the audit report that need to be addressed for clarity and to provide an explanation of the State Police procedures for the purchase, issue, and maintenance of the Department vehicles.

- The report states the State Police does not have accurate, automated information to assist in managing its vehicles. There was a problem with the way surplus and reissue vehicles were entered into the system. The system showed surplus vehicles as being in a reissue status and reissued vehicles were shown in the system as being at the State Police Garage. The system has been corrected to show surplus vehicles as surplus. Vehicles being reissued are now shown to be at the respective division headquarters. As surplus vehicles are sold, they are removed from the system. The changes made to the system will enable the Department to maintain an updated and accurate accounting of Department vehicles.
- The report acknowledges the Department has a methodology for determining the number of vehicles to purchase. To improve the methodology, the report recommends the State Police determine a reserve level and consider factoring the projected number of retirements and resignations each year into the purchasing methodology. This would result in the Department purchasing more vehicles than we need. The methodology the Department utilizes takes into consideration a number of factors when determining the number of vehicles needed. This system

has worked very well and ensures the Department has an adequate supply of vehicles.

- The report indicates the State Police does not have documented procedures over the physical process of determining the specific vehicle each Trooper will receive. We totally disagree with this statement. The State Police Garage equips all vehicles with the basic equipment, lights, siren, radio, etc., for issue. If a Trooper needs specific equipment, based upon his assignment or location, for example, a canine handler's vehicle or a vehicle for the Counter Terrorism and Criminal Interdiction Unit, which requires additional and specialty equipment, there is an interaction between the division and garage staff to ensure the necessary equipment is installed. While our automated system may not include all the information needed to determine what equipment to install on the vehicle, we believe we will never be able to eliminate interaction between the Field Divisions and Garage Staff.
- The report indicates the process of determining vehicles available for assignment has resulted in the State Police not always optimizing the use of its vehicles. This deals with vehicles in a reissue status. The Field Divisions maintain reissue vehicles and issue the vehicles to a Trooper in the division that needs a vehicle. When a Trooper is due for a new vehicle, the Field Division determines if a reissue vehicle is available and issues the Trooper that vehicle rather than sending the Trooper to the garage to be issued a new vehicle. The report advocates having Troopers travel across the state to another division to be reissued a vehicle. This is not an efficient process. In addition, this would be a cumbersome and difficult process to manage.
- The report indicates the State Police does not have an efficient process to ensure vehicle assignments using the first in, first out methodology. The State Police makes every effort to utilize a first in, first out process when assigning vehicles. There are valid reasons in those instances when the first in, first out process is not utilized. The vehicles could be special purpose funded vehicles for the Dulles Greenway, vehicles equipped with new products for testing and evaluation purposes, and vehicles for the basic schools. The table on page 26 shows a 94% compliance rate for June 2002. The May and June 2003 table are vehicles that were to be assigned to the basic schools.

- The report indicates the State Police does not have adequate policies and procedures for documenting and tracking the maintenance of agency-owned vehicles. State Police could not provide documentation for the maintenance of 31 of 45 vehicles tested and documentation for state inspection for 8 of 45 vehicles listed. The survey method utilized by the auditor was flawed and non-scientific. They based a non-response to the survey to mean there was no maintenance or state inspection performed. This is simply not true and a misleading assumption. The State Police documents maintenance and associated costs monthly for each vehicle on form SP-93, Vehicle Expense Report. From this information a quarterly report is generated detailing the operating cost for each vehicle. In addition, area supervisors inspect the Troopers' vehicles monthly to ensure the vehicle is being properly maintained in accordance with Department policies and manufacturer's recommended maintenance schedules. The results of these inspections are documented and maintained at the area level. While we feel the vehicle expense report and the supervisors' inspections work to ensure our vehicles are properly maintained, we acknowledge that our automated vehicle expense report system, as with any automated system, can be improved.

There are four (4) recommendations made related to State Police operations. Recommendation 16 and 18 are the same recommendations. We have made the necessary correction to the system to accurately track the status of surplus and reissue vehicles.

Recommendation 17: The State Police has a methodology for determining the number of vehicles that need to be purchased to ensure we have sufficient vehicles available. To include a reserve and the projected number of resignations or retirements in the purchasing methodology would offset each other and would serve no useful purpose. In addition, this methodology would probably increase the number of vehicles the agency needs to purchase on an annual basis.

Recommendation 18: The State Police has a system to record and document vehicle expenses and maintenance. There would be considerable cost to develop an automated maintenance system to monitor this information at a central location. The Department will explore purchasing an off-the-shelf software package that would enable the Department to better track maintenance and operating costs.

APA Statewide Report on Agency-Owned Vehicles

Page 4

June 10, 2004

It is the intention of this response to provide an explanation and to provide a better understanding of the methodology and procedures utilized by the Department of State Police to purchase, assign and maintain the vehicles within our fleet.

WSF/FWI/jd

June 11, 2004

Mr. Walter J. Kucharski
Auditor of Public Accounts
James Monroe Building
101 N. 14th Street
Richmond, VA 23219

Dear Mr. Kucharski:

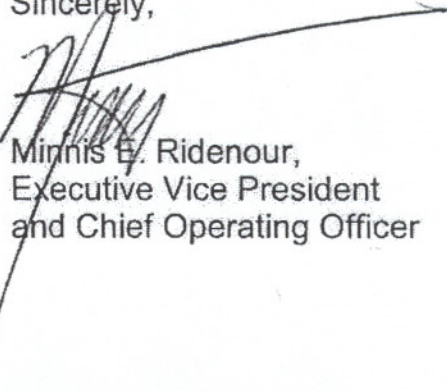
This letter provides Virginia Tech's response to the recommendation contained in your report on the Statewide Review of Agency-Owned Vehicles. Thank you for the opportunity to publish our response with your report.

Recommendation #22: Virginia Tech should develop and follow policies and procedures over all vehicles assigned to various departments outside of the Motor Pool. The policies should address the purchasing, assignment, use, and maintenance of these vehicles.

Virginia Tech Response: Virginia Tech will establish policies and procedures over all vehicles assigned to departments outside of the Motor Pool. These policies and procedures will be implemented during Fiscal Year 2005, shared with the university community, and discussed with employees in these departments. In developing and implementing these policies and procedures we will consider the unique uses (farm use, vehicles specially equipped for repairs and maintenance, etc.) of our non-passenger vehicles housed in departments throughout the university to ensure that these new procedures are cost effective relative to the benefit received.

We appreciate the APA's comments and recommendations in this report.

Sincerely,



Minnis E. Ridenour,
Executive Vice President
and Chief Operating Officer

/mw

cc: Kurt Krause
Ken Miller
John Rudd
Dwight Shelton

