June 19, 2018

Report to the Mississippi Legislature

Management of Mississippi's State-Owned Vehicles: Data Quality, the Control Environment, and Recent Statutory Changes: A Follow-Up to Report #613

Management of Mississippi's State-Owned Vehicles: Data Quality, the Control Environment, and Recent Statutory Changes: A Follow-Up to Report #613

Synopsis

Fleet management—i.e., buying, selling, repairing, and allocating state-owned vehicles in a manner that maximizes their use and efficiency—has undergone significant change in Mississippi in recent years, including the implementation of a new statewide management system in 2014 (MAGIC)[1] and several changes to fleet management laws during the 2017 Regular Session.

As of February 2017, the State of Mississippi owned 7,145 fleet vehicles across 60 agencies with an acquisition value of $193,973,583.82, representing both a substantial monetary and durational commitment of state resources. Effective fleet management requires accurate and complete documentation of those assets.

Data Quality

The data currently maintained in the state's vehicle management system (i.e., MAGIC) is incomplete and unreliable. Such information as the number and types of state-owned vehicles; vehicle mileage, which indicates extent of use; and maintenance costs over a vehicle's life cycle are lacking. These circumstances prevent sound decision-making regarding the expenditure of state funds and hinders oversight of the state fleet.

Factors at both the agency and state level have contributed to the deficiencies in the state's vehicle data. Although Bureau of Fleet Management (BFM) policy requires that state agencies enter and maintain accurate vehicle information in MAGIC, state agencies have not consistently used MAGIC correctly or to its fullest capacity as a vehicle management tool. In addition to agency staff turnover limiting full implementation, users reported finding the system complicated and cumbersome.

Some responsibility regarding deficiencies in the state's vehicle information lies with the Bureau of Fleet Management. Training efforts have not resulted in any significant improvement in data quality nor increased use of the system's various capabilities. In addition, there have been no consequences for agencies that do not properly maintain vehicle data despite being statutorily required to do so.

---

[1]Mississippi's Accountability System for Government Information and Collaboration.

Control Environment

State law, BFM policies, and individual agency policies provide safeguards against misuse and abuse of state vehicles. However, lack of adequate data for the state's commuter vehicles limits oversight of these vehicles. Department of Finance and Administration policy requires state employees to report specific information in their travel logs (e.g., purpose of each trip), but agencies inconsistently record that information, and in many cases users simply do not follow the policy. These conditions create an environment for potential misuse and abuse, and PEER did find instances of questionable vehicle use and inconsistencies in how agencies apply policies regarding Internal Revenue Service standards for calculating fringe benefits for personal vehicle use.

Statutory Changes

In an effort to maximize limited state resources and ensure that the state is receiving the lowest price option for official state travel, the Legislature amended portions of the state's vehicle purchase laws and travel reimbursement requirements during the 2017 Regular Session.

House Bill 938 placed the state under a vehicle moratorium as of July 1, 2017, limiting the purchase of new vehicles and requiring state agencies to utilize a "trip optimizer"[2] system prior to official travel. It further requires agencies to determine and acquire the lowest cost vehicle to carry out the agency mission. In addition, the bill provides that the Bureau of Fleet Management can authorize vehicle purchases only when the data in MAGIC accurately reflect the agency's vehicles or after the data have been corrected.

NOTE: The information contained in the response that follows was self-reported. It has not been independently reviewed or authenticated in whole or in part. The response describes actions taken by the agency to address the conclusions and recommendations included in PEER Report #613.

---

[2]The trip optimizer system is an Excel spreadsheet containing formulas to calculate the most cost-effective method of travel—whether by vehicle owned by the state, leased by the state, or owned by the employee or officer.

STATE OF MISSISSIPPI
GOVERNOR PHIL BRYANT

DEPARTMENT OF FINANCE AND ADMINISTRATION
LAURA D. JACKSON
EXECUTIVE DIRECTOR

June 7, 2018

James A. Barber, Executive Director
PEER Committee
501 North West Street
Woolfolk Building, Suite 301-A
Jackson, Mississippi 39201

Dear Mr. Barber:

We have received your correspondence of May 8, 2018 requesting a statement from the Mississippi Department of Finance and Administration (DFA) regarding what actions we have taken to address the issues raised in PEER Report No. 613 *Management of Mississippi's State-Owned Vehicles: Data Quality, the Control Environment, and Recent Statutory Changes* (November 14, 2017). As noted in the Report, the passage of House Bill 938 (Regular Session 2017) has given DFA the ability to enforce its regulations in a new manner, hopefully alleviating many of the issues addressed in the Report. Since the issuance of the Report in November, DFA has been actively implementing the requirements of the legislation, as well as adopting recommendations made in the Report.

Specifically, DFA has taken the following actions:

- Analyzed agency FY 20 budget requests for vehicles and provided recommendations to the Legislative Budget Office regarding those requests
- Presented at the 2017 Annual MAGPPA Conference and the 2018 MAGIC Users Meeting to inform attendees of the requirements of data input and integrity
- Developed a custom report in MAGIC to assist agencies in assessing what data needed to be corrected or supplemented
- Developed job aides and a "Fleet Data Cleanup Guide" to assist agencies in data correction

- Conducted twelve (12) Cleanup Workshops to provide agencies with real time assistance in correcting their data which have been attended by approximately forty (40) agencies. Two additional workshops are scheduled for next week
- As part of the workshops, we are teaching agencies how to complete an audit of their own data and take the steps necessary to correct deficiencies
- Began working with multiple agencies who are still using legacy systems to capture their data to begin interfacing information from those legacy systems into MAGIC
- Assigned a new employee to the Bureau of Fleet Management to assist in data correction and to perform future training and auditing functions
- Developed a training survey which was disseminated to agency fleet managers to identify areas that need additional training
- Began development of a Fleet Manager Certification Program (beginning January 2019) which will consist of a lecture, demonstrations, written exam, and a hands-on assessment. Agency users that receive a passing score will become Certified Fleet Managers. Beginning July 1, 2019, only agencies with Certified Fleet Managers will be allowed to purchase vehicles
- Began planning revisions to the Fleet Manual, including requiring annual data integrity audits from agency Executive Directors as well as the annual submission of a vehicle acquisition//use/disposal plan in accordance with Section 25-1-77(h) of the Code
- Began discussion with DFA Legal regarding how to offer a more comprehensive policy to state agencies regarding the tax implications of personal use of a business vehicle

As you can see, we have been working diligently on making improvements to our Fleet Program. DFA is committed to efficient, effective, and transparent procurement as well as aggressive stewardship of the State's assets. Vehicles represent a significant investment of taxpayer funds, and we are dedicated to improving upon our processes designed to protect those assets.

Thank you for this opportunity to update the Committee. Please feel free to contact us if you wish to discuss this further or need any additional assistance.

Sincerely,

Laura D. Jackson

PEER Committee Staff

James A. Barber, Executive Director

Legal and Reapportionment
Ted Booth, General Counsel
Ben Collins
Barton Norfleet

Administration
Alicia Russell-Gilbert
Deborah Hardy
Gale Taylor

Quality Assurance and Reporting
Tracy Bobo
Kelly Saxton

Performance Evaluation
Lonnie Edgar, Principal Analyst
David Pray, Principal Analyst
Jennifer Sebren, Principal Analyst
Kim Cummins
Matthew Dry
Samuel Hearn
Matthew Holmes
Taylor Mullins
Sarah Williamson
Julie Winkeljohn
Ray Wright

Performance Accountability
Linda Triplett, Director
Kirby Arinder
Debra Monroe-Lax
Meri Clare Steelman