

**Joint Legislative Committee on Performance
Evaluation and Expenditure Review (PEER)**

Report to
the Mississippi Legislature



Management of Mississippi's State-Owned Vehicles

Chapter 537, *Laws of 2006*, created a comprehensive vehicle management system for state agencies to be administered by the Department of Finance and Administration (DFA). PEER sought to determine whether the department's Bureau of Fleet Management has implemented a system that complies with the requirements of the 2006 law and whether the vehicle management system could be improved to be more effective and efficient. PEER determined the following:

- The information that the Bureau of Fleet Management requires agencies to maintain and/or submit regarding state-owned vehicles often lacks the detail necessary for the bureau to make critical decisions about need for a vehicle, utilization, or justification of commuter status.
- Beyond knowing to which agency a particular vehicle is assigned, the bureau does not have data with which to determine the location where that particular vehicle is assigned (i. e., to which duty station or motor pool the vehicle is assigned) without obtaining the information directly from the respective agency. Thus the bureau does not have the information it needs to manage allocation of state-owned vehicles within a geographic area based on agencies' needs.
- Protégé, the state's vehicle management software, serves as a repository for vehicle information such as operating costs and driver identification. However, the system does not incorporate information on locations of travel, number of trips, or purpose of travel, which is the type of information necessary to manage the state's fleet effectively.
- The Board of Trustees of State Institutions of Higher Learning, exempted from the scope of the 2006 vehicle management legislation, collects information about the fleets of the individual institutions, but does not make procurement decisions or consider the appropriateness of vehicle procurements made by individual institutions.

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November 9, 2010

Honorable Haley Barbour, Governor
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Members of the Mississippi State Legislature

On November 9, 2010, the PEER Committee authorized release of the report entitled **Management of Mississippi's State-Owned Vehicles.**


Senator Nolan Mettetal, Chair

This report does not recommend increased funding or additional staff.

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Management of Mississippi's State-Owned Vehicles

Executive Summary

Introduction

Chapter 537, *Laws of 2006*, created a comprehensive vehicle management system for state agencies to be administered by the Department of Finance and Administration. This legislation amended several provisions of the CODE that addressed vehicle management by establishing stronger controls over the vehicle management process.

Of greatest significance was the legislation amending CODE Section 25-1-77 to establish a fleet management function within the Department of Finance and Administration and define its functions. This section created the Bureau of Purchasing, Travel, and Fleet Management for the purpose of:

. . . coordinating and promoting efficiency and economy in the purchase, lease, rental, acquisition, use, maintenance, and disposal of vehicles by state agencies. . . .

The law excludes certain vehicles from the scope of the vehicle management system: seized and forfeited vehicles of the departments of Public Safety and Wildlife, Fisheries, and Parks; vehicles used by the Department of Public Safety's sworn officers in undercover operations; and vehicles of the state institutions of higher learning.

The PEER Committee sought to determine whether the Department of Finance and Administration's Bureau of Fleet Management has implemented a system that complies with the requirements of the 2006 law and whether the vehicle management system could be improved to be more effective and efficient.

The Department of Finance and Administration's Management of State Agencies' Vehicles

The Bureau's Collection of Information on State Agencies' Vehicles

The information that the Bureau of Fleet Management requires agencies to maintain and/or submit often lacks the detail necessary for the bureau to make critical decisions about need for a vehicle, utilization, or justification of commuter status.

The Bureau of Fleet Management establishes guidelines for agencies regarding the maintenance and submission of information on state-owned vehicles and is responsible for collecting vehicle utilization and financial data. To carry out its legislative mandate, the bureau must collect data on the attributes of vehicles in the state fleet as well as information on the users of vehicles.

To determine compliance with the bureau's requirements for collecting and maintaining documentation for justification and utilization of vehicles, PEER sampled records on 535 vehicles from forty-six state agencies based in the Jackson metropolitan area. PEER reviewed data for the period of January through June 2010. The following are PEER's conclusions based on its sample of vehicle records regarding the bureau's collection of vehicle-specific information.

- *Evidence of the Need for a Vehicle*--Within PEER's sample of records for state-owned vehicles, vehicle authorization forms often lacked necessary detail regarding the requesting agency's needs, thus impairing the bureau's ability to determine whether the agency should be assigned a vehicle or allowed to procure one. Only 43% of vehicle justification forms in PEER's sample included sufficient information describing the economy and efficiency of the desired vehicle.
- *Documentation of Agency's Permission to Use a Vehicle and Employee's Responsibility*--Within PEER's sample of records for state-owned vehicles, use agreement forms were not always current or easily accessible, thus making it difficult for the bureau or a third party to determine whether vehicles are being used by persons who are authorized to drive them.
- *Extent of Utilization of Motor Pool Vehicles*--Motor pools provide agencies with vehicles that may be used by properly authorized employees to carry out legal responsibilities of the agency. Within PEER's sample of records for state-owned vehicles, most motor pool vehicles' daily trip logs lacked detail on the points of

travel and total number of miles traveled. This information is essential for the bureau's use in analyzing vehicle utilization.

The bureau does not specify a standard daily trip log form or format for agencies' drivers to use, instead allowing each agency to determine how to capture this data regarding its employees' use of vehicles from motor pools. Only 22% of the vehicles in PEER's sample had daily trip logs with fields to capture the three elements of information required by the bureau (i. e., total number of miles traveled, designation of the business location [to and from]), and the beginning and ending odometer readings). Also, the bureau does not require daily trip logs to capture information on the identity of a vehicle's driver or the purpose of the trip. This information is needed for the bureau to confirm that only authorized drivers are using state-owned vehicles and to determine whether the vehicles are being used for the appropriate purposes.

- *Allowing an Employee to Commute in a State Vehicle-* Agencies must determine that there is a basis in fact for an employee to be assigned a state-owned vehicle that will be used for commuting. The bureau requires that the agency report this information on commuter authorization request forms.

Within PEER's sample, these forms often lacked the necessary detail to justify the need for allowing an employee to have a state-owned vehicle on a 24/7 basis; the forms often lacked clear, convincing information to assist the bureau in determining whether the benefits from making a permanent vehicle assignment were real and measurable. Twenty-five percent of the commuter vehicles in PEER's sample did not have documentation describing the compelling benefit to the state for the use of that vehicle for commuting. When an agency's employees do not report this information, it impairs the bureau's ability to make informed decisions on whether continued use of these vehicles should be authorized.

The bureau categorizes commuter vehicles into four classifications based on the duties of the employees using them: law enforcement, specialized equipment, virtual office, and 24/7 on-call vehicles. Drivers of commuter vehicles must submit logs that show how and when the vehicles are being used. PEER reviewed the logs for specialized equipment, virtual office, and 24/7 commuter vehicles and found multiple instances of drivers not completing all information fields on the logs. The bureau and respective agencies need this information to ensure that the vehicles are being efficiently used and to determine whether continued authorization should be permitted.

The Bureau's Capability to Track Vehicle Locations

Beyond knowing to which agency a particular vehicle is assigned, the Bureau of Fleet Management does not have data with which to determine the location where that particular vehicle is assigned (i. e., to which duty station or motor pool the vehicle is assigned) without obtaining the information directly from the respective agency. Thus the bureau does not have the information it needs to manage allocation of state-owned vehicles within a geographic area based on agencies' needs.

Large state agencies often assign non-commuter vehicles to duty stations throughout the state. Agencies manage their own assignment of vehicles to duty stations by whatever method they choose.

The bureau's vehicle management software has a field with which to specify vehicle location, but the bureau has not established uniform location codes for use of all agencies statewide. Although location codes may be present in the database, the bureau is unable to sort data by location code for any type of state-level vehicle management purpose.

Utilization of the Bureau's Vehicle Management Software

Protégé, the state's vehicle management software, serves as a repository for vehicle information such as operating costs and driver identification. However, the system does not incorporate information on locations of travel, number of trips, or purpose of travel, which is the type of information necessary to manage the state's fleet effectively.

Protégé maintains information on operating costs, vehicle assignment, and vehicle identification data. Protégé does not capture utilization data (e. g., how a vehicle is being used, trip purpose and destination, average miles per gallon). Agencies collect this information manually, but it is not available to the bureau for analyzing the traveling activities of persons using state vehicles and making decisions about the need for vehicles. Also, without this data, the bureau does not have complete information with which to make vehicle allocation or disposal decisions.

Management of Vehicles Owned by the State's Institutions of Higher Learning

The Board of Trustees of State Institutions of Higher Learning, exempted from the scope of the 2006 vehicle management legislation, collects information about the fleets of the individual institutions, but does not make procurement decisions or consider the appropriateness of vehicle procurements made by individual institutions.

The IHL Executive Office collects information about the individual institutions' vehicle fleets and loads this information into its own data system, which is similar to

the Bureau of Fleet Management's Protégé system. Although the IHL Executive Office's policies and best practices regarding vehicles are similar to those of the bureau for state agencies' vehicles, management responsibility for vehicles owned by the institutions of higher learning rests with the executive officers of the individual institutions.

A system such as IHL's that assigns vehicle procurement and disposal responsibilities to subordinate entities will not likely achieve the purposes of fleet management. The IHL Executive Office is limited to evaluation of management practices and does not serve as a final authority for vehicle acquisition, allocation, and use decisions.

Recommendations

1. Because the current vehicle management system does not provide the capability to analyze state vehicle utilization information on miles driven, the Department of Finance and Administration should upgrade its current system to ensure that the Bureau of Fleet Management can:
 - analyze current usage of state owned vehicles to determine which vehicles are underutilized;
 - analyze current agency use of leased vehicles and private vehicle reimbursement for mileage.

To this end, the department should consider the following:

- A. Investigate obtaining an upgrade of the current Protégé system. PEER has learned that Protégé can accept additional modules that could enable the system to analyze vehicle utilization to determine the mileage being added to vehicles in the state fleet. The department should investigate the possibility of acquiring such upgrades that could either:
 - accept utilization information in the form of agency-submitted spreadsheets; or,
 - provide an interface within Protégé capable of transmitting utilization data to BFM; or,
 - rely on remotely transmitted information using global positioning systems (GPS) that transmit utilization information directly from state vehicles.

- B. Assuming that the department's staff does not believe that upgrading Protégé would be beneficial to the state, the department should develop a request for proposals for a fleet management system that would, at minimum, accomplish the following:
- capture state vehicle utilization information by vehicle;
 - capture from the Statewide Automated Accounting System, or any successor system, mileage reimbursement payments made to state employees who travel on official business;
 - maintain a record of current operational costs and depreciation for all vehicles in the state fleet;
 - minimize the number of record transcriptions that must occur in preparing and transmitting utilization information; and,
 - provide a statewide location code system applied to all assets to provide the physical location associated with the vehicle's base of operations, including a number signifying the agency location itself and a number for a sub-location if multiple locations exist for that agency.

The system should bid with three options:

- *Option 1:* A system utilizing GPS-transmitted information on each vehicle that will be received by DFA for analysis;
- *Option 2:* A spreadsheet-driven system that will utilize periodically submitted spreadsheets containing vehicle utilization information; or,
- *Option 3:* A fleet management software system with its own user interface capable of utilizing operational cost data and utilization data and generating reports on these data.

Such a system should produce, at a minimum, the following reports:

- vehicle utilization reports by agency;

- vehicle breakeven analysis by vehicle type;
- reports of all vehicles underutilized by state agencies; and,
- a list of persons whose travel reimbursement exceeds the breakeven point for assignment of state vehicles.

The department should require that the Bureau of Fleet Management conduct a longitudinal study showing the savings that improved fleet management has generated. The department should make the first of these reports three years after the implementation of any software upgrade and provide annual updates.

2. Regardless of the system that the Department of Finance and Administration chooses to manage the process by which utilization information is submitted to the Bureau of Fleet Management, several improvements must be made to the protocols for filing information with the Bureau of Fleet Management and the substance of information provided to the bureau. The following addresses these recommended changes.
 - A. Submission of utilization information in the event that the department chooses to select a data management option that relies on either the submission of spreadsheets or direct agency submission of information to Protégé-- Assuming that the Department of Finance and Administration chooses to require submission of information by agencies rather than selecting a GPS-driven system, there must be improvement in both the protocols for submitting information and in the substance of information sent to the Bureau of Fleet Management.

Regarding protocols for submitting information, the Bureau of Fleet Management should:

 - establish a uniform format for reporting;
 - establish a reporting period;
 - designate the person responsible for maintaining original files and intervals for how frequently they will be updated; and,
 - make the agency property officer responsible for making submissions to DFA.

Regarding the substance of utilization information provided, the Bureau of Fleet Management should require that the electronic versions of logs should be prepared to include the following.

Daily motor logs should include, at a minimum, the following information to be used in reviewing utilization of the vehicle:

- beginning/ending odometer reading per trip;
- total miles per day;
- origin and destination per trip;
- purpose per trip; and,
- driver identification per trip.

Daily commuter logs should require, at a minimum, the following information:

- date and time of event;
- description of event;
- indication of “no responses” to ensure that if no responses are listed, it will not be interpreted as not being completed.

- B. Other records regarding permitted uses of vehicles and authorization for agency vehicles-- Regardless of the system that the department may select for the bureau to analyze utilization vehicle usage information more effectively, the bureau should make several changes in other required records that agencies submit respecting their vehicles and their use.

Commuter authorization forms should require, at a minimum, the following information to insure clarity of purpose:

- projected business miles and justification for amount;
- projected commuter miles and address;
- discussion of why authorization provides a compelling benefit to the state based on the type of vehicle assignment received:

- if a 24/7 responder, how the vehicle would be used to halt potential loss of life or significant property damage;
- if virtual office, why the assumptions are made that the vehicle will spend 80% or more of its time outside of the physical office location;
- if specialized equipment, what constitutes the need for driving with the equipment outside of work hours.

This should exclude allowing only the referral to sections of the MISSISSIPPI CODE, job titles, or circular references to the compelling benefit (e. g., the compelling benefit stated as “because it is necessary to perform job duties.”).

If there are occasions when the individual using the vehicle is also the most senior authority responsible for signing a commuter form for agency personnel, the board of directors or commissioners should instead sign the form to ensure that a second party has objectively reviewed this compelling benefit and granted permission of state use.

Vehicle request forms should require, at a minimum, the following information to ensure clarity of purpose:

- complete description of vehicle (make, model, year, type, options) as already required;
- whether a vehicle is an addition or replacement (per vehicle) and anticipated annual mileage of vehicles (both fields already required);
- justify efficiency in terms of specific descriptive information on whether the vehicle is the most efficient vehicle for the job description based on a discussion of job duties to be performed;
- justify economy in terms of specific descriptive information on whether the vehicle is the least expensive solution for achieving the job duties to be performed and a provision of documentation showing

this was the case for all options and models offered;

- other administrative fields as required on the existing form such as assignment, primary use, and agency name.

Vehicle use agreements--Because daily motor logs currently do not require driver identification, currently there is no way to establish which employees used or were authorized to use a particular vehicle. The bureau should require:

- that agencies keep a user agreement of all allowed drivers per vehicle; or,
- contingent upon BFM adjusting policy to require legible driver identification in all daily motor logs and commuter logs, that each agency property officer (or division officer if multiple fleets) maintain a central repository of individual agreements for compliance audit and legal purposes to match back to a driver.

Regarding these records, the department should move toward a system whereby these forms could be electronically submitted to the agency for use and storage.

- C. Establishment of specific responsibilities for agency property or fleet management officers-- BFM should promulgate policies that prescribe the specific compliance responsibilities for property or fleet officers at agencies regarding state vehicles. The duties should include initial quality assurance of records (i. e., ensure that all forms per vehicle are completed when about to expire) and assurance that personnel have completed all required forms per field. Should there be multiple fleet managers per agency, it would be at the discretion of the agency property officer to delegate these tasks to or keep the role centralized; however, the end result should be to raise the standard of the reporting process and additionally make any spot audits or compliance checks performed by BFM less time-consuming.
- D. Establishment of vehicle tracking method--The bureau should require that all agencies under its jurisdiction provide it with information that will identify the physical location of each agency pool vehicle or other vehicle not

assigned to a commuter. The bureau could allow agencies to establish a system based on county codes or some other uniform method of nomenclature, but the agencies should make available to the bureau a key that will enable them, the State Auditor, and any other external reviewer to know the agency duty station, lot, or other physical location where the vehicle can be found at all times when it is not in use.

3. The Legislature should amend MISS. CODE ANN. Section 37-101-15 (1972) to require the Board of Trustees of State Institutions of Higher Learning to implement a fleet management system that insures that the board, and not the individual institutions, will have control over the decisions to acquire, assign, and dispose of universities' vehicles. To this end, the Board of Trustees should have all necessary powers to prescribe all necessary forms, logs, and other reporting requirements and further should be required to procure vehicle management software that would ensure that it can monitor and manage the use, assignment, and disposal of all vehicles in the universities' fleets.

The PEER Committee should follow up on IHL's progress in implementing this recommendation prior to the 2012 legislative session. If IHL has not implemented a vehicle management system that accomplishes the ends set out above, the Legislature should amend MISS. CODE ANN. Section 25-1-77 (1972) to place IHL vehicles under the authority of the Bureau of Fleet Management.

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Management of Mississippi's State-Owned Vehicles

Introduction

Authority

The PEER Committee reviewed the Department of Finance and Administration's implementation of a comprehensive management system for state-owned vehicles. The Committee acted in accordance with MISS. CODE ANN. Section 5-3-51 et seq. (1972).

Scope and Purpose

Chapter 537, *Laws of 2006*, created a comprehensive vehicle management system for state agencies to be administered by the Department of Finance and Administration. The PEER Committee sought to determine whether the department has implemented a system that complies with the requirements of this law and whether the vehicle management system could be improved to be more effective and efficient.

Method

In conducting this review, PEER:

- reviewed the provisions of Chapter 537, *Laws of 2006*;
- interviewed personnel of the Department of Finance and Administration (DFA);
- studied the Department of Finance and Administration's rules, regulations, and practices for vehicle management to determine whether the department has met the responsibilities set forth in Chapter 537, *Laws of 2006*; and,
- sampled records on 535 vehicles from state agencies (as defined in MISS. CODE ANN. Section 25-9-107 [d]) to determine what information regarding usage is kept and retained for these vehicles.

Background: A Brief History and Overview

Management of State-Owned Vehicles Prior to 2006

Prior to 2006, management of state-owned vehicles in Mississippi was limited to state law's requirements for competitive procurement of equipment and limits on the number of vehicles that state agencies could own.

Provisions of Title 31, Chapter 7, MISSISSIPPI CODE ANNOTATED, require that agencies procure vehicles, like other commodities and equipment, in accordance with the bid laws. The law exempts agencies from bidding for vehicles only if they procure them from the DFA-approved state contract for vehicles. This requirement was designed to ensure that agencies do not show favoritism toward a vendor and to ensure that a vehicle is procured for the lowest and best price. However, such a requirement does not ensure that an agency procures a vehicle only when it has a legitimate need for one or that the vehicle procured is appropriate to the agency's mission.

MISS. CODE ANN. Section 25-1-85 (1972) placed limits on the number of passenger vehicles that each state agency could own. Over the years, some agencies took advantage of the exemption the section provided for the procurement of trucks to circumvent the limitations on passenger vehicles. Also, the law placed no limits on the number of vehicles an agency could procure for the transportation of patients, prisoners, or the students or faculty of state institutions.

In 2000, the Legislature repealed CODE Section 25-1-85, thereby removing the restriction on the number of passenger vehicles agencies could own. At that point, the only control in place over state agency vehicles was the requirement for competitive procurement.

Adoption of a Comprehensive Vehicle Management Law in 2006

Between 2000 and 2006, some legislators became concerned about the proliferation of the number of vehicles in state government. Additionally, some legislators became concerned about the number of sport utility vehicles procured by agencies, as they were more expensive than sedans and did not appear to be necessary as a means of transporting most agency personnel. In 2005, a subcommittee of the Senate Fees, Salaries, and Administration Committee commenced a study of vehicle

management and prepared legislation that would ultimately be introduced during the 2006 legislative session as S. B. 2398, which represented a comprehensive approach to the management of state-owned vehicles.

In 2006, the Legislature enacted Chapter 537, *Laws of 2006* (S. B. 2398, Regular Session, 2006) that established a comprehensive system of management for state-owned vehicles. This legislation amended several provisions of the CODE that addressed vehicle management by establishing stronger controls over the vehicle management process.

Of greatest significance was the legislation amending CODE Section 25-1-77 to establish a fleet management function within the Department of Finance and Administration and define its functions. This section created the Bureau of Purchasing, Travel, and Fleet Management for the purpose of:

. . .coordinating and promoting efficiency and economy in the purchase, lease, rental, acquisition, use, maintenance, and disposal of vehicles by state agencies. . . .

Specifically, the bill empowered the bureau to:

- hold title to all vehicles as defined by CODE Section 25-9-107 (d);
- make rules for state agencies' use of vehicles;
- gather information and specify proper fleet management practices;
- require fleet management software and require agencies to provide necessary information for the bureau to manage the size, use, maintenance, and disposal of the state vehicle fleet;
- make budget recommendations required under CODE Section 27-103-129;
- reassign vehicles in the possession of any state agency in cases in which another agency could make more efficient use of the vehicle;
- investigate agencies' vehicle usage; and,
- require agencies to submit an annual vehicle acquisition/disposal plan.

The law did exclude certain vehicles from the scope of the vehicle management system:

- seized and forfeited vehicles of the departments of Public Safety and Wildlife, Fisheries, and Parks;
- vehicles used by the Department of Public Safety's sworn officers in undercover operations; and,
- vehicles of the state institutions of higher learning.

Steps Toward Implementation of a Comprehensive Vehicle Management System for State Agencies

In the four years since the adoption of the vehicle management system, the Department of Finance and Administration has employed personnel to staff the vehicle management function and has acquired software for vehicle management. The department has three full-time staff devoted to fleet management. This staff utilizes fleet management software known as Protégé, which can help determine how efficiently vehicles are utilized (see discussion of the Protégé system on pages 28 through 35).

As of June 30, 2010, the state had 7,521 vehicles in agencies under the oversight of the Bureau of Fleet Management. This represents a 3% decline in the number of vehicles in the possession of agencies on June 30, 2005, the day before the fleet management program became effective. The following table shows the decrease in the number of vehicles since enactment of the comprehensive vehicle management system.

Fiscal Year	Number of Vehicles in Agencies Now Regulated by the Bureau of Fleet Management
2007	7,883
2008	7,754
2009	7,590
2010	7,521

The Department of Finance and Administration's Management of State Agencies' Vehicles

As noted previously, the Legislature conferred upon the Department of Finance and Administration the broad authority to manage vehicles under its jurisdiction. This meant that the department's Bureau of Fleet Management was given the legal means to make decisions on the allocation of vehicles to agencies, the disposal of vehicles, and on the appropriateness of certain vehicles for agency use.

The BFM should control the management of a vehicle over its lifetime from procurement to deletion from state inventory. The BFM manages the process through Protégé asset management software (see discussion on pages 28 through 35) and through a set of required documents to be reported monthly to determine utilization rates of vehicles.

This chapter discusses the Department of Finance and Administration's implementation of the mandates of S. B. 2398, 2006 Regular Session, for a comprehensive management system for state-owned vehicles, including:

- how the Bureau of Fleet Management collects information upon which it can base management decisions such as procurement, leasing, transfer, or disposal of vehicles;
- the bureau's capability to track vehicle locations; and,
- utilization of the bureau's vehicle management software (Protégé).

The Bureau's Collection of Information on State Agencies' Vehicles

The information that the Bureau of Fleet Management requires agencies to maintain and/or submit often lacks the detail necessary for the bureau to make critical decisions about need for a vehicle utilization or justification of commuter status.

The Bureau's Need for Vehicle-Specific Information

The Bureau of Fleet Management establishes guidelines for agencies regarding the maintenance and submission of information on state-owned vehicles and is responsible for collecting vehicle utilization and financial data.

MISS. CODE ANN. Section 25-1-77 (1972) empowers the Bureau of Fleet Management to set regulations for data

reporting based on what it believes it needs to manage the state vehicle fleet effectively. To carry out its legislative mandate, the bureau must collect and analyze a broad range of information to manage the fleet and advise the Legislature on the procurement of vehicles. The bureau becomes, in essence, the evaluator of the most efficient form of vehicular travel for state employees.

To achieve this end, the bureau must collect not only information on the attributes of vehicles in the state fleet (e. g., their historical and operating costs, miles driven, and fuel consumption), but also information on the users of vehicles, their purpose for travel, and miles driven per trip by users. Additionally, to make recommendations on how state employees can use travel resources most efficiently, the bureau should also be involved in analyzing agencies' use of mileage reimbursement, along with state vehicle uses, to determine when agencies should use state vehicles versus private vehicles for official travel.

Currently, the bureau collects travel information from agencies through the use of paper forms. Exhibit 1, page 7, lists the forms that the Bureau of Fleet Management requires agencies with state-owned vehicles to complete.

PEER's Sample of Records from State-Owned Vehicles

PEER reviewed six months of data to determine whether agencies with state-owned vehicles had complied with the Bureau of Fleet Management's requirements for collecting and maintaining documentation for justification and utilization of vehicles.

To determine agencies' compliance with the requirements of the Bureau of Fleet Management's *Rules and Regulations Fleet Manual*, PEER reviewed six months of records (from January 2010 through June 2010) from a sample of 535 vehicles from forty-six state agencies based in the Jackson metropolitan area. The purpose of the review was to determine:

- whether agencies were complying with the requirements for submitting vehicle management forms required by the bureau; and,
- whether the submitted forms were complete and provided the requested information.

Exhibit 1: Forms that the Bureau of Fleet Management Requires Agencies with State-Owned Vehicles to Complete

<i>The Bureau of Fleet Management requires that state agency personnel complete the following forms to document justification for and utilization of state-owned vehicles. How BFM uses information derived from these forms is discussed on pages 8 through 26 of this report.</i>
Vehicle Justification Form with vehicle description and proof of need for such a vehicle
Vehicle Use Agreement to be signed by a driver who operates a state vehicle
Daily Trip Log providing information on all trips for each state-owned vehicle (whether used as a pool car or as a vehicle assigned to a particular person)
Commuting Authorization Request Form , which describes the compelling benefit to the state for justifying commute
Monthly 24/7 Commuter Log , which lists emergency responses outside of normal working hours
Specialized Equipment/Virtual Office Form , which lists number of emergency responses in one month or for virtual office vehicles, number of hours logged at the physical office (must be less than 80% of total hours)
<i>The bureau also requires that agencies utilizing state-owned vehicles complete the following forms to assist in its management of vehicles.</i>
State Vehicle Monthly Maintenance Check List
Vehicle Incident Form showing any accident suffered while the vehicle was in use
Inventory Deletions showing evidence that a vehicle has been disposed of

SOURCE: PEER analysis of information provided by the Bureau of Fleet Management.

Within the sample of vehicles, PEER reviewed agencies' submission of forms that provided documentation of:

- the need for a vehicle (the Vehicle Justification form);
- the agency's permission for an employee to use the vehicle and the driver's assumption of responsibility for the vehicle (the Vehicle Use Agreement form);
- daily usage of motor pool vehicles (the Daily Trip Log); and,
- the agency's rationale for permitting an employee to commute in a state vehicle and a description of the compelling benefit to the state for justifying the commute (the Commuting Authorization Request form).

For those vehicles within the sample authorized as commuter vehicles, PEER reviewed agencies' submission of forms that provided documentation of:

- the vehicle's utilization for emergency responses outside of normal working hours (the Monthly 24/7 Commuter Log); and,

- the vehicle's utilization as specialized equipment or as a virtual office (the Specialized Equipment/Virtual Office form).

The following sections contain discussions of PEER's conclusions, based on its sample of records from state agencies' vehicles, regarding the bureau's collection of vehicle-specific information.

Evidence of the Need for a Vehicle

Within PEER's sample, vehicle authorization forms often lacked necessary detail regarding the requesting agency's needs, thus impairing the bureau's ability to determine whether the agency should be assigned a vehicle or allowed to procure one. Only 43% of vehicle justification forms in PEER's sample included sufficient information describing the economy and efficiency of the desired vehicle.

In order to procure a vehicle, agencies under the Bureau of Fleet Management's authority must complete an authorization form (the Vehicle Justification Form), which sets out the agency's basis for seeking an automobile for an official use.

PEER reviewed vehicle justification forms for all vehicles in the sample that were 2008 or more recent models (i. e., 132 vehicles) to determine whether forms were completed to show type of assignment (e. g., motor pool, commuter), vehicle description (e. g., make, model), replacement information (i. e., if replacing a vehicle, description and asset number), and required signatures from executive directors.

Based on the information in the vehicle justification forms for these 132 vehicles, PEER also analyzed the need for vehicle purchase. For reporting purposes, PEER considered a form to be in compliance if the description included both sufficient economy and efficiency justification for purchasing the vehicle, such as why the requested vehicle and options were necessary and whether the agency made sufficient effort to purchase the vehicle at the least cost to the state. Exhibit 2, page 9, summarizes this analysis.

PEER's analysis showed that the majority of vehicle justification forms had the required fields completed, but only 43% of the forms provided sufficient information to justify both the economy and efficiency of the desired vehicle. PEER considers "sufficient information" to mean the data that the bureau needs and supporting discussion showing how the vehicle would be used in relation to job duties and why the model and options requested would be the most efficient and economical choice available. When the bureau does not receive this information in readily accessible form, it cannot make the management decisions mandated by law to determine whether an agency has an actual need for a vehicle.

Exhibit 2: Analysis of PEER’s Sample of State Agencies’ Vehicles: Compliance with the Bureau of Fleet Management’s Requirements for Evidence of Need for a Vehicle

	Justification of Economy and Efficiency	Percent	Other Required Vehicle Information	Percent
Complied	57	43%	99	75%
Did Not Comply	53	40%	13	10%
Not Available	22	17%	20	15%
Total	132	100%	132	100%

NOTES TO EXHIBIT 2:

Justification of Economy and Efficiency—PEER considered a vehicle justification form to be in compliance if it described both (1) why the requested vehicle model and options were necessary and (2) what effort the agency made to purchase the vehicle at the least cost to the state.

Other Required Vehicle Information--PEER considered a form to be in compliance if it provided all other information required on the vehicle justification form (e. g., signature of the executive director, description of the vehicle).

Not Available—PEER classified a sample vehicle’s justification form as “not available” if:

- the agency did not submit the records requested by PEER;
- the record was not available in a format that PEER could review;
- the vehicle had been auctioned between the time that PEER’s sample was pulled and the time of the review; or,
- the vehicle had been unused for the period of review for PEER’s sample.

SOURCE: PEER analysis of sample of records for state agencies’ vehicles.

In reviewing records of several agencies, PEER found examples wherein vehicle justification forms provided a limited amount of useful information for assisting the Bureau of Fleet Management in reviewing an agency’s need for a vehicle:¹

- *Example 1:* A state agency purchased three 2010 vehicles to replace three older vehicles. The forms for all three vehicles listed the same justification and the vehicles were most likely purchased at the same time. The justification was that the vehicles would be used to:

. . .go on emergencies, to worksite and to statewide meetings.

¹ Whenever possible, PEER omitted agency-identifying information from examples in this report. The intent of the examples is not to pinpoint those agencies that have not complied with reporting requirements, but to demonstrate the types of reporting deficiencies PEER found in its sample of state agencies’ vehicle records.

This is a broad usage category, but does state the vehicle's purpose. However, the economic justification for each of the three vehicles was as follows:

This is the best vehicle for the job of a property officer to carry out their duties and responsibilities.

This is not a clear reason for why the vehicle selection is warranted; it only states opinion. Also, the form did not present a comparison of vehicles that were selected as alternatives or discussion of options (if any).

- *Example 2:* For procuring a 2009 vehicle, an agency's justification was:

This vehicle will be used by _____ to provide assistance to _____. It will be used to attend statewide budget meetings. This vehicle is the appropriate type for his needs.

The agency did not explain why this is an appropriate vehicle or the purchase price of the vehicle.

Without sufficient information, the bureau cannot determine whether there are suitable vehicles already in inventory that could be used instead of acquiring a new vehicle, whether the type of vehicle requested would be the most effective vehicle for the job, or whether the vehicle requested is the most economical and efficient solution for handling job duties instead of other less expensive models that might provide the same utility.

Documentation of Agency's Permission to Use a Vehicle and Employee's Responsibility

Within PEER's sample, use agreement forms for state vehicles were not always current or easily accessible, thus making it difficult for the bureau or a third party to determine whether vehicles are being used by the persons who are authorized to drive them.

An agency with a state-owned vehicle must also maintain a document (the Vehicle Use Agreement form) that sets out the terms under which it will permit employees to use the vehicle and evidence of the employee's assumption of responsibility for the vehicle.

In reviewing documents for the sample, PEER originally intended to review vehicle utilization forms to ensure that those persons driving the vehicle within the six-month review were authorized to do so. However, in the initial stages of the review of the sample, PEER determined that utilization forms are driver-specific (i. e., name and agreement only) rather than vehicle-specific (i. e., name is

not tied to a specific asset number). Thus PEER could not link specific asset numbers to vehicle use agreements because daily trip logs do not require driver identification. As stated in the daily trip log section on page 12, although 74% of vehicle use agreement forms were required to list driver identification due to *agency* regulations (i. e., required by that particular agency, but not by BFM), PEER found that it was not possible to trace these signatures back to a vehicle use agreement because the initials or name were not legible enough to provide a clear identification.

PEER also found that in many cases, the vehicle use agreements were signed shortly after PEER requested the information and often lacked the agency director's signature granting the privilege of operating the state vehicle.

If vehicle justification forms are not accessible, or are not current, neither the user agency, the bureau, nor a third party such as an external auditor can determine whether only authorized personnel are using the vehicle.

Although the bureau's *Rules and Regulations Fleet Manual* requires that agencies update vehicle use agreement forms annually, according to the bureau, the current practice at state agencies is to require updated vehicle use agreements only if any information on the form is changed or if the driver incurs any type of violation (which is required to be listed on the form). The BFM staff has stated that it is considering reducing the frequency of updating vehicle use agreement forms in order to decrease the burden of paperwork both on its own staff and on agencies.

While it is understandable that the bureau wishes to reduce the burden of redundancy in paperwork, the vehicle use agreement forms should be fully complete upon submission and submitted within the time frame required to allow the driver to operate a state-owned vehicle legally.

Extent of Utilization of Motor Pool Vehicles

Motor pools provide agencies with vehicles that may be used by properly authorized employees to carry out legal responsibilities of the agency.

State vehicle motor pools contain cars that are not assigned to specific employees. The Bureau of Fleet Management maintains these motor pools for the official use of employees who must carry out travel to perform their work responsibilities.

Motor pools can help agencies manage their travel resources efficiently, especially if the agency has several employees who travel frequently. Motor pool vehicles offer an efficient method of providing agency staff with a travel

resource, but this resource could easily be abused (i. e., vehicles used for commuting or personal use) if strict recordkeeping is not required and monitored.

Compliance with Existing Bureau Requirements for Daily Trip Logs

Within PEER's sample of state-owned vehicles, most vehicles' daily trip logs lacked detail on the points of travel and total number of miles traveled. This information is essential for analyzing vehicle utilization.

The BFM *Rules and Regulations Fleet Manual* states that drivers of each vehicle in a motor pool shall provide a daily log of all trips and include:

- the total number of miles traveled;
- designation of the business location (to and from); and,
- the beginning and ending odometer readings.

Collection and analysis of these three elements of information are important for determining vehicle utilization patterns.

The Bureau of Fleet Management does not specify a standard daily trip log form or format, instead allowing each agency to determine how to capture this data regarding its employees' use of vehicles. Only 22% of the vehicles in PEER's sample had daily trip logs with fields to capture the three elements of information required by the bureau.

By reviewing its sample of records, PEER determined that the bureau does not provide agencies with a standard daily trip log form or format for employees' use when driving motor pool vehicles. Unlike the BFM reporting forms described in this chapter, each agency designs its own daily trip log and different departments within the same agency may even require different formats. This makes it very difficult for the bureau or a third party to determine the information most needed from these logs.

For example, one agency requires a weekly review of maintenance for a vehicle, with approximately 133 areas that potentially must be checked by the driver; however, this particular agency's daily trip log form does not elicit some of the information elements required by the bureau (i. e., destination and mileage to and from).

Exhibit 3-A, page 13, summarizes the data from PEER's sample of vehicles regarding compliance with the Bureau of Fleet Management's requirements for daily trip logs for motor pool vehicles. As shown in Exhibit 3-A, of the daily trip logs for the 535 vehicles PEER sampled, only 110 of the vehicles (22%) had logs with fields that would elicit all three elements of information required by the Bureau of Fleet Management.

Exhibit 3: Analysis of PEER’s Sample of State Agencies’ Vehicles: Compliance with the Bureau of Fleet Management’s Requirements for Daily Trip Logs for Motor Pool Vehicles

A. *Number of Sample Vehicles from the Motor Pool that Had Daily Trip Logs with Fields for All Three Elements of Information Required by the Bureau of Fleet Management*

	Logs Had Fields for All Three Elements	Percent
Complied	110	22%
Did Not Comply	293	60%
Not Available	90	18%
Total	493	100%

B. *Number of Sample Vehicles from the Motor Pool that Had Daily Trip Logs that Actually Reported All Three Elements of Information Required by the Bureau of Fleet Management*

	All Elements Reported	Percent
Complied	37	8%
Did Not Comply	321	65%
Not Available	135	27%
Total	493	100%

NOTES TO EXHIBIT 3-A and EXHIBIT 3-B:

The three elements of information that the Bureau of Fleet Management requires drivers of motor pool vehicles to report are:

1. *Total Miles*—PEER considered a daily trip log to be in compliance if it provided weekly or monthly total miles driven in the vehicle.
2. *Origin/Destination*—PEER considered a daily trip log to be in compliance if it listed the origin and destination for each trip.
3. *Beginning/Ending Odometer Reading*—PEER considered a daily trip log to be in compliance if it listed both readings for each trip.

PEER classified a sample vehicle’s daily trip log as “*Not Available*” if:

- the agency did not submit the records requested by PEER;
- the record was not available in a format that PEER could review;
- the vehicle had been auctioned between the time that PEER’s sample was pulled and the time of the review; or,
- the vehicle had been unused for the period of review for PEER’s sample.

SOURCE: PEER analysis of sampled records for state agencies’ vehicles.

Exhibit 3-B, page 13, shows that only thirty-seven (8%) of the daily trip logs for the vehicles sampled actually reported all three elements of information required by the bureau. When daily trip logs lack detail regarding the points of travel, travel purpose, and the name of the employee who is traveling, the bureau loses an essential tool for determining whether the person or persons utilizing a vehicle make enough use of the vehicle to justify its continued assignment to the agency.

Need for Reporting of Additional Information Elements on Daily Trip Logs

The Bureau of Fleet Management does not require daily trip logs to capture information on the identity of a vehicle's driver or the purpose of the trip. This information is needed to confirm that only authorized drivers are using state-owned vehicles and to determine whether the vehicles are being used for the appropriate purposes.

As noted on page 12, the Bureau of Fleet Management requires that the following information be reported on daily trip logs for motor pool vehicles:

- the total number of miles traveled;
- designation of the business location (to and from); and,
- the beginning and ending odometer readings.

However, the bureau does not require that the following information be recorded on trip logs:

- identity of the driver; or,
- purpose of the trip.

PEER believes that information on a driver's identity should be collected on daily trip logs to ensure agencies' compliance with their submitted vehicle utilization agreements. Collecting driver identity information is also important because of the potential legal ramifications of allowing an unauthorized driver to operate a state vehicle, as well as for establishing a record of use should the suggestion of inappropriate use of a vehicle arise.

Also, collection of information on trip purpose is needed because the mileage data alone is not enough to determine whether a vehicle is being used effectively. Each trip should have a designated record of purpose so that the agency or BFM could review the information and determine whether another vehicle could meet these needs efficiently to allow for reallocation of an underutilized vehicle.

It is especially important to collect this information on motor pool vehicles, which have a high potential for abuse of privilege. Although some agencies have gone beyond the bureau's minimum requirement and do require such information from their employees that drive motor pool

vehicles, the requirement should be in place for all drivers of all motor pool vehicles.

Requiring these additional information elements would give the driver's employing agency a complete picture of how often each employee uses motor pool vehicles and for what purposes. Also, these additional information elements would be important for the use of the Bureau of Fleet Management and third parties such as the Auditor's Office in analyzing utilization data (to determine if a vehicle is under- or over-capacity) or for quality assurance.

PEER analyzed daily trip logs for the sampled vehicles (when vehicle logs were available) and determined that although the bureau does not specifically require trip purposes or driver identification on daily trip logs, in some cases the agencies require their employees to provide driver identification and/or trip purpose. Thirty-eight percent of trips had a recorded purpose associated with them and seventy-four percent had driver identification associated with them (11% of data was unavailable).

Allowing an Employee to Commute in a State Vehicle

Within PEER's sample, commuter authorization forms often lacked the necessary detail to justify the need for allowing an employee to have a state-owned vehicle on a 24/7 basis. While agencies are supposed to establish that the assignment is necessary and is intended to protect life or property under the custody or control of an agency, the forms often lacked clear, convincing information to assist the bureau in determining whether the benefits from making a permanent vehicle assignment are real and measurable.

Because the use of state vehicles for commuting raises issues regarding both tax liability and efficient use of state resources, an agency must determine that there is a basis in fact for an employee to have use of a state-owned vehicle that will be used for commuting. The bureau requires that the agency report this information on the Commuting Authorization Request Form. The following section sets out the grounds for allowing such and agencies' compliance with the requirements of the bureau's policy.

Classes of Commuter Vehicles and the Bureau's Requirements

The bureau categorizes commuter vehicles into four classifications based on the duties of the employees using them. Drivers of these vehicles must submit commuter logs that show how and when the vehicles are being used.

The Bureau of Fleet Management categorizes commuter vehicle assignments into four classes, each with different criteria for justification for commuting. These assignments do not apply to motor pool vehicles or

individual non-commuter vehicles, for which no justification is required for use. The four commuter vehicle classifications are: law enforcement, specialized equipment, virtual office, and 24/7 on-call.

- *Law enforcement vehicles*--A law enforcement vehicle is one that is driven by an employee whose position requires him or her to perform duties of a sworn law enforcement officer. The vehicle assigned to the employee is specially equipped for law enforcement purposes and having the vehicle is essential for the employee to carry out his or her job duties.

The BFM has granted all law enforcement vehicles an exception to reporting daily trip logs until a system can be implemented that meets the reporting need but does not interrupt service by the law enforcement officer. The nature of providing law enforcement, especially vehicles of the Department of Public Safety, is that the driver is constantly in motion and thus destination, purpose, and time information are not as useful as they would be for a commuter vehicle that is only used five times per week and only twenty miles per trip, for example.

- *Specialized equipment vehicles*--Specialized equipment vehicles are those with special equipment other than a radio or cellular telephone and are used to transport equipment that is too large or heavy or has special features that make it impractical to be transferred between vehicles or between a vehicle and a fixed location.
- *Virtual office vehicles*--A virtual office vehicle is assigned to an employee by agency management in cases in which an agency demonstrates that an employee is required to work at home or out of a vehicle a minimum of eighty percent of the time and the assigned vehicle is required to perform critical duties in a manner that is clearly in the best interest of the state. Drivers of virtual office vehicles must submit a detailed log of days or hours per month worked in their official duty station (i. e., physical state office location).
- *24/7 on-call vehicles*--A 24/7 on-call vehicle is assigned to an employee by agency management when the agency demonstrates that the nature of a potential emergency would be such that an increase in response time, if a commute or take-home privilege is not authorized, could endanger a human life or cause significant property damage. In the event that emergency response is the sole purpose of the commute or take-home privilege, each driver of a 24/7 on-call vehicle is required to keep a complete list of all call-outs for audit purposes. In order to be considered for this type of individual assignment, the driver must submit a list of emergency responses, a detailed log of

the number of emergencies, and their descriptions. Within the four commuter classifications, PEER believes that 24/7 on-call vehicles have the largest potential for abuse and unethical activity in that the interpretation of “personal injury and property damage” is left to the agency and is debatable in some cases.

The bureau also requires that employees with commuter vehicles submit monthly logs showing use of the vehicle after normal working hours, indicating the date and time of the response (or for virtual office vehicles, the number of hours logged at the office) and a description of any emergency responses (for 24/7 vehicles).

Sample Results Regarding Commuter Vehicles

Seventy-five percent of the commuter vehicles in PEER’s sample provided information describing the compelling benefit to the state for the use of a vehicle for commuting. When an agency’s employees do not report this information, it impairs the bureau’s ability to make informed decisions on whether continued use of these vehicles should be authorized.

Of the 535 vehicles for which PEER sampled records, 168 were classified as commuter vehicles, forty-two of which were law enforcement vehicles.

The Bureau of Fleet Management requires that each employee assigned a commuter vehicle submit a Commuter Authorization Form that shows the classification of the vehicle (law enforcement, specialized equipment, virtual office, or 24/7 responder) and a description stating a “compelling benefit to the state” for use of the vehicle to commute.

PEER reviewed the commuter authorization forms for the 168 commuter vehicles within the sample to determine compliance with the bureau’s requirement for submission of commuter authorization request forms. BFM requires that these forms be submitted for all 24/7 responder, law enforcement, virtual office, or specialized equipment vehicles. Exhibit 4, page 18, presents summary results of this analysis. As the exhibit shows, 125 of the 168 commuter vehicles in the sample (75%) provided information on the commuter authorization request form describing the compelling benefit to the state for the use of the vehicle for commuting.

Exhibit 4: Analysis of PEER’s Sample of State Agencies’ Vehicles: Compliance with the Bureau of Fleet Management’s Requirements for Commuter Authorization Request Forms

	Compelling Benefit Field	Percent	Other Required Vehicle Information	Percent
Complied	125	75%	113	67%
Did Not Comply	4	2%	17	10%
Not Available	39	23%	38	23%
Total	168	100%	168	100%

NOTES TO EXHIBIT 4:

Compelling Benefit—PEER considered a commuter authorization request form to be in compliance if it referred to an appropriate CODE section or provided a description stating how the commuting vehicle would be used

Other Required Vehicle Information--PEER considered a commuter authorization request form to be in compliance if it provided all other information required on the form (i. e., annual commuting mileage, annual business mileage, vehicle classification, city/town of driver’s residence, asset number, name of driver, name of agency).

Not Available—PEER classified a sample vehicle’s commuter authorization form as “not available” if:

- the agency did not submit the records requested by PEER;
- the record was not available in a format that PEER could review;
- the vehicle had been auctioned between the time that PEER’s sample was pulled and the time of the review; or,
- the vehicle had been unused for the period of review for PEER’s sample.

SOURCE: PEER analysis of sample of records for state agencies’ vehicles.

Of the seventy 24/7 commuter logs analyzed, PEER found instances of commuters not completing all fields, including signatures to show the form was legitimate, as well as dates, times, and description of after-hours responses. BFM and state agencies need this information to have a full understanding of the events in a response to ensure that the vehicles are being efficiently used and whether continued authorization should be permitted.

The bureau’s 24/7 commuter logs have spaces to provide the following information:

- agency name, asset number of vehicle, designated month of use, and required employee’s and director’s signatures and dates (i. e., non-data fields);
- date and time of after-hours response; and,

- description of after-hours response.

PEER reviewed the seventy 24/7 commuter logs within the sample to determine whether all of this information was present and whether it had been submitted on a monthly basis for each of the six months of the review period.

As shown in Exhibit 5, page 20, 30% of the 24/7 commuter logs had information reported in the non-data fields (in most cases, those that were incomplete lacked director's signatures or employee's signatures), 49% had both dates and times of after-hours responses, 53% had completed after-hours response descriptions, and 65% had submitted 24/7 commuter logs for all six months of the review period.

PEER's analysis of logs for twelve specialized equipment commuter vehicles within the sample showed similar problems to those of logs for 24/7 commuter vehicles, including missing signatures and absent or incomplete dates, times, and description of responses. While few vehicles are designated as specialized equipment in the state fleet, it is important for BFM to have necessary data to ensure that these vehicles are efficiently allocated.

Like the 24/7 commuter vehicles, the logs for specialized equipment vehicles have spaces to provide the following information:

- agency name, asset number of vehicle, designated month of use, and required employee's and director's signatures and dates (i. e., non-data fields);
- date and time of response; and,
- description of response.

PEER reviewed the twelve specialized equipment commuter logs within the sample to determine whether all of this information was present on the logs and whether it had been submitted on a monthly basis for each of the six months of the review period.

As shown in Exhibit 6, page 21, 59% of the specialized equipment logs had information reported in the non-data fields (in most cases, those that were incomplete lacked director's signatures or employee's signatures), 75% had both dates and times of responses, 75% had completed response descriptions, and 84% had submitted logs for all six months of the review period.

Exhibit 5: Analysis of PEER’s Sample of State Agencies’ Vehicles: Compliance with the Bureau of Fleet Management’s Requirements for 24/7 Commuter Logs

Number of 24/7 commuter vehicles from the sample that had commuter logs that actually reported information required by the Bureau of Fleet Management

	Required Non-Data Fields Fully Complete	Percent	Date and Time of Responses Listed	Percent
Complied	21	30%	34	49%
Did Not Comply	27	39%	14	20%
Not Available	22	31%	22	31%
Total	70	100%	70	100%

	Description of Responses Completed	Percent	All Months Submitted	Percent
Complied	37	53%	45	65%
Did Not Comply	11	16%	3	4%
Not Available	22	31%	22	31%
Total	70	100%	70	100%

NOTES TO EXHIBIT 5:

The information that the Bureau of Fleet Management requires drivers of 24/7 commuter vehicles to report is:

Required Non-data Fields—PEER considered a vehicle in compliance if the agency name, asset number of vehicle, the designated month used, indication of whether use was continued or revoked, and required employee’s and director’s signatures and dates were present.

Date and Time of Responses—PEER considered a vehicle in compliance if it listed the time of the after-hours response and the date on which it occurred.

Descriptions of Responses—PEER considered a vehicle in compliance if it completed a description of the after-hours response.

All Months Submitted—PEER considered a vehicle in compliance with this field if PEER was in receipt of all six months’ data requested (January-June 2010).

PEER classified a sample vehicle’s log as “*Not Available*” if:

- the agency did not submit the records requested by PEER;
- the record was not available in a format that PEER could review;
- the vehicle had been auctioned between the time that PEER’s sample was pulled and the time of the review; or,
- the vehicle had been unused for the period of review for PEER’s sample.

SOURCE: PEER analysis of sampled records for state agencies’ vehicles.

Exhibit 6: Analysis of PEER’s Sample of State Agencies’ Vehicles: Compliance with the Bureau of Fleet Management’s Requirements for Specialized Equipment Commuter Logs

Number of specialized equipment commuter vehicles from the sample that had logs that actually reported information required by the Bureau of Fleet Management

	Required Non-Data Fields Fully Complete	Percent	Date and Time of Responses Listed	Percent
Complied	7	59%	9	75%
Did Not Comply	4	33%	2	17%
Not Available	1	8%	1	8%
Total	12	100%	12	100%

	Description of Responses Completed	Percent	All Months Submitted	Percent
Complied	9	75%	10	84%
Did Not Comply	2	17%	1	8%
Not Available	1	8%	1	8%
Total	12	100%	12	100%

NOTES TO EXHIBIT 6:

The information that the Bureau of Fleet Management requires drivers of Specialized Equipment Commuter Vehicles to report consists of:

Required Non-data Fields—PEER considered a vehicle in compliance if the agency name, asset number of vehicle, the designated month used, indication of whether use was continued or revoked, and required employee’s and director’s signatures and dates were present.

Date and Time of Responses—PEER considered a vehicle in compliance if it listed the time of the response and the date on which it occurred.

Description of Responses—PEER considered a vehicle in compliance if it had a completed description of the response.

All Months Submitted—PEER considered a vehicle in compliance if PEER was in receipt of logs for all six months requested (January-June 2010).

PEER classified a sample vehicle’s log as “*Not Available*” if:

- the agency did not submit the records requested by PEER;
- the record was not available in a format that PEER could review;
- the vehicle had been auctioned between the time that PEER’s sample was pulled and the time of the review; or,
- the vehicle had been unused for the period of review for PEER’s sample.

SOURCE: PEER analysis of sampled records for state agencies’ vehicles.

The forty-four virtual office commuter vehicle logs in PEER's sample showed similar problems to the other two types of commuter vehicle logs, including missing signatures from employees or directors and failure to designate whether time was logged at the official duty station. The BFM needs this information to ensure that virtual office vehicles are justified and efficiently allocated.

The bureau's virtual office commuter vehicle logs have spaces to provide the following information:

- agency name, asset number of vehicle, designated month of use, and required employee's and director's signatures and dates (i. e., non-data fields); and,
- number of days or hours spent at the official duty station².

PEER reviewed the forty-four virtual office commuter vehicle logs within the sample to determine whether all of this information was present and whether it had been submitted on a monthly basis for each of the six months of the review period.

As shown in Exhibit 7, page 23, 52% of the virtual office commuter vehicle logs had information reported in the non-data fields (in most cases, those that were incomplete lacked director's signatures or employee's signatures), 55% reported number of days or hours spent in the official duty station, and 73% had submitted logs for all six months of the review period.

Examples from PEER's Sample of Poor or Incomplete Justification for Authorization of a Commuter Vehicle

Based on PEER's review of six months of vehicle logs and trip descriptions, many drivers claiming 24/7 on-call status may not have a need for these vehicles. The following examples from PEER's sample show instances in which no clear proof of potential danger to life or loss of property without use of such a vehicle has been documented.³

- *Example 1: Vehicle justification lacks demonstration of a compelling benefit to the state*

This is an example of a vehicle that does not meet any requirement as set in the above reasons for

² As noted on page 16, BFM regulations require that an employee spend 80% or more of his/her work hours away from the official duty station in order to be assigned a virtual office vehicle.

³ Whenever possible, PEER omitted agency-identifying information from examples in this report. The intent of the examples is not to pinpoint those agencies that have not complied with reporting requirements, but to demonstrate the types of reporting deficiencies PEER found in its sample of state agencies' vehicle records.

Exhibit 7: Analysis of PEER’s Sample of State Agencies’ Vehicles: Compliance with the Bureau of Fleet Management’s Requirements for Virtual Office Commuter Logs

Number of virtual office commuter vehicles from the sample that had commuter logs that actually reported information required by the Bureau of Fleet Management

	Required Non-Data Fields Fully Complete	Percent	Hours or Days Per Month Spent at Official Duty Station	Percent	All Months Submitted	Percent
Complied	23	52%	24	55%	32	73%
Did Not Comply	10	23%	9	20%	1	2%
Not Available	11	25%	11	25%	11	25%
Total	44	100%	44	100%	44	100%

NOTES TO EXHIBIT 7:

The information that the Bureau of Fleet Management requires drivers of Virtual Office Commuter Vehicles to report consists of:

Required Non-data Fields—PEER considered a vehicle in compliance if the agency name, asset number of vehicle, the designated month used, indication of whether use was continued or revoked, and required employee’s and director’s signatures and dates were present.

Hours or Days Spent at Official Duty Station—PEER considered a vehicle in compliance if the response stated that either no hours or days were logged or an actual response of hours or days.

All Months Submitted—PEER considered a vehicle in compliance if PEER was in receipt of logs for all six months requested (January-June 2010).

PEER classified a sample vehicle’s log as “*Not Available*” if:

- the agency did not submit the records requested by PEER;
- the record was not available in a format that PEER could review;
- the vehicle had been auctioned between the time that PEER’s sample was pulled and the time of the review; or,
- the vehicle had been unused for the period of review for PEER’s sample.

SOURCE: PEER analysis of sampled records for state agencies’ vehicles.

justification. The compelling needs, as required on the form, are listed as follows:

Director of [a major agency subdivision] - On-Call 24/7

Normal hours of operation 6:00 a.m. to 2:30 a.m. - Around holidays the warehouse will be open 24/7.

Check security, projects and emergencies on weekends.

Run errands as needed during business hours

Attend regular and called staff meetings at the [agency headquarters]

Attend seminars, conferences, meetings and speaking arrangements as required as Director

On-site visits to [agency clients] as requested

The only item qualifying this position as needing 24/7 on-call commuter status would be “check security, projects and emergencies on weekends;” however, if the vehicle is to be used for security, it should have a law enforcement status, not 24/7 on-call status.

Regarding the response to emergencies, PEER’s review of vehicle usage showed that the vehicle was not used to respond to any incidents that qualified for potential loss of property or threat of injury. The vehicle was driven for a total of 3,653 miles during these six months, with no justifiable reason for 24/7 on-call assignment based on PEER’s review of records.

All other “compelling” reasons in the list provided for justification of 24/7 on-call status of the vehicle could have been handled either through use of a motor pool vehicle or individual non-commuter vehicle. It should be further noted that the purpose section of the daily log indicated only a generalized notation of purposes for eighty-three out of the eighty-five uses, allowing no quality assurance review to be performed on the need for travel.

- *Example 2: Response vehicles with no listed responses*

PEER evaluated records for fifty vehicles at the Mississippi Forestry Commission, including fire response vehicles. Eleven vehicles designated as 24/7 on-call for fire response had not been required to respond to any fires over the previous six months, but records noted that “to expedite response time, these vehicles must be at the employee’s standby location at all times, thus saving undue loss of property or possibly human life.”

Exhibit 8, page 25, shows the record for the eleven vehicles had no emergency during the six-month review period. Of particular interest is the first vehicle on the list, with no emergency responses and a projected 24,000 miles in commuter travel.

- *Example 3: Poor record of vehicle utilization*

One agency’s employee driving a vehicle failed to list all but one month of mileage for trips during the six-month period of review. Further examination of Protégé records for this vehicle showed that the mileage for this vehicle as of June

2010 was 17,411, whereas reported mileage on the log was approximately 165,000 miles. The vehicle's log also shows no record of reporting hours or days listed in this office.

While the driver may be under the assumption that no response is equitable to "No Hours Logged at Primary Office Location," BFM cannot be sure unless it follows up on this record. This is illustrative of a larger problem in that PEER often found problems that would necessitate follow-up calls for clarity, whether it was illegible writing, missing information, or questions regarding use.

This example shows poor recordkeeping, but also provides a prime example of why quality assurance is necessary on vehicle data. For an agency that relies entirely on reliable data to make management decisions, there must be an accountability process in place that holds individuals responsible for keeping legible, accurate logs that meet the BFM's standards.

**Exhibit 8: Analysis of PEER's Sample of State Agencies' Vehicles:
Analysis of 24/7 Commuter Vehicles Designated for Fire Response**

Vehicle	Projected Business Miles	Projected Commuter Miles	Actual Emergencies
1	8,000	24,000	0
2	20,000	3,800	0
3	18,300	5,700	0
4	21,000	2,400	0
5	22,000	1,800	0
6	20,000	6,000	0
7	20,000	3,800	0
8	0	0	0
9	0	0	0
10	0	0	0
11	0	0	0
Total	129,300	47,500	0

SOURCE: PEER analysis of commuter logs for Mississippi Forestry Commission vehicles.

- *Example 4: No 24/7 Commuter Logs provided*

Within PEER's sample, an agency had two vehicles that were designated as 24/7 commuter vehicles—one belonging to the Executive Director and one to a bureau director; however, no 24/7 commuter logs were provided for these vehicles. However, review of daily trip logs showed that the Executive Director used his state vehicle to attend a "birthday party" for an individual, the trip length for which was eighteen miles.

- *Example 5: No reasonable justification provided for use of a commuter vehicle*

Within PEER's sample, one agency listed the compelling benefit to the state to allow use of a commuter vehicle as "Agency Director," with no additional supporting information.

As the examples show, the information that agencies provide to the Bureau of Fleet Management often does not present a compelling case that life or property can be protected effectively by assigning a vehicle to a state employee on a 24/7 basis. When such vehicles are assigned, the state loses control of a valuable asset that in some cases could be utilized more effectively by another employee whose travel burdens are greater and more directly related to the execution of agency duties.

The Bureau's Capability to Track Vehicle Locations

Beyond knowing to which agency a particular vehicle is assigned, the Bureau of Fleet Management does not have data with which to determine the location where that particular vehicle is assigned (i. e., to which duty station or motor pool the vehicle is assigned) without obtaining the information directly from the respective agency. Thus the bureau does not have the information it needs to manage allocation of state-owned vehicles within a geographic area based on agencies' needs.

Large state agencies often assign non-commuter vehicles throughout their operations to specific duty stations, which could be either a few blocks or hundreds of miles from each other. At present, these agencies manage their own assignment of vehicles to duty stations by whatever method they choose.

The bureau's vehicle management software, Protégé, has a field with which to specify vehicle location. However, the bureau has not established uniform location codes for use of all agencies statewide. Agencies' personnel enter codes

into that field that are relevant only to their agency and in some cases relevant only to specific departments within that agency. Thus although location codes may be present in the vehicle management database, the Bureau of Fleet Management is unable to sort data by location codes for any type of state-level vehicle management purpose.

For example, the Department of Transportation (MDOT), with a fleet of approximately 2,500 vehicles, has over 285 individual motor pools. These motor pools contain location codes (e. g., Motor Pool 0001 - 9999), but no additional information is associated with the number, such as a name listing the base of operations (such as “District 2-Workshop” or “District 5-Maintenance Shed”). MDOT has offices all over the state and while it has its own system for assigning location codes to vehicles, the bureau would need assistance of the Department of Transportation’s staff to interpret the location codes. Although MDOT fleet management personnel could determine where each of these motor pools is located, no notation in Protégé provides such information for the bureau or a third party.

PEER notes that the Bureau of Fleet Management has considerable power with respect to the assignment and movement of vehicles between agencies. Specifically MISS. CODE ANN. Section 25-1-77 (2) (1972) provides, in part:

(2) The Bureau of Fleet Management shall perform the following duties:

To hold title in the name of the State of Mississippi to all vehicles currently in possession of state agencies as defined in Section 25-9-107(d) and to assign vehicles to such agencies for use; however, the bureau shall exempt any agency or agency vehicles from the provisions of this paragraph (a) if it determines that state or federal law requires that title be vested only in the agency; . . .

Because vehicles are to be titled to the Department of Finance and Administration and are subject to the department’s power to remove and reassign vehicles to other agencies, the lack of vehicle location information in the bureau’s database means that it cannot determine where its own property is supposed to be maintained.

Knowing the physical location of vehicles is essential for the bureau to evaluate state-owned vehicle utilization data effectively. The bureau needs to know the duty station to which a particular non-commuter vehicle is assigned in order to know the point of travel from which work-related travel is generally supposed to begin. This information is essential in determining whether vehicles should be reassigned from one agency’s duty station to another.

Should the bureau determine it necessary, it has the statutory power to take a vehicle from Agency A (whose

vehicle may be under-utilized at certain times during the year) for the use of agencies B, C, or D, any of which might have a greater need for the vehicle during a given period than Agency A. The bureau could reassign the vehicle to the agency that was most centrally located within the geographic area spanned by the four agencies' duty locations.

Also, the bureau might determine that a quality assurance audit should take place and might need to map vehicle locations to perform a spot audit. For the bureau to be able to audit records of vehicles (e. g., logs), its staff must know where the vehicles in an agency's possession are actually physically located.

Additionally, third parties such as the Office of the State Auditor depend on the bureau's database when conducting property audits of state agencies. The lack of location codes for vehicles means that the third party will not know where large agencies are maintaining particular vehicles.

Utilization of the Bureau's Vehicle Management Software

Protégé, the state's vehicle management software, serves as a repository for vehicle information such as operating costs, user identification, and asset location. However, the system does not incorporate information on trips, locations of travel, number of trips, or purpose of travel, which is the type of information necessary to manage the state's fleet effectively.

According to the Department of Finance and Administration's website, Protégé is "a secured web-based property management system designed to track and manage asset information" and includes two modules: asset management and fleet management. Asset management consists of physical property tracking and includes the vehicle's identifying information. The fleet management module is intended to be used for tracking vehicles and for maintaining additional information on each vehicle and its usage.

The Department of Finance and Administration (DFA), Office of Purchasing, Travel and Fleet Management is responsible for oversight of this information and, more specifically, the Bureau of Fleet Management (BFM). The state owns an enterprise license for the software, allowing all agencies and multiple users per agency to access and upload information to Protégé from anywhere in the state to the online database. The Protégé network is only one component of information used by the BFM to make management decisions for fleet inventory.

Information Maintained in Protégé

Protégé maintains information on operating costs, including miles driven, vehicle assignment, and vehicle identification data.

Protégé has a central database that can be accessed by any approved terminal statewide to upload information. The Bureau of Fleet Management requires each to monitor the fleet management information and perform any necessary adjustments and uploads on a monthly basis (although some agencies prefer a weekly upload schedule). The information may be broken down into three main components for the functions of this report:

- vehicle information;
- employee information; and,
- operating costs.

Exhibit 9, page 30, illustrates the management information that is currently available for state-owned vehicles in the Protégé system.

This information provides financial insight on each agency's vehicle use, such as how much mileage is being driven per month in state-owned cars, the number of gallons of fuel used, the average mile per gallon ratio, the total cost of fuel and a limited cost per mile.

Separately from the maintenance, repair, and vehicle information, Protégé is integrated with the Fuelman network, a statewide network that allows state vehicle users to purchase fuel through a state payment system instead of being reimbursed personally for each gas purchase. This information includes the amount of gas purchased, the odometer reading and trip data, which is then reconciled into Protégé.

Information Not Maintained in Protégé

Protégé does not capture utilization data, making it extremely difficult for the bureau to analyze the traveling activities of persons using state vehicles and make decisions about the need for vehicles.

While Protégé maintains a considerable amount of information about vehicles, certain data is not included in Protégé and is maintained separately.

Specifically, utilization information on each vehicle is kept separately. For purposes of this report, utilization data is the official record of the use of the vehicle, which is required for all state vehicles, as required of operators of state-owned vehicles by the Bureau of Fleet Management. Utilization data is any type of data collected to determine how a vehicle is being used, who is using it, what time of day and date range it is being used, the destination/location of the trip, the purpose of the trip,

Exhibit 9: Management Information Available for State-Owned Vehicles in the Protégé System, as of June 30, 2010

Individual Vehicle Information	Employee Information (For Those with Commuter Vehicles Only)	Operating Costs (For Period Defined by System User)
asset number	department	number of gallons of fuel used (by vehicle or by agency)
vehicle identification number (VIN)	title/position	number of miles driven (by vehicle or by agency)
make, model, and year	name	type of maintenance completed and cost (by vehicle)
tag number		type of repair work and cost (by vehicle)
acquisition date		fuel cost (by vehicle)
fuel type (e. g., unleaded, diesel, flexible)		acquisition cost (by vehicle; excludes current value and depreciation)
primary assignment type (commuter, individual non-commuter, or motor pool)		miles per gallon (by vehicle)
primary use (whether passenger or work vehicle)		cost per mile (by vehicle; excludes vehicle cost)
location code (determined by agency)		
upcoming scheduled maintenance by type (e. g., air conditioning, battery, brakes)		
upcoming scheduled maintenance by mileage point		
current mileage		
maintenance deficiency, if applicable (compares current mileage to mileage point for scheduled maintenance)		
maintenance completion date		
if deleted, the total cost at sale and proceeds of sale		
acquisition date and total acquisition cost		

NOTES:

1. The Bureau of Fleet Management requires agencies to update information in Protégé at least monthly.
2. Protégé can also sort and report information such as lists of all vehicles acquired since a specified date and their cost or all vehicles deleted since a specified date, their cost, and amount of proceeds from sale.

SOURCE: Bureau of Fleet Management.

the number of passengers included in the trip, the type of car used, the average miles per gallon, and various other factors. These factors, if collected over time to form a historic record of use, may provide a history of peak utilization rates and show instances in which vehicles have been under-utilized or over-utilized. This information will ultimately aid the BFM in determining how to allocate vehicles to achieve the most efficient levels of capacity per agency, as it is mandated to do by Chapter 537, *Laws of 2006*.

Exhibit 10, page 32, shows the type of vehicle management information that each agency collects on a daily or monthly basis but that is not maintained in Protégé. The information on these logs is kept on site at the agency and is supplied to BFM upon request due to the quantity of logs and limited storage space within the bureau.

The BFM also requires either annual or one-time submission of the following forms for addition or deletion of vehicles:

- Vehicle Request Form with vehicle description and proof of need for such a vehicle;
- Request for Authority to Purchase Form;
- Vehicle Use Agreement to be signed by any driver to operate a state vehicle;
- Commuting Authorization Request Form, which describes the compelling benefit to the state for justifying commute; and,
- Inventory Deletions Approval Form.

These forms are kept at the BFM central office.

The summary data provided by Protégé provides only summary financial information and limited financial calculations (cost per mile and miles per gallon), but does not answer one of the chief questions to be answered in fleet management: Are the vehicles purchased by the state, and the subsequent costs associated with them, justified based on their utilization? This question must be answered through use of documentation collected by BFM and analyzed individually.

From the information reported by agencies to Protégé, BFM can provide the following information based on any combination of the data collected above, based on date range and either individually, per agency, or summarized at the state level:

- vehicle and driver identification;
- cost of vehicle operation (gas, maintenance, repair);

- summary vehicle data, such as cost per mile and miles per gallon per vehicle;
- maintenance and repair needs for vehicles; or,
- a vehicle forecast report (to help plan future budgets).

Exhibit 10: Management Information for State-Owned Vehicles that is Submitted and Maintained Manually

Form	Frequency of Completion	Completed For/By	Type of Information
Motor Log	daily	all vehicles titled to the state	<ul style="list-style-type: none"> · beginning and ending odometer readings · miles traveled and designation from and to the business location
24/7 Commuter Log	monthly	all employees with the agency director's authorization to commute as a 24/7 emergency responder	<ul style="list-style-type: none"> · agency name · asset number of vehicle · month/year of form · list of emergency responses (date, time and description) for the period for which the vehicle was used outside of normal work hours
Specialized Equipment and Virtual Office Log	monthly	all employees with the agency director's authorization to commute as a specialized equipment or virtual office assignment	<ul style="list-style-type: none"> · agency name · asset number of vehicle · type of assignment (special equipment or virtual office) · month/year of form · list of equipment if special equipment, if large or heavy, or has specialized features that make it impractical to be transferred between vehicles or between a vehicle and a fixed location · number of times employee was required to respond and use special equipment during the month/year outside of normal work hours

NOTE: All of the above information is maintained at each individual agency; BFM may review it upon request.

SOURCE: PEER analysis.

Because of the limitations of Protégé, BFM staff must perform individual analysis of commuter logs by individual car and by individual month to determine the service needs of the vehicle and to determine whether the

vehicle is utilized sufficiently to warrant continued use. These logs require that drivers list any activity in the vehicle that is outside of the normal operational hours for state employees (8:00 a. m. to 5:00 p. m.).

The amount of data collected and submitted by agencies in paper format versus the limited staff availability of BFM to analyze this data would preclude ready accomplishment of this task for multiple vehicles. Because of the need for manual analysis of agency-submitted utilization information, the bureau's small staff (a bureau director, a field officer, and a secretary) must review the information and analyze it. To date, the staff of BFM has been required to enter utilization data manually into spreadsheets and calculate mileage and usage data, a laborious process that to date has produced only 24/7 Commuter data for approximately fifteen agencies.

PEER notes that for the staff of the bureau to accomplish its responsibilities, it would have been required to have reviewed approximately 547,000 forms (assuming all fleet vehicles were used, or 7,500 vehicles) since January 2009, the date that the bureau set for the management and upkeep of quality information upon which management decisions could be based. Ultimately any work done by the staff under current conditions is destined to be outdated by the time it is completed.

As noted above, the 2006 vehicle management legislation was adopted to require the implementation of a vehicle management system that would manage the state's vehicle assets effectively and efficiently (see page 3). Even though the BFM has refined its policies through the *Office of Purchasing, Travel and Fleet Management Rules and Regulations Fleet Manual* (Updated: July 2008), current practices of the Bureau of Fleet Management, coupled with the limitations of Protégé, do not advance these ends.

Because all vehicle management information is not in one comprehensive, up-to-date database, the bureau lacks complete information with which to:

- make vehicle allocation or disposal decisions; or,
- perform a breakeven analysis for vehicles (i. e., determine whether to utilize a state-owned vehicle, to lease/rent a vehicle, or to reimburse the employee for mileage for use of a personal vehicle for state business).

The following subsections contain discussions of these issues.

The bureau does not have complete vehicle information with which to make vehicle allocation or disposal decisions.

The inability of the BFM to integrate utilization data and financial data in an efficient manner places the bureau outside of its mandate to review utilization of vehicles and reallocate them when necessary. Whereas agencies are providing the data necessary to make these decisions, the quantity of data versus its format (hard copy), coupled with the limitations of the Protégé software and the limited staff available for reviewing the data, hinder the BFM from performing its job effectively. BFM cannot allocate vehicles based on their utilization if it is unable to determine how much the vehicles are being used. Additionally, the bureau cannot give effective guidance to the legislative appropriations process regarding acquisition of new vehicles because it is not able to completely evaluate agencies' and state needs for vehicles.

The lack of operational breakeven analysis for vehicles impairs rational decision making about employees' relative need for vehicles and whether other alternatives (e. g., leased vehicles or reimbursement for private vehicles) would be better.

Part of the needs justification process for a vehicle should be a breakeven analysis to determine whether it would be more economical to utilize a state-owned vehicle or to reimburse an employee for mileage for use of a personal vehicle for state business. In order to procure a vehicle, an agency should have to establish first that a person or several persons use their vehicles for state business so often that it would be less expensive to provide a state vehicle rather than to pay mileage reimbursement.

At present the bureau is not capable of analyzing mileage reimbursement as part of a breakeven analysis to determine which employees are being paid more in travel reimbursement than they should be in light of vehicle operating costs.

Additionally, the bureau's lack of readily accessible vehicle utilization information impairs the agency from considering the opportunities presented by rental cars. Rented vehicles could provide agencies with an alternative to either state-owned or private vehicles in cases, particularly when use is infrequent. If utilization data were on hand, the department could determine which infrequent users of state vehicles that a rental car could serve more economically. In some cases, rental cars could also be an economical alternative to travel reimbursement paid to state employees for light or moderate travel.

At present, the Department of Finance and Administration's Bureau of Fleet Management does not analyze travel reimbursement information. Vehicle utilization information is collected at the agency level in logs, but as previously noted, the quality of information varies. See the Appendix, page 47, for a complete description and discussion of the proposed use of breakeven analysis for vehicle management.

The bureau's choice of software for vehicle management was based on the amount of funds available for the procurement and not on functionality to support the broad mission of vehicle management.

How did the bureau end up with vehicle management software that was ill-suited for the role it was to perform? PEER learned that the acquisition decision was a compromise between availability of funds and service needs. Protégé itself is not, in the full sense of the term, an interface for providing a full spectrum of "fleet management." It only provides for fiscal management of assets. Other software programs exist that can provide utilization reports to provide utilization reports per vehicle, by location, average/peak utilization and other similar factors that all go into determining asset demand versus need. However, the company that provides the Protégé service, In-Circuit, has available fleet management software that includes, based upon the software overview, "functionality for driver authorization and history, personal assignment and approval, vehicle usage logs and preventative maintenance," similar data to Protégé but with the inclusion of a utilization component. Other private companies interviewed by PEER staff suggest that software could be integrated with the existing Protégé program to streamline utilization data and make it management tool rather than an overwhelming burden.

Management of Vehicles Owned by the State's Institutions of Higher Learning

The Board of Trustees of State Institutions of Higher Learning, exempted from the scope of the 2006 vehicle management legislation, collects information about the fleets of the individual institutions, but does not make procurement decisions or consider the appropriateness of vehicle procurements made by individual institutions.

As stated previously, although MISS. CODE ANN. §25-1-77 (1972) establishes the Bureau of Fleet Management for the purposes of coordinating and promoting efficiency and economy in the purchase, lease, rental, acquisition, use, maintenance and disposal of vehicles by state agencies, CODE §25-1-77 (8) states that, "The provisions of this section shall not apply to any state institution of higher learning."

Regarding the exemption of IHL from the comprehensive vehicle management system envisioned in MISS. CODE ANN. §25-1-77 (1972), the Board of Trustees of State Institutions of Higher Learning (IHL) Policies and Procedures Guidelines state the following:

[IHL] was exempted from these provisions with the understanding that the Executive Office will serve in an oversight capacity for the system's fleet management. IHL is committed to fulfilling its fiduciary responsibility to the System and to the State of Mississippi related to oversight of the System's vehicle fleet. To that end, our Institutional Executive Officers [IEOs] are charged with management of their respective institutional fleet. The IEOs are responsible and accountable for its operation. . . .

While IHL institutions have approximately 1,700 state-owned vehicles, the board has delegated the "management" of each institution's fleet to its respective institutional executive officer (i. e., university president or chancellor) in order "to be consistent with its current framework, while implementing policies and procedures that document oversight and accountability," according to an IHL representative. Furthermore, the representative stated that, "IHL has deliberately elected not to approve or disapprove the purchase of vehicles, as its Board and Commissioner expect the IEOs to handle day to day operations of their respective institutions."

The IHL Executive Office collects information about the individual institutions' vehicle fleets and loads this information into its own data system, which is similar to the Bureau of Fleet Management's Protégé system.

IHL does collect information about the individual institutions' vehicle fleets and loads this information into its own data system. Similar to the Protégé system of the Bureau of Fleet Management, the IHL Fleet Management system is relatively new (concurrent with the implementation of Protégé at BFM). Also, the IHL Executive Office noted that many universities have several interim IEOs and that it had recently sent a reminder of fleet management policies and procedures to each of these IEOs. IHL noted that it "takes very seriously its fiduciary responsibility related to its vehicle fleet and believes that its policies and procedures reflect such."

According to IHL's Fleet Management Summary Information Reports and Individual Institution Reports, the following information is uploaded via spreadsheet monthly to the IHL Executive Office's central repository: yearly summary sheet, monthly summary sheet, fleet management monthly summary report for purchased vehicles, and fleet management monthly summary report for leased vehicles. Exhibit 11, page 38, lists the types of information provided in these reports.

The IHL Executive Office's Fleet Policies and Procedures state that the roles of the Executive Office are limited to annual review and evaluation of policies, reception of monthly records for accountability reporting, and the facilitation of internal audits related to compliance with such policies and procedures. All other responsibilities of fleet management are delegated to the individual institutions. These responsibilities are guided by what IHL considers to be best practices, which dictate the following duties as applicable to fleet management.

- Institutions must upload inventory data monthly to IHL.
- Institutions must submit justification for vehicle purchases for prior approval by the institutional executive officer.
- Each institution must maintain log sheets to record date of travel, employee name, mileage, and destination.
- Each institution must have a vehicle acquisition, use, and approval plan.

Exhibit 11: Information that the IHL Executive Office Collects Regarding Institutions' Vehicles

Yearly Summary Sheet*	Monthly Summary Sheet**	Fleet Management Monthly Summary Report: Purchased Vehicles (per Institution)	Fleet Management Monthly Summary Report: Leased Vehicles (per Institution)
institution name	institution name	vehicle ID (item number, vehicle number, make/model/type/year/tag number)	vehicle ID (item number, vehicle number, make/model/type/year/tag number), department to which assigned
total vehicles newly purchased	total vehicles newly purchased	purchase data/purchase price	lease start/end/date
total vehicles newly leased	total vehicles newly leased	vehicle use	lease amount (per year)
total vehicles deleted	total vehicles deleted	purchase funding source and description	vehicle use
total vehicles (in inventory)	total vehicles (in inventory)	maintenance funding source and description	lease funding source and description
percentage change over previous fiscal year		fuel cost	maintenance funding source and description
		maintenance cost	fuel cost
		mileage (as of end of the fiscal year)	maintenance cost
		current mileage	additional lease costs
		total mileage during fiscal year	mileage (as of end of the fiscal year)
		out-of-state mileage during fiscal year	current mileage
		percent of mileage that was out-of-state	total mileage during fiscal year
		planned vehicle replacement projection per year	out-of-state mileage during fiscal year
			percent of mileage that was out-of-state
			planned vehicle replacement projection per year

*This sheet will summarize the previous fiscal year as well as all other fiscal years in which the data has been recorded (none yet).

**This sheet provides information per month for July through June.

SOURCE: PEER analysis.

Although the IHL Executive Office's policies and best practices regarding vehicles are similar to those of the Bureau of Fleet Management for state agencies' vehicles, management responsibility for vehicles owned by the institutions of higher learning rests with the executive officers of the individual institutions.

The IHL Executive Office's vehicle policies mirror those set by the BFM for its fleet; however, the difference is the locus of management responsibility. Whereas fleet procurement and justification must pass through the Bureau of Fleet Management in order to require approval (i. e., the bureau serves as the final oversight authority),

institutional executive officers serve as the final oversight authority for approval and selection of vehicles owned by the state's institutions of higher learning. The IHL Executive Office's scope of vehicle oversight is limited to inventory of institutional assets and provision of guidelines for institutional fleet management.

As noted previously, fleet management should be a comprehensive system in which decisions on procurement, assignment, and disposal are made in light of the most economical approach to providing transportation to state employees. Under the Bureau of Fleet Management's system, if properly implemented, the bureau can make decisions for all state agencies under its control, which will help to ensure efficient use of resources.

However, a system such as IHL's that assigns procurement and disposal responsibilities to subordinate entities will not likely achieve the purposes of fleet management. The IHL Executive Office is limited to evaluation of management practices and does not serve as a final authority for vehicle acquisition, allocation, and use, instead using a "bottom-up" approach to fleet management whereby individual institutions set policies and procedures for the purpose, use, and maintenance of vehicles. Currently, the IHL Executive Office does not determine whether usage practices of the fleet are efficient, instead delegating those decisions to each university. In theory, universities that review fleet utilization and determine that vehicles are not being efficiently used would correct these practices individually; however, since no compliance audit of individual institutions' vehicle management practices has been performed, whether this has occurred is unknown. In effect, subordinate entities may make resource allocation decisions for vehicles as they see fit without the need for approval from the IHL Executive Office or any other body.

Recommendations

1. Because the current vehicle management system does not provide the capability to analyze state vehicle utilization information on miles driven, the Department of Finance and Administration should upgrade its current system to ensure that the Bureau of Fleet Management can:
 - analyze current usage of state owned vehicles to determine which vehicles are underutilized;
 - analyze current agency use of leased vehicles and private vehicle reimbursement for mileage.

To this end, the department should consider the following:

- B. Investigate obtaining an upgrade of the current Protégé system. PEER has learned that Protégé can accept additional modules that could enable the system to analyze vehicle utilization to determine the mileage being added to vehicles in the state fleet. The department should investigate the possibility of acquiring such upgrades that could either:
 - accept utilization information in the form of agency-submitted spreadsheets; or,
 - provide an interface within Protégé capable of transmitting utilization data to BFM; or,
 - rely on remotely transmitted information using global positioning systems (GPS) that transmit utilization information directly from state vehicles.
- B. Assuming that the department's staff does not believe that upgrading Protégé would be beneficial to the state, the department should develop a request for proposals for a fleet management system that would, at minimum, accomplish the following:
 - capture state vehicle utilization information by vehicle;

- capture from the Statewide Automated Accounting System, or any successor system, mileage reimbursement payments made to state employees who travel on official business;
- maintain a record of current operational costs and depreciation for all vehicles in the state fleet;
- minimize the number of record transcriptions that must occur in preparing and transmitting utilization information; and,
- provide a statewide location code system applied to all assets to provide the physical location associated with the vehicle's base of operations, including a number signifying the agency location itself and a number for a sub-location if multiple locations exist for that agency.

The system should bid with three options:

- *Option 1:* A system utilizing GPS-transmitted information on each vehicle that will be received by DFA for analysis;
- *Option 2:* A spreadsheet-driven system that will utilize periodically submitted spreadsheets containing vehicle utilization information; or,
- *Option 3:* A fleet management software system with its own user interface capable of utilizing operational cost data and utilization data and generating reports on these data.

Such a system should produce, at a minimum, the following reports:

- vehicle utilization reports by agency;
- vehicle breakeven analysis by vehicle type;
- reports of all vehicles underutilized by state agencies; and,
- a list of persons whose travel reimbursement exceeds the breakeven point for assignment of state vehicles.

The department should require that the Bureau of Fleet Management conduct a longitudinal study showing the savings that improved fleet management has generated. The department should make the first of these reports three years after the implementation of any software upgrade and provide annual updates.

2. Regardless of the system that the Department of Finance and Administration chooses to manage the process by which utilization information is submitted to the Bureau of Fleet Management, several improvements must be made to the protocols for filing information with the Bureau of Fleet Management and the substance of information provided to the bureau. The following addresses these recommended changes.

A. Submission of utilization information in the event that the department chooses to select a data management option that relies on either the submission of spreadsheets or direct agency submission of information to Protégé-- Assuming that the Department of Finance and Administration chooses to require submission of information by agencies rather than selecting a GPS-driven system, there must be improvement in both the protocols for submitting information and in the substance of information sent to the Bureau of Fleet Management.

Regarding protocols for submitting information, the Bureau of Fleet Management should:

- establish a uniform format for reporting;
- establish a reporting period;
- designate the person responsible for maintaining original files and intervals for how frequently they will be updated; and,
- make the agency property officer responsible for making submissions to DFA.

Regarding the substance of utilization information provided, the Bureau of Fleet Management should require that the electronic versions of logs should be prepared to include the following.

Daily motor logs should include, at a minimum, the following information to be used in reviewing utilization of the vehicle:

- beginning/ending odometer reading per trip;
- total miles per day;
- origin and destination per trip;
- purpose per trip; and,
- driver identification per trip.

Daily commuter logs should require, at a minimum, the following information:

- date and time of event;
- description of event;
- indication of “no responses” to ensure that if no responses are listed, it will not be interpreted as not being completed.

- B. Other records regarding permitted uses of vehicles and authorization for agency vehicles-- Regardless of the system that the department may select for the bureau to analyze utilization vehicle usage information more effectively, the bureau should make several changes in other required records that agencies submit respecting their vehicles and their use.

Commuter authorization forms should require, at a minimum, the following information to insure clarity of purpose:

- projected business miles and justification for amount;
- projected commuter miles and address;
- discussion of why authorization provides a compelling benefit to the state based on the type of vehicle assignment received:
 - if a 24/7 responder, how the vehicle would be used to halt potential loss of life or significant property damage;
 - if virtual office, why the assumptions are made that the vehicle will spend 80% or more of its time outside of the physical office location;

- if specialized equipment, what constitutes the need for driving with the equipment outside of work hours.

This should exclude allowing only the referral to sections of the MISSISSIPPI CODE, job titles, or circular references to the compelling benefit (e. g., the compelling benefit stated as “because it is necessary to perform job duties.”).

If there are occasions when the individual using the vehicle is also the most senior authority responsible for signing a commuter form for agency personnel, the board of directors or commissioners should instead sign the form to ensure that a second party has objectively reviewed this compelling benefit and granted permission of state use.

Vehicle request forms should require, at a minimum, the following information to ensure clarity of purpose:

- complete description of vehicle (make, model, year, type, options) as already required;
- whether a vehicle is an addition or replacement (per vehicle) and anticipated annual mileage of vehicles (both fields already required);
- justify efficiency in terms of specific descriptive information on whether the vehicle is the most efficient vehicle for the job description based on a discussion of job duties to be performed;
- justify economy in terms of specific descriptive information on whether the vehicle is the least expensive solution for achieving the job duties to be performed and a provision of documentation showing this was the case for all options and models offered;
- other administrative fields as required on the existing form such as assignment, primary use, and agency name.

Vehicle use agreements--Because daily motor logs currently do not require driver identification, currently there is no way to

establish which employees used or were authorized to use a particular vehicle. The bureau should require:

- that agencies keep a user agreement of all allowed drivers per vehicle; or,
- contingent upon BFM adjusting policy to require legible driver identification in all daily motor logs and commuter logs, that each agency property officer (or division officer if multiple fleets) maintain a central repository of individual agreements for compliance audit and legal purposes to match back to a driver.

Regarding these records, the department should move toward a system whereby these forms could be electronically submitted to the agency for use and storage.

- C. Establishment of specific responsibilities for agency property or fleet management officers-- BFM should promulgate policies that prescribe the specific compliance responsibilities for property or fleet officers at agencies regarding state vehicles. The duties should include initial quality assurance of records (i. e., ensure that all forms per vehicle are completed when about to expire) and assurance that personnel have completed all required forms per field. Should there be multiple fleet managers per agency, it would be at the discretion of the agency property officer to delegate these tasks to or keep the role centralized; however, the end result should be to raise the standard of the reporting process and additionally make any spot audits or compliance checks performed by BFM less time-consuming.
- D. Establishment of vehicle tracking method--The bureau should require that all agencies under its jurisdiction provide it with information that will identify the physical location of each agency pool vehicle or other vehicle not assigned to a commuter. The bureau could allow agencies to establish a system based on county codes or some other uniform method of nomenclature, but the agencies should make available to the bureau a key that will enable them, the State Auditor, and any other external reviewer to know the agency duty station, lot, or other physical location where the vehicle can be found at all times when it is not in use.

3. The Legislature should amend MISS. CODE ANN. Section 37-101-15 (1972) to require the Board of Trustees of State Institutions of Higher Learning to implement a fleet management system that insures that the board, and not the individual institutions, will have control over the decisions to acquire, assign, and dispose of universities' vehicles. To this end, the Board of Trustees should have all necessary powers to prescribe all necessary forms, logs, and other reporting requirements and further should be required to procure vehicle management software that would ensure that it can monitor and manage the use, assignment, and disposal of all vehicles in the universities' fleets.

The PEER Committee should follow up on IHL's progress in implementing this recommendation prior to the 2012 legislative session. If IHL has not implemented a vehicle management system that accomplishes the ends set out above, the Legislature should amend MISS. CODE ANN. Section 25-1-77 (1972) to place IHL vehicles under the authority of the Bureau of Fleet Management.

Appendix: Proposed Breakeven Analysis for Fleet Management

This appendix shows the type of analysis that the Bureau of Fleet Management could perform to determine an agency's need for a vehicle if the bureau received the proper information in a usable form.

As noted in this report, the Bureau of Fleet Management's Protégé system currently does not include vehicle usage analysis, which should be performed for each vehicle to determine whether vehicles are being used at or over capacity.

Presently, the Protégé software system can provide a cost analysis on the total cost per mile per vehicle in the state, based on the following formula:

$$\frac{\text{Fuel} + \text{Maintenance} + \text{Repair}}{\text{TotalMiles}}$$

However, this formula excludes the annual cost of the vehicle, represented here:

$$\frac{(\text{AcquisitionCost} - \text{SalvageValue})}{\text{YearsTilDepreciation}}$$

By considering this an additional cost, the total cost of the vehicle is now considered with the following formula:

$$\frac{\text{Fuel} + \text{Maintenance} + \text{Repair} + \text{Annual.Vehicle.Cost}}{\text{TotalMiles}}$$

Operational costs are a performance indicator to allow the BFM to gauge the rising costs of older vehicles or gauge how much an agency is spending per month or year and then gauge needs; however, two components are missing that would provide the most effective solution for personnel needing transportation: an understanding of a fleet's current optimization and alternative sources of transportation available to a state employee, which include reimbursement for use of a personal vehicle or renting a vehicle through a designated rental agency.

Vehicles that show a repeated low usage (assuming they have low maintenance or repair needs and are within a reasonable total mileage range) could be considered for individuals whom agencies reimburse for mileage, which

as of January 23, 2009, was at a rate of \$0.55 per mile. Consider the following: PEER analyzed the top ten (when available) reimbursed drivers for all applicable state entities, based on information obtained from the Statewide Automated Accounting System (SAAS). The state spent approximately \$17 million on such reimbursements, with some individuals receiving less than \$100 but at least 105 individual drivers receiving more than \$10,000 for personal mileage. Within those 105 individuals, eight received more than \$20,000 in reimbursement and the highest grossing reimbursement amount was approximately \$27,000, or approximately 54,000 miles driven (based on a reimbursement rate of \$0.50).

This information could be a tool for reducing costs when paired with utilization history. For example, assume an agency provides over \$10,000 individually for its top ten reimbursements, but has a vehicle in its fleet that has not been in use since June 2009 with 117,000 miles but no recorded repairs or maintenance costs associated with it in the past few months, so it is assumed to be in working condition. Considering the conservative estimate of \$0.50 per mile for reimbursement (in FY 2010, the state had two reimbursement rates, \$0.50 and a later adjustment to \$0.55), the top ten drivers' reimbursement total of approximately \$135,000 would equate to approximately 270,000 miles, or an average of 27,000 miles per person, so this vehicle would be used by only one driver in this situation.

For an example, we will assume the vehicle is a Chevrolet Silverado 2002 that receives 15 MPG (combined highway and city) at a cost of \$2.50 per gallon and would incur a defined cost of \$250 for nine oil changes, a total fuel cost of \$4,500 (1,800 gallons), and an extra \$2,000 for any maintenance or repair needs that might occur during these 27,000 miles. This would bring the total cost per mile of this vehicle to \$0.34, or roughly \$9,180 (including the salvage value) for 27,000 miles, versus reimbursing an individual driver \$13,500, a cost savings of \$4,300. This is not a large sum, but when applied to \$17 million in reimbursement combined with a more efficient utilization of 7,500 fleet vehicles, there is an argument that a noticeable cost savings could be possible. *This does rely on the assumption that the vehicle is in working condition or without dire need for maintenance or repair work.*

Another example considers a 2009 four-door sedan:

State Vehicle vs. Reimbursement	
Make	Chevy
Model	Impala
Year	2009
Acq. Cost	\$ 17,500.00
Total Annual Cost	\$ 2,533.33
MPG (Combined)	22

Miles	Reimbursed	State-Owned	Net State Savings
10,000	\$ 5,500	\$ 4,510	\$ 990
15,000	\$ 8,250	\$ 5,125	\$ 3,125
20,000	\$ 11,000	\$ 5,740	\$ 5,260
25,000	\$ 13,750	\$ 6,355	\$ 7,395
30,000	\$ 16,500	\$ 6,970	\$ 9,530

As noted in the chart above, reimbursement costs increase tremendously the more mileage a driver acquires. The state-owned cost of a vehicle provides for the fuel cost of the vehicle, its maintenance (estimated at \$500 annually) and any repairs (as it is a new model, no repairs can be assumed, but this assessment includes \$250 annually as a conservative estimate). After six years, the state-owned acquisition cost is depreciated to zero and only the salvage value of the vehicle is included (estimated to be \$2,300 per vehicle by BFM) in the total annual cost, along with operating costs; however, as a vehicle continues to be used, its repairs and maintenance costs increase.

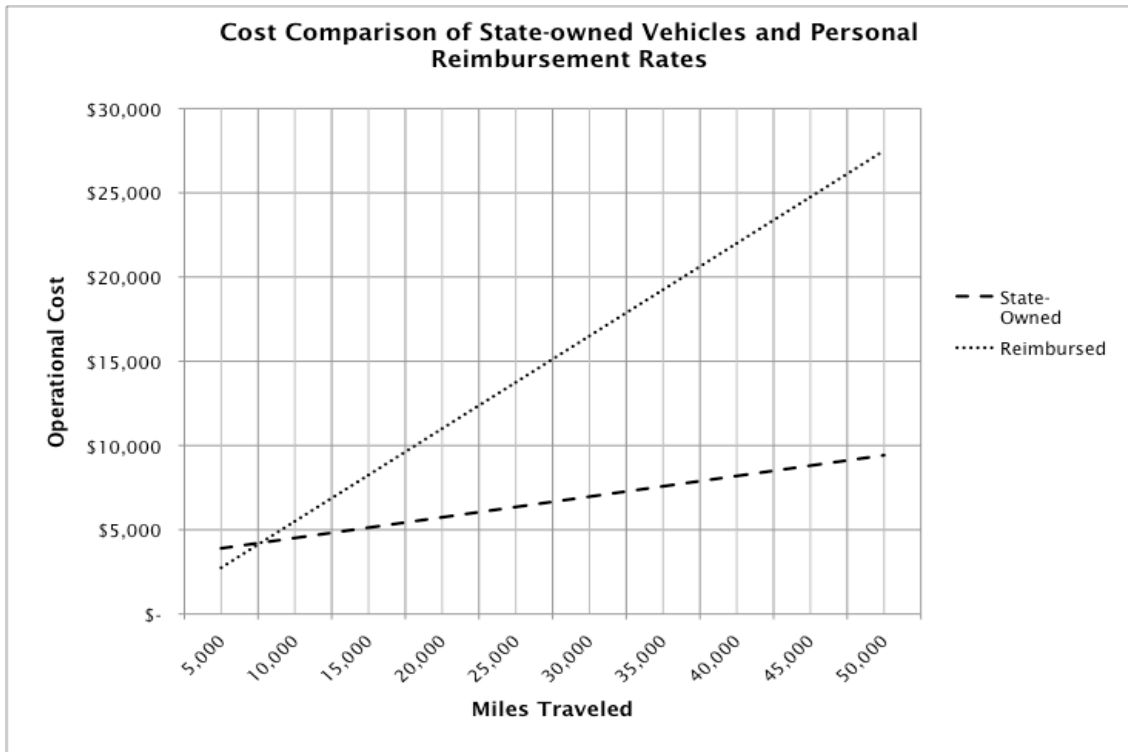
BFM should study the financial data provided by each agency per vehicle to determine when the amount of money being paid to maintain an older vehicle begins costing more than it would to provide a new vehicle, which comes from a historical analysis of the vehicle payments that can be provided in Protégé. However, based on the assumptions above, for vehicles traveling 30,000 miles annually and the state reimbursing those miles, the state could purchase a new car every two years based on the savings of owning the vehicle alone instead of paying reimbursement, or alternatively any amount of that money could go toward a more integrated and intuitive software system capable of producing the utilization reports or staffing necessary to provide BFM with the analysis tools to “right-size” vehicle fleets. Were the state to use state-owned vehicles with the above specifications over a period of one year instead of reimbursing individuals per mile, an estimated \$600,000 could be saved.

Reimbursement data is easily calculated, as it requires only the miles traveled and a flat rate determined by the state. Operational costs for a state vehicle must calculate fuel cost, maintenance cost, repair costs, and the annual

cost of the vehicle; however, a breakeven cost can be applied if enough factors are known. Assume the following data for comparison:

Make: Chevrolet
Model: Impala
Year: 2009
MPG: 22 (Combined)
CPY⁴: 2,553
CPG⁵: \$2.70
RR: \$0.55

If these constants are known, and assumptions are made for annual maintenance and fuel costs for the state-owned vehicle, the following comparison could be made:



Therefore, if enough data is obtained regarding a vehicle, then necessary planning could be made to determine which alternative presents the most benefit to the state. As seen in this example, after approximately 10,000 miles the reimbursement rate increases exponentially compared to

⁴ Cost per year of vehicle (annual depreciation value excluding salvage value)

⁵ Cost per gallon of fuel

the state-owned rate⁶. Fleet officers aware of the travel needs of those personally reimbursed versus the capacity of the fleet during the dates in which they require travel arrangements could ultimately represent a significant savings by ensuring that they use the less expensive option. This could be achieved through a mix of data analysis from property officers (or BFM) and an understanding of the needs of the fleet itself as represented through historical utilization. It is important to note, however, that there must be solid data in existence to study, which to date is available but has not been analyzed due to the quantity of the data versus the interface for analyzing it in Protégé and a limited BFM staff (see page 33 of the report).

⁶ This is due to anticipated costs of vehicle wear and tear plus actual miles traveled for reimbursed vehicles, whereas state-owned vehicles do not require anticipatory costs as expenses are paid as they occur. For example, for a 1,000-mile trip at a reimbursed rate of \$0.55, only 27% of the \$550 in reimbursement paid covers the cost of fuel; the rest is attributed to any damage or maintenance that might need to be paid for as a result of such travel.



STATE OF MISSISSIPPI
HALEY BARBOUR, GOVERNOR

DEPARTMENT OF FINANCE AND ADMINISTRATION
KEVIN J. UPCHURCH
EXECUTIVE DIRECTOR

November 5, 2010

Max Arinder, Ph.D.
Executive Director
Joint Committee on Performance Evaluation and Expenditure Review
P.O. Box 1204
Jackson, MS 39215-1204

Re: Response to the PEER Report – Management of MS State-Owned Vehicles

Dear Dr. Arinder and Members of the Committee:

The Department of Finance and Administration (Bureau of Fleet Management) (DFA) appreciates the opportunity to respond to the PEER Report, ***Management of Mississippi's State-Owned Vehicles***. We believe that this report is an accurate, balanced presentation of the complexities surrounding the management of the State's vehicle fleet. The report correctly conveys the need for more staffing and more expansive technology to improve our ability to manage the utilization of state-owned vehicles. The report offers several recommendations that we concur with and will explore further as we strive to enhance and expand the services that we currently provide.

DFA understands the importance of managing the State's fleet in a way that balances meeting the needs of state agencies while achieving cost savings for the State. We are constantly looking at our policies and processes to insure that we are meeting that goal. In fact, in September 2010, we assembled an inter-agency Task Force to review and recommend revisions and/or updates to our ***Fleet Manual***. As the fleet program began in 2008, we believed that it was time to hear feedback from agencies. We received great participation from other state agencies. We are reviewing the agencies' feedback and will utilize it and recommendations from this report to update the ***Fleet Manual***. It is our hope that the revised manual will be more user-friendly and will offer greater clarity, so that agencies will be more empowered to properly utilize their state-owned vehicles.

While the Department of Finance and Administration (Bureau of Fleet Management) has made great strides in implementing many of the requirements set forth in §25-1-77, there is always opportunity to do it better.

Dr. Max Arinder
PEER Response: Fleet Management
November 5, 2010
Page Two

It is interesting to note, however, that Mississippi's current efforts to manage its fleet place us well ahead of many other states. This PEER report contains recommendations and ideas that validate for us areas that need improvement. We will give this report strong consideration and will continue to make improvements to expand the mission of this program. Thank you again for the thorough review and the insightful recommendations.

Sincerely,

A handwritten signature in black ink that reads "Kevin J. Upchurch". The signature is written in a cursive style with a large, prominent "K" and "U".

Kevin J. Upchurch



**STATE OF MISSISSIPPI
INSTITUTIONS OF HIGHER LEARNING**

Hank M. Bounds
Commissioner of Higher Education

November 1, 2010



Dr. Max K. Arinder, Ph.D.
Executive Director
Joint Committee on Performance
Evaluation and Expenditure Review
Post Office Box 1204
Jackson, MS 39215-1204

Dear Dr. Arinder:

In response to the Joint Committee on Performance Evaluation and Expenditure Review (PEER) confidential draft report labeled "Management of Mississippi's State Owned Vehicles" the Mississippi Institutions of Higher Learning (IHL) responds to the recommendation applicable to IHL as follows:

PEER Recommendation 3. The Legislature should amend MISS. CODE ANN. Section 37-101-15 (1972) to require the Board of Trustees of State Institutions of Higher Learning to implement a fleet management system that insures that the board, and not the individual institutions, will have control over the decisions to acquire, assign, and dispose of universities' vehicles. To this end, the Board of Trustees should have all necessary powers to prescribe all necessary forms, logs, and other reporting requirements and further should be required to procure vehicle management software that would ensure that it can monitor and manage the use, assignment and disposal of all vehicles in the universities' fleets.

The PEER Committee should follow up on IHL's progress in implementing this recommendation prior to the 2012 legislative session. If IHL has not implemented a vehicle management system that accomplishes the ends set out above, the Legislature should amend MISS. CODE ANN. Section 25-1-77 (1972) to place IHL vehicles under the authority of the Bureau of Fleet Management.

IHL Response to Recommendation 3. As noted in PEER's report, the IHL Board of Trustees serves in the oversight capacity for the system's fleet management. The Institutional Executive Officers (IEOs) by Board policy are formally charged with day-to-day *management* of their respective institutions, including the institutional fleet. The IEOs are held responsible and accountable to the Commissioner for its operation. The foundation for IHL's oversight is based on the following:

In accordance to IHL Board Policy 301.0801, *Duties of the Institutional Executive Officers*

- A. The Institutional Executive Officer of each of the several state institutions shall report directly to the Commissioner of Higher Education, who reports to the Board of Trustees. (BT Minutes, 6/2005)
- B. The Institutional Executive Officer of each of the several state institutions of higher learning shall be responsible for the administration of the divisions and departments of his/her institution and for keeping its expenditures strictly in compliance with the budgetary authorizations of the Board and within the limitations provided therein.

In compliance with Board policy, the IHL Board of Trustees and Commissioner of Higher Education made the decision to delegate the day-to-day management of each institution's fleet to its respective IEO. Policies and procedures were developed at the system level to document oversight and accountability. The purchase of any vehicle on campus must be approved by the IEO with justification of need. IHL asserts the IEOs are best qualified to determine campus needs such as the appropriateness of vehicle procurement decisions.

PEER's proposed recommendation requires IHL to incur additional costs to procure vehicle management software to manage the use, assignment, and disposal of all vehicles in the universities fleet. The campuses have software to manage this and the accountability system developed at IHL is sufficient; however, the system office proposes modifying its process to include the following:

- A Vehicle Justification Form capturing justification of the economy and efficiency of new vehicle purchases. Data will include (1) why the requested vehicle model and options were necessary and (2) what effort the institution made to purchase or lease the vehicle at the least cost to the State, and the IEO approvals. The completed form must be submitted to the System Office.
- Additional information regarding vehicle deletions from inventory including an explanation as to why the vehicle is being deleted will be incorporated within IHL's data system.
- The initial results from the system-led compliance audits of the institutions' fleet management practices are due this fiscal year. Any findings will be communicated to the Board, myself and the IEOs and any needed guidelines will be incorporated into IHL's written policy and procedures related to fleet management.

Dr. Max K. Arinder
Page 3
November 1, 2010

IHL restates that its oversight methodology for fleet management affirms fiduciary responsibility and commits that we will continually strive to enhance our oversight role. Please contact Cheryl Mowdy at 601.432.6112 or via email at cmowdy@mississippi.edu should you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Hank M. Bounds". The signature is written in a cursive, flowing style.

Hank M. Bounds
Commissioner of Higher Education

C: Dr. Linda McFall
Mr. Van Gillespie
Mr. Mitchell Adcock

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