



# State of Mississippi

## A REVIEW OF STATE VEHICLE PURCHASES

**From the Office of State Auditor  
Phil Bryant**

Section 25-1-77, Mississippi Code, Annotated, (1972), requires the Department of Finance and Administration to promulgate rules and regulations governing the purchase of motor vehicles. The intent of the regulations is to provide assurance that the most appropriate and economical vehicle is selected to meet the needs of the purchasing entity. Furthermore, The Office of the State Auditor is required to conduct an audit to ensure the intent of this section is followed and to report any irregularities noted during the performance of these procedures. Although our procedures did not detect any irregularities or legal noncompliance we have prepared the following report to provide you supplemental information on the 580 vehicles purchased in Fiscal Year 2002.

This report provides options for Legislative consideration in management of the state's motor vehicles.





Office of the  
State Auditor of Mississippi  
Phil Bryant

## A Review of State Vehicle Purchases

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Section 25-1-77, Mississippi Code, Annotated, (1972), requires the State Auditor to conduct audits as necessary of vehicles purchased in the preceding Fiscal Year and to report instances of noncompliance to the appropriate Legislative Committees. The purpose of this review was to provide supplemental information regarding state vehicle acquisitions in Fiscal Year 2002, and to assess the vehicle acquisition policies implemented by the Department of Finance and Administration (DFA).

This review included state-owned vehicles recorded on the entities inventory records filed with the OSA State Property Office as of the quarter ending June 30, 2002.

### *Findings*

The performance review produced the following major findings:

- The June 30, 2002 inventory records reflected a total of 8,735 state-owned vehicles. Of the 580 vehicles purchased in Fiscal Year 2002, 149 vehicles were noted as additions to the state fleet.
- The language in the current statute requires DFA to promulgate policies related to vehicle acquisition. Current purchasing policies require a DFA form VR-1 signed by the executive director of the state entity. The form requires the purchasing entity to provide a narrative justification for vehicle acquisitions. There is no requirement to perform any type of cost analysis to determine if purchasing, renting or reimbursing an employee for mileage is the most efficient method of transportation.
- The information included on the DFA form VR-1 and the agencies inventory records indicate significant discrepancies in the way agencies report new and replacement vehicles. These discrepancies will be investigated and this office will provide a supplemental report thereon.

BRIEF SHEET

## **Recommendations**

The OSA offers the following recommendations for Legislative consideration in management of the state's motor vehicles.

- Annually, state entities should include as part of their annual budget request to LBO justification for additional vehicles and justification for keeping the current vehicles. If the agency fails to supply the required information, budget requests for additional vehicles should be denied. LBO and DFA should analyze the agency information and perform break-even analysis, to determine whether more vehicles are needed. The recommendations of LBO and DFA could then be forwarded to the Legislative Budget Committee for its consideration.
- In addition, state entities should be required to continue the submission of vehicle data to the OSA State Property Office on a quarterly basis. This information will be compiled on an annual basis and submitted to LBO and the Legislature for assistance in determining if the vehicles are being appropriately procured.
- DFA should revise vehicle policies to include a clear definition of new and replacement vehicles.

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## TABLE OF CONTENTS

	<u>Page</u>
<b>State Auditor's Report</b> .....	1
<b>Introduction</b> .....	2
Purpose .....	2
Scope .....	2
Method .....	2
<b>Background</b> .....	3
<b>Vehicle Purchases</b> .....	4
<b>Recommendations</b> .....	5
<b>Exhibit 1</b> .....	6





**STATE OF MISSISSIPPI**  
**OFFICE OF THE STATE AUDITOR**  
**PHIL BRYANT**  
AUDITOR

Senate Fees, Salaries and Administration Committee  
House Fees and Salaries of Public Officers Committee  
Joint Legislative Budget Committee:

The Office of the State Auditor has completed, "*A Review of State-Vehicle Purchases*". State entities purchased 580 vehicles in Fiscal Year 2002. The results of this review are presented to you in the report published herein. This review was performed pursuant to Section 25-1-77, Mississippi Code, Annotated, (1972).

State motor vehicles as of:

<u>Date</u>	<u>Number of Motor Vehicles</u>	<u>Costs</u>
June 30, 2002	8,735	\$173,929,112
June 30, 2001	8,823	171,995,324
July 6, 2000	8,596	157,101,809

It is our hope the information in this report will assist you with managing the state motor vehicle fleet.

Sincerely,

A handwritten signature in black ink that reads "Phil Bryant".

Phil Bryant  
State Auditor



## **Introduction**

### *Purpose*

Pursuant to Section 25-1-77, Mississippi Code, Annotated, (1972), The Office of the State Auditor has reviewed the documentation provided by The Department of Finance and Administration indicating 149 additional and 431 replacement vehicles were purchased by state departments, institutions and agencies during Fiscal Year 2002.

The performance review will:

- provide information on the number of motor vehicles acquired in Fiscal Year 2002, as reported by DFA on form VR-1;
- provide information on the number of current state-owned vehicles per agency inventory records;
- determine the State's compliance with Section 25-1-77, Mississippi Code, Annotated, (1972); and
- provide options for improving state vehicle management.

### *Scope*

The scope of the performance review included state-owned vehicles recorded on the entities inventory records filed with the OSA State Property Office as of the quarter ending June 30, 2002, and motor vehicles purchased during Fiscal Year 2002, as reported by DFA.

### *Method*

In conducting the review, the OSA performed the following procedures:

- reviewed applicable state statutes;
- reviewed and analyzed OSA State Property Office inventory records; and
- reviewed and analyzed OSA-requested information from various state entities.

## Background

Section 25-1-77, Mississippi Code, Annotated, (1972), Vehicle purchases; regulation; legislative intent:

*“(1) No state department, institution or agency shall purchase any motor vehicle, regardless of the source of funds from which the motor vehicle is to be purchased, except under authority granted by the Department of Finance and Administration. The Department of Finance and Administration shall promulgate rules and regulations governing the purchase of any motor vehicle by a state department, institution or agency with regard to the appropriateness of the vehicle to its intended use. The Department of Finance and Administration shall not grant authority to purchase a motor vehicle which is not the most appropriate vehicle type for its intended use unless specifically approved by the Legislature.*

*(2) It is not the intent of the Legislature for the Department of Finance and Administration to determine the sufficient number of motor vehicles needed by each state department, institution or agency, but to regulate the purchase so that the vehicle is the most appropriate type for its intended use. Further, it is the intent of the Legislature that any motor vehicle purchased shall be made with due concern for economical and efficient use, but shall also meet the needs of the department, institution or agency. The department, institution or agency shall maintain proper documentation signed by the executive director which provides the intended use of the vehicle and the basis for choosing the vehicle. Such documentation shall show that the department, institution or agency made reasonable efforts to purchase a vehicle that is economical and appropriate for its intended use. All such documentation shall be maintained and made available for review by the State Auditor and any other reviewing agency.*

*(3) The State Auditor shall make on-site visits and conduct audits necessary to ensure the intent of this section. On or before July 1 of each year, the State Auditor shall prepare and deliver to the Senate and House Fees, Salaries and Administration Committees and the Joint Legislative Budget Committee a report containing any irregularities that he finds concerning purchases of state-owned vehicles.”*

## Vehicle Purchases

*The June 30, 2002 inventory records reflected a total of 8,735 state-owned vehicles.*

In compiling a list of state-owned vehicles, we initially reviewed the entities' inventory records and DFA VR-1 forms on file with the OSA State Property Office as of June 30, 2002 and June 30, 2001. The aforementioned information reflects 580 vehicles were purchased in Fiscal Year 2002, with 149 new additions to the state fleet. Exhibit 1 of this report shows which entities made additions to their motor vehicle fleet as apposed to replacing vehicles as reported on the DFA form VR-1. However, deletions from the state fleet reduced the net total inventory from 8,823 to 8,735 vehicles (88 vehicles). The historical cost of the fleet increased approximately \$2,000,000 as a result of the costs associated with replacing older vehicles.

Pursuant to Section 25-1-77, Mississippi Code, Annotated, (1972), The Office of the State Auditor has reviewed the documentation provided by The Department of Finance and Administration for the 149 additional and the 431 replacement vehicles purchased by state departments, institutions and agencies during Fiscal Year 2002.

The Department of Finance and Administration has promulgated regulations for vehicle acquisition which include the use of DFA form VR-1. Our procedures indicate significant discrepancies in the classification of vehicles as new or replacement. Entities are not consistent when completing the DFA form VR-1. Furthermore, vehicle deletions occurring in one Fiscal Year and a replacement occurring in a subsequent Fiscal Year would appear as an addition to an entity's fleet when comparing year end inventory numbers. Conversely the same would appear to be a reduction in an entity's fleet. Although our procedures did not detect any legal noncompliance, we will perform further analysis on the current state vehicle fleet and provide a report thereon.

## **Recommendations**

The OSA provides the following recommendations for Legislative consideration in management of the state's motor vehicle fleet.

Annually, state entities should include as part of their annual budget request to LBO justification for additional vehicles and justification for keeping the current vehicles. If the agency fails to supply the required information, budget requests for additional vehicles should be denied. LBO and DFA should analyze the agency information and perform break-even analysis, to determine whether more vehicles are needed. The recommendations of LBO and DFA could then be forwarded to the Legislative Budget Committee for its consideration.

Specifically, when requests for additional vehicles are made by state agencies, either LBO or DFA should perform appropriate analysis to determine the need for the vehicle. This analysis should include determining whether the agency currently has vehicles with annual mileage below the break-even point at which it is more economical to own a vehicle rather than pay mileage to an employee for use of his private vehicle. In addition, LBO or DFA should analyze the use and purpose of each vehicle.

In addition, state entities should be required to continue the submission of vehicle data to the OSA State Property Office on a quarterly basis. This information will be compiled on an annual basis and submitted to LBO and the Legislature for assistance in determining if the vehicles are being appropriately procured.

DFA should revise vehicle policies to include a clear definition of new and replacement vehicles.

**Exhibit 1**  
**Vehicle Purchases**  
**Fiscal Year 2002**

State Entity	Autos	Vans	Trucks	Buses	M'cycle	Total Vehicles	New Vehicles	Replace. Vehicles
Governor's Office	1					1		1
DFA - General Services			1			1	1	
Tax Commission	1		1			2	1	1
Gaming Commission	8					8		8
Dept. of Education	1	2				3		3
Dept. of Rehabilitation Services	1	2	2			5	4	1
MS E T V		9	1			10		10
Delta State university	1	3				4	1	3
MS State University	3	5	7			15	4	11
University of MS	1	1	2			4	3	1
University of So MS	9	3	2			14	14	
Alcorn State University	1					1	1	
Jackson State University	1	3		2		6	6	
MS Valley State University	3			2		5	5	
University Medical Center		5				5	3	2
Ellisville State School		7		1		8	4	4
MS State Hospital	1	6	3			10	4	6
Boswell Regional Center	1	7	1	1		10	1	9
North MS Regional Center		6				6	3	3
Hudspeth Center		9	2			11	8	3
South MS Regional Center		2		2		4	2	2
Specialized Treatment		1	1			2	2	
Agriculture & Commerce			6			6		6
MS Ag. & Forestry Exp. Stat.			1			1	1	
Forest & Wildlife Research			1			1		1
Animal Health Board			6			6	3	3
MS Veterinary Diagnostic Lab		1	1			2	1	1
Bureau of Marine Resources			4			4		4
Forestry Commission	1	1	9			11	3	8
Wildlife, Fisheries and Parks	1		20			21	2	19
Dept. of Environmental Quality	1	3	10			14	1	13
Archives and History	2					2	1	1
Pearl River Valley Water Supply			4			4		4
Tombigbee Water Management			2			2	2	
Pearl River Basin Development			1			1		1
Insurance Commission	1		7			8	8	
Fire Academy			1			1		1
Dept. of Corrections	3	2	3	2		10	10	
Dept. of Human Services		1				1	1	
Military Department			3			3	2	1
Dept. of Public Safety	135	1	5		4	145	7	138
Bureau of Narcotics	1					1		1
MS Emergency Management	2		1			3	3	
Veterans' Affairs Board	1	1				2	2	
Public Service Commission	19					19	19	
Board of Nursing	2					2		2
Pharmacy Board	2					2		2
M D O T	38	3	132		4	173	16	157
<b>Total Vehicles</b>	<b>242</b>	<b>84</b>	<b>240</b>	<b>10</b>	<b>4</b>	<b>580</b>	<b>149</b>	<b>431</b>

Source: OSA State Property Office Inventory Records and DFA VR-1 Forms. This information is as reported to the OSA for the quarter ending June 30, 2002.

