



# State of Mississippi

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

**AN INFORMATIONAL REPORT OF STATE VEHICLE PURCHASES  
Fiscal Year 2003**

Report # 75  
August 27, 2003



**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, "*An Informational Report of State-Vehicle Purchases Fiscal Year 2003*". State entities had a net increase of 484 vehicles with an increase in historical cost of \$11,877,032 in fiscal year 2003. Some of the net increase in vehicles may be due to timing differences caused by purchases of replacement vehicles where the corresponding vehicle to be replaced had not been disposed of at the end of the fiscal year. The results of this report are presented to you for your consideration as published herein. This report 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, 2003	9,417	\$190,319,826
June 30, 2002	8,933	178,442,794
June 30, 2001	8,233	171,995,324

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

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

**Report Summary**

**An Informational Report of State Vehicle Purchases  
Fiscal Year 2003**

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Section 25-1-77, Mississippi Code, Annotated, (1972), requires the Property Audit Division (Property) of the State Auditor's Office (OSA) 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 report prepared by the Performance Audit Division (Division) of OSA is to provide supplemental information regarding state vehicle purchases in fiscal year 2003, and to assess the vehicle acquisition policies implemented by the Department of Finance and Administration (DFA).

This report includes state-owned vehicles recorded on the entities inventory records filed with Property as of the quarter ending June 30, 2003.

***Information Summary***

Information shown in the report includes the following:

- The June 30, 2003 inventory records reflected a total of 9,417 state-owned vehicles. During fiscal year 2003 there were 592 additions to the state fleet (see appendix 1) and 108 reductions (see appendix 2) resulting in an increase of 484 in net vehicles (total purchases less inventory reductions). Some of the net increase in vehicles may be due to

timing differences caused by purchases of replacement vehicles where the corresponding vehicle to be replaced had not been disposed of at the end of the fiscal year.

- 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.

**Options**

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

- Annually, state entities should

include as part of their annual budget request to the (Legislative Budget Office) 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.

- State agencies should be required to continue the submission of vehicle data to Property 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 utilized in the most efficient manner.

- DFA should revise vehicle policies to include a clear definition of new and replacement vehicles.
- DFA should require entities to submit in writing any amendments to any VR-1 authorized by DFA. A copy of the amended VR-1 should be transmitted to Property.

### **Contact**

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## **Introduction**

### *Purpose*

Pursuant to Section 25-1-77, Mississippi Code, Annotated, (1972) Property has reviewed the documentation provided by DFA indicating a net increase of 484 vehicles made up of 592 vehicle additions (appendix 1) and 108 vehicles reductions (appendix 2) during fiscal year 2003.

The informational report will:

- provide information on the net number of motor vehicles acquired in fiscal year 2003, as reported by DFA on form VR-1;
- provide information on the number of current state-owned vehicles per agency inventory records;
- determine compliance with Section 25-1-77, Mississippi Code, Annotated, (1972); and
- provide options for improving state vehicle management.

### *Scope*

The scope of the informational report included state-owned vehicles recorded on the entities inventory records filed with Property as of the quarter ending June 30, 2003, and motor vehicles purchased during fiscal year 2003, as reported by DFA.

### *Method*

In preparing the informational report, the Division performed the following procedures:

- reviewed applicable state statutes; and
- reviewed and analyzed Property inventory records.

## 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 September 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, 2003 inventory records reflected a total of 9,417 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 Property as of June 30, 2003 and June 30, 2002. The aforementioned information reflects a net increase (total purchases less inventory reductions) of 484 vehicles in fiscal year 2003, made up of 592 additions (appendix 1) and 108 reductions (appendix 2). Some of the net increase in vehicles may be due to timing differences caused by purchases of replacement vehicles where the corresponding vehicle to be replaced had not been disposed of at the end of the fiscal year. The historical cost of the fleet increased \$11,877,032 as a result of the costs associated with the net increase of vehicles.

Pursuant to Section 25-1-77, Mississippi Code, Annotated, (1972), OSA has reviewed the documentation provided by DFA for the net increase in state vehicles of 484 during fiscal year 2003.

DFA 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.

DFA does not require entities to submit in writing any amendments to any VR-1 authorized by DFA, resulting in incomplete information being furnished to Property.

## Options

OSA offers the following options 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.

State agencies should be required to continue the submission of vehicle data to Property 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 utilized in the most efficient manner.

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

DFA should require entities to submit in writing any amendments to any VR-1 authorized by DFA. A copy of the amended VR-1 should be transmitted to Property.

**VEHICLE ADDITIONS**

ENDING 06/2003

	Autos	Vans	Trucks	Buses	Ambul	M'cycle	Total Vehicles
Attorney General	3	0	2	0	0	0	5
DFA - General Services	0	0	2	0	0	0	2
Office of the State Auditor	2	0	0	0	0	0	2
Tax Commission	2	0	0	0	0	0	2
Dept of Education	1	0	0	0	0	0	1
Dept of Rehabilitation Services	1	0	0	0	0	0	1
MS E T V	0	2	0	0	0	0	2
Delta State	0	0	0	1	0	0	1
MS Univ for Women	3	2	1	0	0	0	6
MS State Univ	4	2	16	1	0	0	23
Univ of MS	17	6	0	0	0	0	23
Univ of So MS	1	3	1	0	0	0	5
Alcorn State Univ	1	2	0	0	0	0	3
Jackson State Univ	6	13	2	2	0	0	23
MS Valley State Univ	0	0	2	1	0	0	3
Univ Medical Center	0	4	1	0	0	0	5
Board of Health	0	1	0	0	0	0	1
Division of Medicaid	1	0	0	0	0	0	1
Ellisville State School	0	11	3	1	0	0	15
MS State Hospital	2	4	2	0	0	0	8
Boswell Regional Center	1	4	2	2	0	0	9
North MS Regional Center	0	7	0	1	0	0	8
Hudspeth Center	0	5	4	0	0	0	9
South MS Regional Center	0	1	0	2	0	0	3
Agriculture & Commerce	0	17	0	0	0	0	17
Farmer's Central Market	1	0	0	0	0	0	1
MS Coop Extension Service	0	0	1	0	0	0	1
MS Agric & Forestry Exp Stat	1	0	5	0	0	0	6
Animal Health Board	0	0	2	0	0	0	2
MS Fair Commission	1	1	6	0	0	0	8
Gulf Coast Research Lab	0	1	2	0	0	0	3
Bureau of Marine Resources	2	0	5	0	0	0	7
Forestry Commission	0	2	0	0	0	0	2
Wildlife, Fisheries and Parks	6	2	10	0	0	0	18
Dept of Environmental Quality	1	0	0	0	0	0	1
Pearl River Valley Water Supply	1	0	0	0	0	0	1
Pearl River Basin Development	0	0	1	0	0	0	1
Insurance Commission	3	1	7	0	0	0	11
Fire Academy	0	0	5	0	0	0	5
Dept of Corrections	25	22	4	0	0	0	51
Prison Industries	0	0	0	4	0	0	4
Military Department	1	1	3	1	0	0	6
Dept of Public Safety	0	4	16	0	0	0	20
Bureau of Narcotics	3	0	6	0	0	0	9
MS Emergency Management	0	0	2	0	0	0	2
Veterans' Affairs Board	1	1	0	0	0	0	2
Pharmacy Board	2	0	0	0	0	0	2
M D O T	9	2	240	0	0	0	251
Total Vehicles	102	121	353	16	0	0	592

## VEHICLE INVENTORY REDUCTIONS

ENDING 06/2003

Total

	Autos	Vans	Trucks	Buses	Ambul	M'cycle	Vehicles
Surplus Property	0	0	(2)	0	0	0	(2)
DFA - General Services	0	(2)	0	0	0	0	(2)
Gaming Commission	(6)	0	0	0	0	0	(6)
Dept of Education	0	(2)	(1)	0	0	0	(3)
Dept of Rehabilitation Services	0	(3)	0	0	0	0	(3)
MS E T V	0	0	(2)	0	0	0	(2)
Institutions of Higher Learning	(2)	(1)	0	0	0	0	(3)
Delta State	(1)	0	0	0	0	0	(1)
Univ of MS	0	0	(6)	(2)	0	0	(8)
Alcorn State Univ	(1)	0	0	0	0	0	(1)
MS Valley State Univ	(1)	(3)	0	0	0	0	(4)
Univ Medical Center	(2)	0	0	0	(1)	0	(3)
East MS State Hospital	0	(1)	0	0	0	0	(1)
Agriculture & Commerce	(1)	0	0	0	0	0	(1)
Division of Plant Industry	0	0	(5)	0	0	0	(5)
Farmer's Central Market	0	0	(1)	0	0	0	(1)
Forest & Wildlife Research	0	(1)	(1)	0	0	0	(2)
MS Veterinary Diagnostic Lab	0	0	(7)	0	0	0	(7)
Forestry Commission	(2)	0	(7)	0	0	0	(9)
Dept of Environmental Quality	0	(5)	(10)	0	0	0	(15)
Pat Harrison Waterway District	0	0	(3)	0	0	0	(3)
Pearl River Valley Water Supply	0	0	(1)	0	0	0	(1)
Dept of Human Services	0	0	0	(2)	0	0	(2)
Dept of Public Safety	(17)	0	0	0	0	0	(17)
Bureau of Narcotics	0	0	0	(1)	0	0	(1)
MS Emergency Management	0	(2)	0	0	0	0	(2)
Port Authority at Gulfport	(1)	(1)	(1)	0	0	0	(3)
Totals	(34)	(21)	(47)	(5)	(1)	0	(108)