

# AN INFORMATIONAL REPORT OF STATE VEHICLE PURCHASES

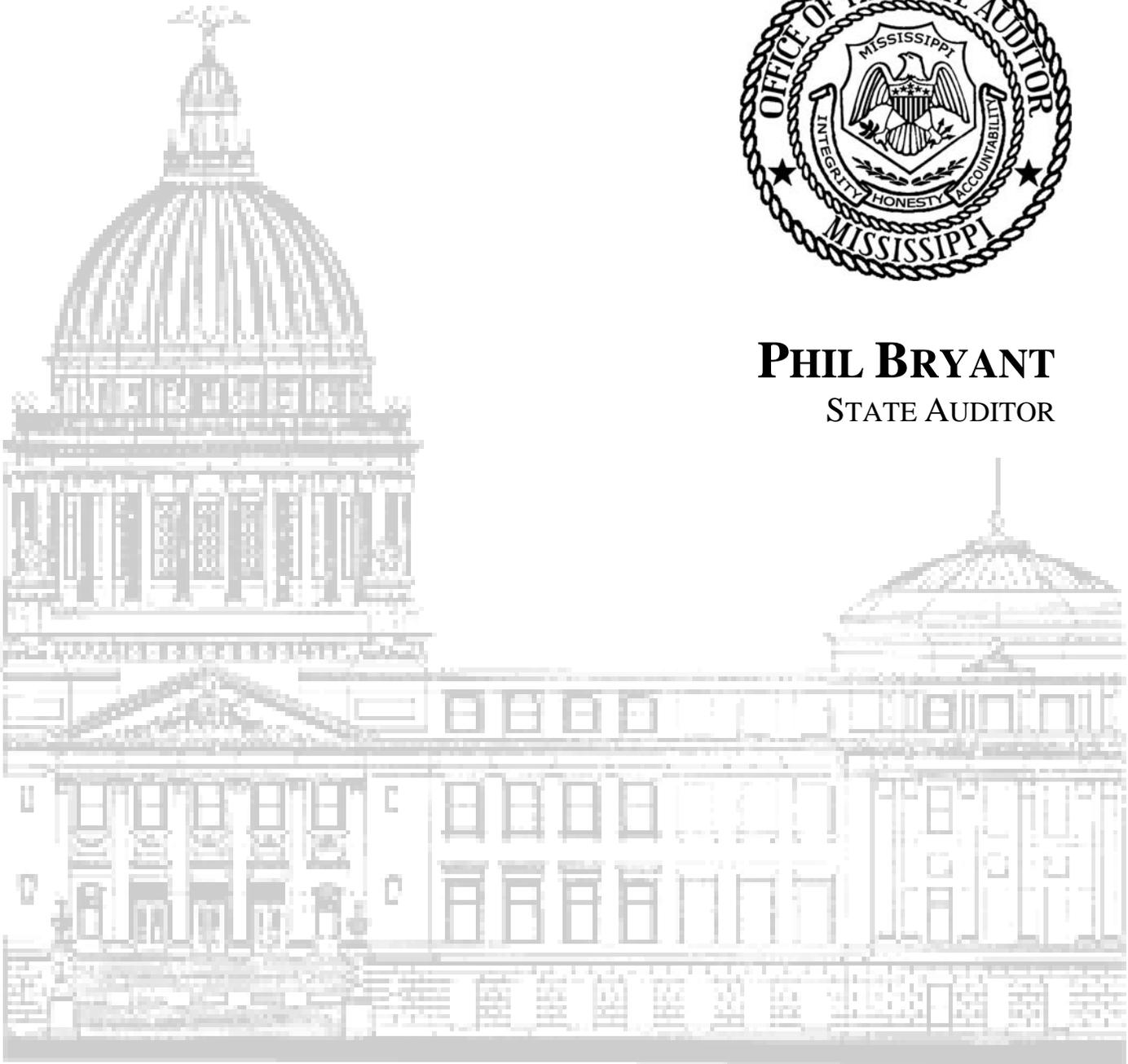
Fiscal Year 2005

REPORT # 99



**PHIL BRYANT**

STATE AUDITOR





**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 2005.*" During the time period covered in this report (FY 2005), State entities had a net decrease of 286 vehicles with an increase in historical cost of \$1,384,555 over fiscal year 2005's totals. Some of the net changes in the number of vehicles may be due to reporting differences at the time this report was completed. They can be caused by purchases of replacement--or deletions of older--vehicles, where the corresponding vehicle reporting had not been completed by 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, 2005	9,336	\$200,546,037
June 30, 2004	9,622	199,161,482
June 30, 2003	9,417	190,319,826

It is our hope the information in this report will assist you with managing the state motor vehicle fleet. This report is available on the State Auditor's Office web page (<http://www.osa.state.ms.us>). Additional copies may be downloaded from this site.

Sincerely,

Phil Bryant  
State Auditor

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

**Report Summary**

**An Informational Report of State Vehicle Purchases  
Fiscal Year 2005**

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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 2005, 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, 2005.

**INFORMATION SUMMARY**

Information shown in the report includes the following:

- The June 30, 2005 inventory records reflected a total of 9,336 state-owned vehicles. During fiscal year 2005 there were 856 additions to the state fleet (see appendix 1) and 1,142 reductions (see appendix 2) resulting in a decrease of 286 in net vehicles (total purchases less inventory reductions). *Some of the net changes in the number of vehicles may be due to reporting differences at the time*

*this report was completed. They can be caused by purchases of replacement--or deletions of older--vehicles, where the corresponding vehicle reporting had not been completed by 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 discrepancies in the way agencies report new and replacement vehicles. OSA will review actual use of vehicles versus reported use of vehicles.*
- In some instances, an entity's fleet size is increased without a noted VR-1. Vehicle transfers between entities do not currently require form VR-1.

**RECOMMENDATIONS**

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 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 decrease of 286 vehicles made up of 856 vehicle additions (appendix 1) and 1,142 vehicle reductions (appendix 2) during fiscal year 2005.

This report will:

- provide information on the net number of motor vehicles acquired in fiscal year 2005, 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 recommendations 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, 2005, and motor vehicles purchased during fiscal year 2005, 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, 2005 inventory records reflected a total of 9,336 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, 2005 and June 30, 2004. The aforementioned information reflects a net decrease (total purchases less inventory reductions) of 286 vehicles in fiscal year 2005, made up of 856 additions (appendix 1) and 1,142 reductions (appendix 2). Some of the net changes in the number of vehicles may be due to reporting differences at the time this report was completed. They can be caused by purchases of replacement--or deletions of older--vehicles, where the corresponding vehicle reporting had not been completed by the end of the fiscal year. The historical cost of the fleet increased \$1,384,555 as a result of the costs associated with the net decrease of vehicles.

Pursuant to Section 25-1-77, Mississippi Code, Annotated, (1972), OSA has reviewed the documentation provided by DFA for the net decrease in state vehicles of 286 during fiscal year 2005.

DFA has promulgated regulations for vehicle acquisition which include the use of DFA form VR-1. Our observations indicate discrepancies in the classification of vehicles as new or replacement. In addition, 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. Further, vehicle transfers between entities do not currently require a DFA form VR-1, resulting in potential confusion over fleet size increases.

## RECOMMENDATIONS

OSA offers 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.*

*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.*

*DFA should require VR-1 forms for inter-agency vehicle transfers.*

*OSA will review actual use of vehicles versus reported use of vehicles.*



**APPENDIX 1:**  
**FY 2005 VEHICLE ADDITIONS**

FY 2005 ADDITIONS							
Agency	Auto	Van	Truck	Bus	Ambul	M'cycle	Total
General Services	6	1	3				10
Surplus Property	1	2					3
DFA Risk Management	1						1
Tax Commission	3						3
Gaming Commission	9		1				10
School for Math & Science				1			1
Rehabilitative Services			3				3
Institutions of Higher Learning	1						1
Delta State University			1				1
MUW	2		1				3
MSU	1	3	5				9
UM	2	6	6				14
USM	5		3				8
ASU			1				1
MVSU			1				1
UMMC	1	3	1				5
Health Department	1	3					4
Ellisville	1	15	5				21
MS State Hospital		5	3				8
Boswell		4	1				5
North MS State Hospital		2	1				3
NM Regional		5	3				8
Hudspeth		5					5
So MS Hospital		1	1				2
Spec Treat Facility	1	1					2
Agriculture and Commerce	3	6	12				21
Plant Industry	1						1
MS Cooperative Ext. Serv.			1	1			2
MAFES		1	24				25
For/Wild Res			2				2
Fair & Coliseum	2		1				3
G/Coast Res Lab			3				3
Marine Resources		1	6				7

Forestry Commission			14				14
Wildlife		2	80				82
Environmental Quality		2	13				15
Archives & History		1					1
Pat Harrison			5				5
Soil And Water Conservation		1					1
Pearl River VWS			3				3
Tombigbee Mgt		1	1				2
Oil and Gas Board			1				1
Insurance Commission	1		2				3
Fire Academy			1				1
Corrections	19	11	1	2			33
Magnolia State Enterprises		3	2				5
Human Services	1	2					3
Industry for the Blind		2					2
Employment Security Comm.	2	1	1	1			5
Public Safety	92		13				105
Narcotics	27	2	48			3	80
MS Emergency Management			3	1			4
Veterans Affairs Board		1					1
Med Licensure Board	1						1
Real Estate Commission	1						1
Board of Nursing	1						1
Pharmacy Board	2		1				3
Port Authority--Gulfport			3				3
Department of Transportation*	75	13	189				280
State Aid Road	5						5
Total	268	106	470	6	0	3	856

\*There were 3 adjustments made to equipment for betterments, cost deletions, and category description changes.

**APPENDIX 2:**  
**FY 2005 VEHICLE DELETIONS**

**FY 2005 DELETIONS**

Agency	Auto	Van	Truck	Bus	Ambul	M'cycle	Total
Attorney General	-2						-2
Finance & Administration	-1						-1
General Services	-4		-3				-7
Surplus Property	-2	-2	-1				-5
State Auditor	-1						-1
Tax Commission	-7		-1				-8
Gaming Commission	-1		-1				-2
Dept. of Education				-3			-3
Rehabilitative Services		-3	-3				-6
ETV		-1					-1
University Press			-1				-1
Institutions of Higher Learning	-1			-1			-2
MSU	-2	-8	-21				-31
UM	-7	-3	-3				-13
USM	-18	-14	-11				-43
JSU	-1						-1
MVSU	-1	-1	-2				-4
UMMC					-3		-3
Health Department		-2	-1				-3
East MS State Hospital	-2	-4	-2				-8
Ellisville		-3		-2			-5
MS State Hospital	-5	-1	-4				-10
SM Regional		-1					-1
Agriculture and Commerce	-3	-4	-8				-15
Plant Industry	-1		-1				-2
Farmer's Central Market	-1						-1
MS Cooperative Ext. Serv.			-1				-1
MAFES	-5	-1	-36				-42
For/Wild Res		-1	-11				-12
Animal Health			-1				-1
Fair & Coliseum			-2				-2
G/Coast Res Lab	-1		-2				-3
Marine Resources			-2				-2
Forestry Commission	-4	-3	-54				-61
Wildlife	-5	-1	-118				-124

Environmental Quality		-4	-2				-6
Archives & History		-1					-1
Pat Harrison			-1				-1
Pearl River VWS	-2		-4				-6
Tombigbee Mgt			-3				-3
Oil and Gas Board			-1				-1
Insurance Commission	-1	-1	-1				-3
Fire Academy			-4				-4
Corrections	-12	-24	-22	-3			-61
Magnolia State Enterprises	-2	-2					-4
Human Services	-3	-6	-5				-14
Public Safety	-125		-9				-134
Narcotics	-67	-1	-18			-1	-87
MS Emergency Management				-1			-1
Veterans Affairs Board		-1	-1				-2
Public Service Commission	-54	-1					-55
Med Licensure Board	-1						-1
Pharmacy Board	-2						-2
Port Authority--Gulfport	-1	-1	-4				-6
Department of Transportation	-20	-7	-291				-318
State Aid Road	-4		-1				-5
Total	-369	-102	-657	-10	-3	-1	-1142