



STATE OF MISSISSIPPI  
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Performance Audit Brief:  
**Mississippi's FY 2008 Fleet Management System Review**

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**Introduction.** For this brief, and in conjunction with the Property Audit Division of the Office of the State Auditor (OSA), the Performance Audit Division evaluated the implementation of the new Fleet Management System (FMS) for Mississippi as mandated by §25-1-77, Mississippi Code, Annotated, (1972). This brief reviews the initial implementation efforts of the new Bureau of Fleet Management (BFM) within the Department of Finance and Administration (DFA). In 2006, the law was changed to incorporate recommendations from previous Performance Audit vehicle reports, which mandated DFA to implement a statewide system of vehicle management and accountability. It is the purpose of this report to provide the Legislature with information regarding this new vehicle management system in its first year of operation.

This brief also provides information on the net number of vehicles acquired in FY 2008 and the number of current state-owned vehicles by agency. It provides limited analysis of compliance with current Fleet Management law and offers recommendations for improving State vehicle management and accountability. In conducting work on this issue, OSA reviewed applicable state statutes; reviewed and analyzed DFA inventory records; compared total State property vehicle numbers to Fleet Management numbers; and reviewed DFA Fleet Management policies, procedures, training, and implementation.

At the end of FY 2008, BFM had oversight of 7,757, or 83% of the approximately 9,362<sup>1</sup> State-owned

<sup>1</sup> When the data report was run on June 30, 2008, there were still 4 open records that had not been finalized. 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 reporting had not been completed by the end of the fiscal year.

vehicles. During FY 2008, the system recorded 667 additions and 851 deletions for a net decrease of 184 vehicles. The total invested cost of all FMS vehicles in FY 2008 was \$186,360,183. This total cost includes \$15,407,369 in additional or replacement vehicles. The

total number of vehicles owned by the State also represents approximately one vehicle for every 3-4 State employees. According to OSA audit records, the Institutions of Higher Learning (IHL), which account for the remaining approximately 17% of all vehicles owned, insured, and maintained by the State through

taxpayers dollars, are exempt from participating in the FMS. While mentioned in this report, IHL vehicles will not be accounted for in the official calculations of future vehicle reports.

The Fleet Management law requires OSA to report any "irregularities... concerning purchases of state-owned vehicles."<sup>2</sup> ***As agencies transition to the new system, based on available data, OSA has noted no irregularities in the BFM approved vehicle purchases in FY 2008.*** DFA Fleet Management personnel appear to be managing this transition appropriately. Their staff has denied certain agency purchase requests based on necessity while still allowing for vehicles that meet the needs of the requesting agency. As a result, they have also been able to document almost a half-million dollars in cost savings based on their decisions.

While IHLs are technically exempt from the statutory limitations and restrictions of the new FMS, the OSA Property Audit Division still maintains records of totals, purchases, and deletions of IHL vehicles through its statewide inventory system. Including vehicles associated with IHLs,<sup>3</sup> 9,362 vehicles in the

*Of the 9,362 State-owned vehicles, Fleet Management oversees 7,757.*

*Of the 667 additions and 851 deletions for FY 2008, OSA noted no irregularities in DFA Fleet Management approved vehicle purchases.*

<sup>2</sup> §25-1-77(5), Mississippi Code, Annotated, (1972)

<sup>3</sup> §25-1-77(8) exempts "any state institution of higher learning" from this section



State inventory are valued at \$222,072,875<sup>4</sup> as of June 30, 2008. While State agencies covered under the new law represented a net decrease of 184 vehicles, when IHL entities are included, the net decrease drops to 145 vehicles.

**Implementation.** In the 2006 Legislative Session, Senate Bill 2398 paved the way to ensure more accountability of the State’s more than 9,300 state-owned vehicles, by creating the Bureau of Fleet Management in DFA (the Fleet Management website is [www.dfa.state.ms.us/Offices/PurTrav/Purchasing.htm](http://www.dfa.state.ms.us/Offices/PurTrav/Purchasing.htm)).

The law requires that all state-owned vehicles—with the exception of university vehicles and any vehicle required by law to be owned by a specific agency—will be titled to the “State of MS/DFA.” In addition to overseeing vehicle purchases and discards, Fleet Management now provides guidelines for assignment and use of vehicles and collects data about vehicle use. They have the authority to investigate agency usage and they require “usage and acquisition” plans from each State agency.

Currently, agencies are not limited to a specific number of vehicles they may have on their inventory. **Therefore, to control costs, OSA recommends that the Legislature consider some reasonable means of limiting vehicle growth by agencies for the future.** The law already provides exemptions to existing limits for vehicles seized by the Department of Public Safety (DPS) and the Department of Wildlife, Fisheries and Parks. Finally, Fleet Management may exempt certain vehicle specifications for DPS undercover work.

The final implementation of this system, while slightly delayed due to hiring of personnel, and software development issues, began in FY 2008. The cost of implementing the FMS was \$155,000, which was less than DFA anticipated. The reason for such cost savings was that the State had already invested in the core asset management software, which eliminated extra costs in building a new system as required for implementation. As of July 1, 2008, all policies and procedures have been promulgated, initial training has been completed, and full implementation is underway by BFM.

To aid in the transition to a State FMS, DFA sponsored three (3) training classes to educate agencies’ fleet management personnel on new rules and procedures governing State vehicle purchases. They held this training in Jackson (Woolfolk Annex) in January, April, and July 2008 for 378 participants representing all State agencies with the exception of the University of Mississippi and Mississippi State University. In addition, DFA’s Bureau of Fleet Management released its manual on July 28, 2008 detailing the new policies and procedures with which all agencies (except IHLs) are required to comply. DFA has promulgated a manual for vehicle acquisition, which include the use of Fleet Management Plans and Procedures. The manual is located on their website ([www.dfa.state.ms.us/Purchasing/Fleet/FleetManual2008final.pdf](http://www.dfa.state.ms.us/Purchasing/Fleet/FleetManual2008final.pdf)). Among other issues, the manual covers vehicle procurement.

BFM staff continuously work with OSA and other agencies who need accurate information regarding State-owned vehicles. As assistance to the Property Audit Division, DFA requires entities to submit written amendments to any Vehicle Request (VR-1) Form, which results in more complete information being furnished to the Property Audit Division of OSA. In addition, DFA is working with the Legislative Budget Office (LBO) to finalize the plans for all agencies to submit their recommended vehicle replacements with their budget requests.

**Vehicle Purchases.** §25-1-77 requires State agencies to submit a list of vehicles they wish to purchase as a part of their annual budget request. The LBO, in conjunction with DFA Fleet Management, will make a recommendation about whether a new vehicle is needed or a fleet vehicle from another agency will suffice. To provide more accountability and transparency, the law also requires vehicle requests to be a line item on an agency’s appropriation request. DFA Fleet Management has the authority to deny vehicle purchase requests that are inefficient or that do not represent a need, whether the request is for accessories for the vehicle or the vehicle itself.

**FY 2008 State Vehicle Summary and Comparison**

<b>Fiscal Year Ending</b>	<b>Number of Motor Vehicles</b>	<b>Net Increase/Decrease From Previous Year</b>	<b>Total Cost</b>
June 30, 2008	7,757	(1,750)*	\$186,360,183‡
June 30, 2007	9,507	125	\$215,875,847
June 30, 2006	9,382	46	\$209,599,695

\*This number includes a net agency decrease of 184 vehicles, however, for the first time; it does not include the IHLs in the totals.

‡ This amount no longer includes IHL figures.

<sup>4</sup> Data provided by Property Audit Division (6/30/08)



In compiling a list of state-owned vehicles, the Property Audit Division initially reviewed agencies' inventory records and DFA Fleet Management database records as of June 30, 2008. As stated earlier, the implementation of the FMS has resulted in a net decrease (total purchases less inventory reductions) of 184 vehicles in FY 2008, stemming from the difference of 667 additions (Appendix 1) and 851 reductions (Appendix 2). The table on the previous page appears show a significant decrease in the State Fleet of 7,757 vehicles (Appendix 3) for FY 2008 when compared to the totals from FY 2007.

However, it is important to note that IHLs are no longer included in the official State totals. From the Property Audit Division, data shows that for FY 2008, IHL had 1,609 vehicles valued at \$35,266,127.53 (Appendix 4). This number represents approximately 17% of all vehicles owned, insured, and maintained by the State with taxpayers' dollars.

OSA finds that 17% of all State vehicles are outside of a comprehensive management system and are not being monitored for cost and use by IHL through a centralized system. A comprehensive IHL policy and system would help ensure that taxpayers' dollars are efficiently spent. All universities would benefit from a coordinated effort of fleet management by increasing the

opportunity to reduce purchase and usage costs. Such systems are even more critical in this time of increasing fuel and product costs. ***OSA recommends IHL should develop a similar fleet management policy for universities or else the Legislature should not exempt IHLs from the State system.***

Prior to the implementation of the FMS in July 2006, no system existed to permit centralized monitoring of cost savings by DFA. This meant that the decision for selection of particular vehicles and accessory options was left up to the individual agencies to justify such needs. In 2008, for the first year of FMS, DFA calculated savings totaling \$422,071.25 based on the type of vehicle requested the downsizing of vehicle types, options added, and justifications, as well as the rejection of 32 vehicle requests.

***Conclusion.*** In previous years, OSA offered recommendations for Legislative consideration in management of the State's motor vehicle fleet. Most of those recommendations became a part of a State law passed in the 2006 regular session, which established a Bureau of Fleet Management at the DFA. The recommendations in this brief—based on analysis of FY 2008 data and reports—are intended to further strengthen the BFM and Legislative decision-making.

## APPENDIX 1: FY 2008 AGENCY VEHICLE ADDITIONS

<u>Agency No.</u>	<u>Agency</u>	<u>Vehicles</u>	<u>Cost</u>
71	Attorney General	3	\$12,850.00
135	DFA-General Services	3	\$35,175.00
136	Surplus Property	2	\$49,246.00
155	Office of the State Auditor	4	\$61,652.00
111	Secretary of State	3	\$98,500.00
181	Tax Commission	6	\$123,030.00
185	Gaming Commission	10	\$154,130.00
201	Dept. of Education	5	\$175,960.00
235	Dept. of Rehabilitation Services	19	\$362,395.16
247	MS ETV	3	\$49,156.50
277	Commission on Volunteer Services	2	\$42,063.00
328	Division of Medicaid	2	\$31,016.90
372	East MS State Hospital	4	\$59,256.00
373	Ellisville State School	22	\$678,165.15
374	MS State Hospital	5	\$185,233.00
382	Boswell Regional Center	11	\$192,769.00
386	Hudspeth Center	3	\$104,111.00
387	South MS Regional Center	2	\$66,719.00
385	North MS Regional Center	5	\$78,695.00
401	Agriculture and Commerce	16	\$249,603.00
405	Division of Plant Management	6	\$93,844.00
428	Animal Health Board	1	\$21,610.00
431	Fair Commission	2	\$27,804.43
450	Dept. of Marine Resources	13	\$246,926.00
451	Forestry Commission	38	\$661,836.00
464	Wildlife, Fisheries and Parks	44	\$798,802.85
470	Dept. of Environmental Quality	14	\$263,682.40
484	Pat Harrison Waterway	8	\$93,003.00
486	Soil and Water Conservation Commission	1	\$15,800.00
487	Pearl River Valley Water Supply	3	\$73,813.00
488	Tombigbee Water Management	2	\$37,791.00
491	Oil and Gas Board	3	\$59,244.00
501	Dept. of Insurance	2	\$31,210.00
551	Dept. of Corrections	18	\$552,322.41
555	MS Prison Industries	2	\$16,132.00
600	MS Dept. of Information Technology Services	3	\$90,301.00
651	Dept. of Human Services	4	\$51,403.00
701	Military Department	7	\$327,636.34
711	Dept. of Public Safety	117	\$2,532,957.89
718	Bureau of Narcotics	52	\$736,527.57
721	MS Emergency Management Agency	13	\$212,561.00
731	Veterans Affairs Board	4	\$88,659.00
829	Medical Licensure Board	1	\$15,828.00
941	Dept. of Transportation	179	\$5,547,948.82
	<b>Total</b>	<b>667</b>	<b>\$15,407,369.42</b>

## APPENDIX 2: FY 2008 AGENCY VEHICLE REDUCTIONS

<u>Agency No.</u>	<u>Agency</u>	<u>Vehicles</u>	<u>Cost</u>
135	DFA-General Services	2	\$17,580.00
136	Surplus Property	2	\$11,300.00
155	Office of the State Auditor	5	\$86,861.28
181	Tax Commission	6	\$118,621.75
185	Gaming Commission	10	\$164,875.62
201	Dept. of Education	2	\$27,160.00
235	Dept. of Rehabilitation Services	18	\$286,513.94
247	MS ETV	1	\$16,395.00
328	Division of Medicaid	1	\$17,230.00
373	Ellisville State School	8	\$119,339.16
374	MS State Hospital	5	\$135,424.67
382	Boswell Regional Center	10	\$174,907.85
387	South MS Regional Center	8	\$131,832.15
385	North MS Regional Center	11	\$185,727.86
386	Hudspeth Center	6	\$121,650.30
401	Dept. of Agriculture and Commerce	17	\$266,279.56
405	Division of Plant Management	6	\$97,298.74
411	MS Development Authority	4	\$75,944.75
428	Animal Health Board	3	\$43,277.25
431	Fair Commission	1	\$13,225.00
450	Dept. of Marine Resources	14	\$239,146.77
451	Forestry Commission	53	\$838,803.69
464	Wildlife, Fisheries and Parks	69	\$1,174,448.31
470	Dept. of Environmental Quality	19	\$351,268.16
475	Archives and History	1	\$15,145.07
484	Pat Harrison Waterway	17	\$139,306.47
486	Soil and Water Conservation Commission	1	\$14,199.00
487	Pearl River Valley Water Supply	2	\$41,331.50
488	Tombigbee Water Management	2	\$81,167.00
489	Pearl River Basin Development	1	\$19,825.60
491	Oil and Gas Board	6	\$114,017.46
501	Dept of Insurance	4	\$60,924.52
531	Public Employees Retirement	2	\$31,952.80
551	Dept. of Corrections	47	\$469,318.34
555	MS Prison Industries	2	\$30,252.25
651	Human Services	2	\$30,751.00
671	Employment Security Commission	1	\$137,344.97
701	Military Department	6	\$71,638.42
711	Dept. of Public Safety	168	\$2,594,378.18
718	Bureau of Narcotics	86	\$875,268.74
721	MS Emergency Management Agency	1	\$22,214.00
731	Veteran Affairs Board	4	\$46,178.00
939	Yellow Creek Inland Port	4	\$43,466.15
941	Dept. of Transportation	212	\$5,176,027.20
946	State Aid Road Construction	1	\$11,893.00
	<b>Total(s)</b>	<b>851</b>	<b>\$14,741,711.48</b>

### APPENDIX 3: FY 2008 FMS VEHICLE TOTALS

<u>Agency</u>	<u>Total No. of Items</u>	<u>Total Cost</u>
Attorney General	26	\$371,076.25
Secretary Of State	3	\$98,500.00
Division Of General Services	34	\$413,676.38
Office Of Surplus Property	4	\$121,805.86
Department Of Audit	29	\$429,540.00
DFA-Risk Management	1	\$13,726.00
Tax Commission	47	\$916,479.51
Gaming Commission	55	\$838,349.71
State Department of Education	47	\$1,708,009.07
MS School Math & Science	10	\$281,929.06
Rehabilitation Services Division	159	\$3,172,197.30
Library Commission	6	\$82,733.75
MS ETV	29	\$519,716.24
Commission on Volunteer Services	2	\$42,063.00
State Board Of Health	34	\$879,903.38
Division Of Medicaid	8	\$124,284.90
Department Of Mental Health	3	\$53,276.00
East MS State Hospital	55	\$963,153.02
Ellisville State School	181	\$4,478,146.71
MS State Hospital	106	\$1,842,796.75
Boswell Regional Center	85	\$1,785,018.89
North MS State Hospital	17	\$211,694.42
North MS Regional Center	140	\$2,523,639.34
Hudspeth Center	85	\$2,012,448.24
South MS Regional Center	91	\$1,732,451.93
Central MS Residential Center	16	\$372,270.07
South MS State Hospital	10	\$164,831.30
Juvenile Rehabilitation Center	7	\$124,118.15
Specialized Treatment Facility	6	\$95,494.85
Department of Agriculture	116	\$2,458,383.52
Division Of Plant Industry	32	\$525,559.33
MS Development Authority (MDA)	12	\$222,959.25
Board Of Animal Health	33	\$485,296.74
Fair Commission	11	\$177,633.26
Department of Marine Resources	98	\$2,021,433.37
Forestry Commission	493	\$14,301,727.57
MS Institute For Forest Inventory	2	\$34,006.00
Department Wildlife Fisheries & Parks	609	\$10,861,620.53
Department Of Environmental Quality	175	\$3,346,516.52
Grand Gulf Military Monument	4	\$62,198.16
Department Of Archives & History	21	\$319,907.42
Pat Harrison Waterway District	53	\$681,425.52
Soil & Water Conservation Comm.	14	\$208,074.43
Pearl River Valley Water Supply	65	\$1,220,842.62
Tombigbee Water Mgmt. District	15	\$585,862.36
Pearl River Basin Development	6	\$108,063.41
Oil & Gas Board	11	\$191,635.07
Department Of Insurance	36	\$609,951.83

Fire Academy	22	\$1,071,048.49
Public Employee Retirement Sys.	4	\$71,437.00
Department Of Corrections	674	\$11,491,996.06
MS Prison Industries	23	\$451,500.01
MDITS Computer Center	7	\$152,311.39
MS Department Of Human Services	35	\$558,124.38
MS Industries For The Blind	10	\$221,309.12
Employment Security Commission	18	\$1,323,090.55
Military Department	71	\$1,607,587.12
Department Of Public Safety	910	\$19,221,354.30
Narcotics Bureau	194	\$3,918,834.92
Emergency Management Agency	72	\$2,209,653.69
Veterans Affairs Board	19	\$467,084.52
Veterans Home Purchase Board	2	\$39,493.60
Medical Licensure Board	6	\$103,565.50
Real Estate Commission	2	\$39,832.23
MS Appr. & Licensing Certification Bd.	1	\$15,819.00
Board Of Nursing	4	\$59,767.00
Pharmacy Board	5	\$88,624.24
Memorial Stadium	1	\$24,112.00
Port Authority At Gulfport	12	\$182,853.00
Yellow Creek Inland Port	2	\$30,060.90
Department Of Transportation	2,547	\$78,001,396.27
State Aid Road Construction	14	\$212,901.50
<b>Total(s)</b>	<b>7,757</b>	<b>\$186,360,183.78</b>

#### APPENDIX 4: FY 2008 IHL VEHICLES

IHL Totals July 1, 2007 through June 30, 2008	No. of Vehicles in Fleet	Total Cost
IHL	7	\$110,677.62
Delta State University	64	\$1,692,950.24
MS University for Women	42	\$563,585.29
MS State University	357	\$8,467,899.96
University of MS	287	\$5,542,936.27
University of Southern MS	202	\$3,336,856.56
Alcorn State University	104	\$3,043,804.98
Jackson State University	74	\$1,922,388.05
MS Valley State University	59	\$2,228,610.43
University Medical Center	105	\$2,259,445.40
MSU - Cooperative Extension Svc.	18	\$422,431.48
MSU - Forestry Exper. Station	182	\$3,512,257.55
MSU - Forest & Wildlife Research	71	\$1,551,862.93
MSU - Chemical Lab	4	\$66,042.40
Gulf Coast Research Lab	33	\$544,378.37
<b>Total(s)</b>	<b>1,609</b>	<b>\$35,266,127.53</b>



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