Audit Highlights

Highlights of performance audit report on the Fleet Services Division issued on February 18, 2020.

Legislative Auditor report # LA20-14.

Background

The Fleet Services Division (Division) was established in 1961 to ensure economical utilization of state-owned vehicles, eliminate the unauthorized use of state-owned vehicles, provide a ready means of transportation for state employees and officers on state business, reduce the need for state employees to use private cars on official state business, and provide a central administrative facility for the maintenance, care and operation of selected state-owned vehicles.

Services to state agencies include a short-term rental program, long-term assigned vehicles, car wash and detail, vehicle repairs, and roadside assistance. Short-term vehicle rentals, billed at a daily rate plus mileage, are available to state agencies for up to 30 days. State agencies may lease vehicles on a long-term basis for a monthly base fee plus mileage. The Division operated a fleet of 1,126 vehicles as of June 30, 2019, consisting of 1,048 on long-term assignment to state agencies, and 78 short-term rentals.

For fiscal year 2019, the Division was authorized for 16 positions, with locations in Carson City, Las Vegas, and Reno.

Purpose of Audit

The purpose of the audit was to determine if controls were adequate to ensure the economical utilization of the Division's vehicles and to evaluate the controls over fuel and procurement cards. Specifically, our work included a review of vehicle utilization during calendar year 2018, and fuel and procurement card transactions from July 1, 2018, through April 30, 2019.

Audit Recommendations

This audit report contains five recommendations to help ensure the economical utilization of fleet vehicles, and two recommendations to strengthen controls over fuel cards.

The Division accepted the seven recommendations.

Recommendation Status

The Division's 60-day plan for corrective action is due on May 12, 2020. In addition, the 6-month report on the status of audit recommendations is due on November 12, 2020.

Fleet Services Division

Department of Administration

Summary

Weak controls hinder the Division from ensuring the economical utilization of its fleet. Vehicles on long-term assignments in calendar year 2018 were frequently driven less than the required annual minimum miles for fleet vehicles. When agencies underutilize assigned vehicles, the average cost per mile becomes excessive. Further, many vehicles had untimely preventive maintenance, potentially compromising vehicle performance and safety. Deficiencies in the Division's vehicle utilization monitoring and related processes are similar to the findings in our 2010 audit.

While the Division's controls over procurement cards were adequate, monitoring of fuel card purchases to reduce the risk of improper charges was not sustained after our prior audit in 2010. Testing of monthly fuel card purchases for 60 vehicles showed 13% had unusually low miles per gallon (mpg) ratios. In addition, the Division did not maintain accurate listings of outstanding fuel cards. Fuel purchases for fiscal year 2019 were nearly $1.4 million.

Key Findings

Many of the vehicles on long-term assignment to agencies did not meet the State's minimum use requirements for miles driven. Specifically, for calendar year 2018, 168 vehicles or approximately 26% of the nonemergency vehicles did not meet minimum mileage requirements. While some vehicles may have met usage requirements in terms of days driven, the data on days driven was not always obtained or accurate. (page 5)

The Division does not actively monitor long-term vehicle assignments for underutilization. Staff informally notify the Administrator of low-use vehicles, in terms of miles driven, but reports of low usage vehicles are not prepared and exception information is not communicated to the user agencies or to the Department of Administration. (page 8)

Agencies pay considerably more per mile for vehicle rentals when their long-term vehicles are underutilized. For the 10 most underutilized vehicles in calendar year 2018, agencies' rental costs ranged from $4.44 to a high of $71.71 per mile. (page 9)

Fleet Services does not have complete usage information on its long-term vehicles. First, the Division does not have the necessary data and does not calculate the percentage of days the vehicles were used, an alternative to the mileage requirement. Second, the Division does not track information on which user group, pooled or individual, its long-term vehicles are assigned. Without knowing the user group, the Division cannot accurately determine underutilization. (page 10)

Preventive maintenance on Division vehicles was not always performed timely. We noted 10 of 25 (40%) vehicles we tested did not have timely required services, such as an oil change, lube, and vehicle inspection. This is a repeat audit finding from our 2010 audit, which reported a 30% exception rate for untimely preventive maintenance. (page 11)

The Division does not have adequate monitoring of fuel card usage for its vehicles. Testing of fuel transactions for 60 vehicles revealed 8 (13%) instances of low mpg ratios. Specifically, each vehicle's mpg fell below the Environmental Protection Agency's range for city and highway driving by more than 2 mpg. (page 14)

The Division did not maintain an accurate listing of outstanding fuel cards. The Division's listings of fuel cards for its two fuel vendors dated May 2019, showed 68 more fuel cards than anticipated. (page 16)