

An Evaluation

# **State Fleet Management**

## **2005-2006 Joint Legislative Audit Committee Members**

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Assembly Members:

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State Auditor - Janice Mueller

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# CONTENTS

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<b>Letter of Transmittal</b>	<b>1</b>
<b>Report Highlights</b>	<b>3</b>
<b>Introduction</b>	<b>9</b>
Organization and Staffing	10
Estimated Vehicle Fleet Costs	11
<b>Vehicle Inventory</b>	<b>13</b>
Fleet Size	13
Types of Vehicles Owned	16
Vehicle Assignments	18
Personally Assigned Vehicles	20
Motor Pool Utilization	21
<b>Vehicle Acquisition, Maintenance, and Sales</b>	<b>25</b>
Vehicle Acquisition	25
Purchases	25
Leases from Private Vendors	29
Vehicle Rentals	32
Maintenance	34
Maintenance Management	35
Monitoring Costs	38
Vehicle Sales	39
Vehicle Sales Revenue	40
2004 Vehicle Reduction Initiative	41
<b>Vehicle Use</b>	<b>45</b>
Driver Eligibility	45
Personal Use of Fleet Vehicles	51
DOA Policies	51
Reimbursement	52
Misuse of Fleet Vehicles	56
Insurance Claims for Fleet Vehicles	58

<b>Use of Privately Owned Vehicles</b>	<b>61</b>
Mileage Rates	61
Mileage Reimbursement	64
Specific Groups	65

<b>Future Considerations</b>	<b>67</b>
Implementing FleetAnywhere	68
Cost-Effectiveness of Fleet Operations	69

## **Appendices**

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Appendix 1—Vehicles Owned	
Appendix 2—Vehicle Inventory	
Appendix 3—Approved Bidders for Vehicle Purchases in Model Years 2003 and 2004	
Appendix 4—Vehicles Purchased	
Appendix 5—State Spending for Vehicle Purchases, by Agency	
Appendix 6—Vehicles Sold	
Appendix 7—Gross Vehicle Sales Revenue	
Appendix 8—Amounts of Insurance Claims Paid	

## **Response**

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From the Department of Administration



STATE OF WISCONSIN

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Janice Mueller  
State Auditor

Senator Carol A. Roessler and  
Representative Suzanne Jeskewitz, Co-chairpersons  
Joint Legislative Audit Committee  
State Capitol  
Madison, Wisconsin 53702

Dear Senator Roessler and Representative Jeskewitz:

We have completed an evaluation of management of the State's vehicle fleet, as requested by the Joint Legislative Audit Committee. The Department of Administration (DOA) has primary responsibility for fleet management, including establishing policies for the acquisition, use, maintenance, and sale of fleet vehicles.

As of December 31, 2004, the State owned 6,669 fleet vehicles, a reduction of 13.8 percent since 2001. Agencies either own these vehicles or lease them from DOA; five agencies—DOA, the Department of Natural Resources, the Department of Transportation, the University of Wisconsin-Madison, and the Department of Corrections—are assigned nearly three-quarters of the fleet. Sedans and station wagons are the most commonly owned vehicles, followed by pick-up trucks and passenger and cargo vans. A vehicle reduction initiative announced by the Governor in June 2004 generated gross revenue of approximately \$3.5 million through March 2005, but it is unclear how much of this revenue will be available for deficit reduction because of sales costs and outstanding debt on vehicles sold.

We found that several state agencies are not appropriately enforcing the minimum driving standards for individuals who use fleet vehicles, in part because of DOA's limited guidance. We also found that Wisconsin's standard reimbursement rate for employees who use privately owned vehicles to conduct state business, \$0.325 per mile, is within the range paid by other midwestern states.

We make several recommendations to improve fleet management, including better monitoring of vehicle leases and rentals, improving the procurement process, fully implementing fleet-management software, and improving the process for responding to complaints about inappropriate vehicle use. In addition, we include a recommendation for DOA to better monitor mileage reimbursements by employees who make personal use of fleet vehicles. DOA will likely pay a forfeiture of approximately \$35,000 to the Internal Revenue Service for past underpayment of these mileage reimbursements, and steps should be taken to avoid additional forfeiture payments in the future.

We appreciate the courtesy and cooperation extended to us by DOA staff, as well as by staff in the other agencies and campuses we contacted. DOA's response follows the appendices.

Respectfully submitted,

Janice Mueller  
State Auditor

JM/JZ/ss



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## Report Highlights ■

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***The number of vehicles owned by the State declined 13.8 percent between 2001 and 2004.***

***In 2004, fleet operating costs totaled an estimated \$30.5 million.***

***Enforcement of minimum driver eligibility standards needs to improve.***

***DOA has not assessed the cost-effectiveness of key decisions affecting the State's vehicle fleet.***

The Department of Administration (DOA) has primary responsibility for managing the State's vehicle fleet, which in December 2004 consisted of 6,669 sedans, vans, pick-up trucks, and other vehicles licensed for road use. Fleet vehicles are available to state employees and other authorized individuals conducting state business. When a fleet vehicle is not available or is not used, employees may be reimbursed for using their own or other privately owned vehicles.

Questions about fleet management—including vehicle acquisition, use, maintenance, and disposition—have been raised since 2002, when a large number of vehicles were purchased while the State was experiencing budget constraints. Plans to reduce the fleet by at least 1,000 vehicles were announced by the Governor in 2004. However, the size and scope of the proposed reduction have raised additional management concerns. To address these questions and concerns, and at the request of the Joint Legislative Audit Committee, we:

- analyzed the number and types of vehicles owned or leased by the State, and reviewed procedures related to the purchase and sale of fleet vehicles;
- reviewed policies on the assignment of fleet vehicles to individual employees;
- examined current vehicle maintenance processes;

- analyzed whether individuals had appropriately reimbursed the State for personal use;
- examined how the State reimburses individuals who use privately owned vehicles on state business; and
- reviewed fleet practices in other midwestern states.

## Vehicle Inventory

The State's vehicle fleet decreased from a high of 7,734 cars, trucks, vans, and buses at the end of 2001 to a low of 6,669 as of December 31, 2004. This 13.8 percent reduction resulted in part from the vehicle reduction initiative announced by the Governor in June 2004. However, after deducting sales costs and outstanding debt for the 958 vehicles sold under the initiative through March 2005, it is unclear how much of the \$3.5 million in gross revenue will be available for deficit reduction.

As of December 31, 2004, 48 state agencies either owned vehicles or leased them from DOA, but nearly three-quarters of the fleet was assigned to five agencies: DOA, the Department of Natural Resources (DNR), the Department of Transportation (DOT), the University of Wisconsin (UW)-Madison, and the Department of Corrections. The types of vehicles owned ranged from sports cars used for undercover police work to buses for transporting prison inmates. Sedans and station wagons—including 571 law enforcement vehicles—made up 34.3 percent of the fleet. They were primarily models such as the Ford Taurus and Escort and the Dodge Neon, along with the Ford Crown Victoria for law enforcement.

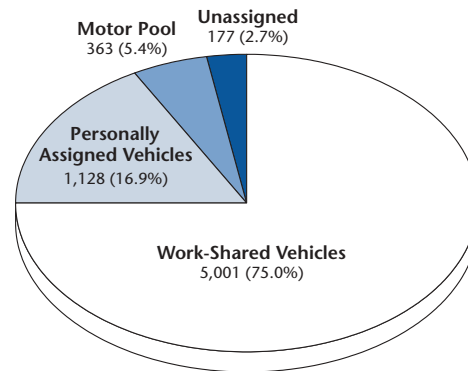
Fleet vehicles can be assigned to one of several categories, as shown in Figure 1:

- work-shared vehicles, which are designated for use by a relatively small group of employees within a single agency;
- personally assigned vehicles, which are assigned to individual employees for whom regular travel is an essential job requirement;
- central motor pool vehicles, which are available to many employees within an agency and are typically available to employees of other agencies; and
- vehicles awaiting assignment or sale.



Figure 1

### Vehicle Assignments As of December 31, 2004



As of December 31, 2004, 1,128 vehicles were personally assigned to state employees, a reduction of 19.0 percent from March 2004 levels. While some vehicles were reassigned to the work-shared category, others—such as those assigned to UW System chancellors—were eliminated. Chancellors now receive a vehicle allowance of \$700 per month and can also be reimbursed for their business mileage.

## Vehicle Acquisition

Since 2000, the State has purchased 4,362 vehicles at a cost of \$83.3 million. DOA manages vehicle procurement for all state agencies. DOA's bidding process is generally appropriate, but sharp decreases in vehicle purchases may have long-term effects, including increases in vehicle leasing and rental activity. In addition, good management practices suggest DOA should broaden its consideration of life-cycle costs—which include both the purchase price and operating costs of vehicles—when making vehicle procurement decisions.

As an alternative to purchasing vehicles, state agencies may lease them from private vendors for up to one year or rent them for 29 days or less. Only 23 vehicles were leased in 2004, but DOA's monitoring of agency leases should be improved to ensure that agencies take advantage of pre-negotiated lease agreements. Because payments for short-term vehicle rentals may increase as a result of the fleet reduction, we also include a recommendation for improved oversight of vehicle rentals.

## Vehicle Use

To be eligible to drive a fleet vehicle, an individual must be a state employee, a student in the UW System, or an authorized agent of the State. DOA has established minimum driving standards, but monitoring and enforcement have been inadequate. For example, 39 of the 100 driving records we reviewed had not been checked in the past year, as required.

In addition, the Department of Corrections does not uniformly verify employee driving records or apply DOA's minimum driving standards to most of its employees and to some minimum-security inmates who use fleet vehicles to transport other inmates inside correctional facilities and on public roads.

During the course of our fieldwork, DOA improved the policies and procedures governing appropriate use of fleet vehicles, but careful scrutiny of employee driving records will continue to be important to ensure that only qualified drivers are using fleet vehicles.

## Mileage Reimbursement

With limited exceptions, individuals are required to reimburse the State for personal use of fleet vehicles, including commuting from their homes. In response to concerns about mileage reimbursement—including a review by the Internal Revenue Service—DOA clarified its policies in 2004. The State is expected to pay the IRS a \$35,000 underpayment forfeiture to settle claims related to mileage reimbursements by state employees.

Depending on the availability of fleet vehicles and the number of miles driven, employees who used privately owned vehicles on state business in 2004 were typically paid at a standard rate of \$0.325 per mile, or a lower "turndown rate" of \$0.220 per mile. Wisconsin's standard rate is within the range paid by other midwestern states, but its turndown rate is among the lowest.

## Fleet Management

It was difficult to obtain basic information about the State's vehicle inventory, including consistent or complete data for which agencies own or operate fleet vehicles; how vehicles are assigned; and what costs the State incurs to operate, lease, or rent vehicles or to reimburse individuals who drive privately owned vehicles. DOA has been slow to implement fleet management software, but in

December 2004 it was able to use the program to accurately report the State's vehicle inventory and how the vehicles were assigned.

We also noted a pattern in which DOA made key management decisions without adequate consideration of their potential costs, including:

- increasing mileage thresholds—currently 85,000 miles—for the replacement of fleet vehicles without assessing the costs of increased maintenance for an aging fleet;
- not assessing whether leasing DOA vehicles to other agencies is cost-effective; and
- not determining whether the State's use of maintenance management vendors—who received \$3.7 million in 2004—reduces overall vehicle maintenance costs.

Our recommendations address the need for DOA to:

- ☑ create utilization standards for its motor pool (*p. 23*);
- ☑ improve and expand its use of life-cycle costs when purchasing vehicles (*p. 27*);
- ☑ improve monitoring of leases from private vendors (*p. 32*);
- ☑ better monitor vehicle rental activity (*p. 34*);
- ☑ determine whether using a statewide maintenance management vendor is cost-effective (*p. 38*);
- ☑ improve tracking of maintenance costs (*p. 39*);
- ☑ report the amount of fleet reduction revenue available for deficit reduction (*p. 44*);
- ☑ clarify its policies for checking the driving records of individuals who use fleet vehicles (*p. 48*);
- ☑ improve the accuracy of its driver database (*p. 49*);
- ☑ standardize accounting practices related to payments to the State for personal use of fleet vehicles (*p. 54*);

## 8 ■ ■ ■ ■ REPORT HIGHLIGHTS

- ☑ ensure it complies with federal tax law and state requirements for mileage reimbursements (*p. 55*);
- ☑ document the amount it reimburses individuals to use privately owned vehicles for state business (*p. 65*);
- ☑ report its progress in implementing fleet management software (*p. 69*); and
- ☑ better assess the potential costs and benefits of future fleet management decisions (*p. 71*).

In addition, we include recommendations for:

- ☑ UW-Madison and DOT to create utilization standards for their motor pools (*p. 23*);
- ☑ the Department of Corrections to promulgate uniform policies regarding inmate drivers (*pp. 50-51*); and
- ☑ the Legislature to consider establishing a mechanism for individuals to report fraud and abuse in state government, including vehicle misuse (*p. 58*).

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## Introduction ■

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The State owns, leases, or rents a wide variety of motorized equipment, including automobiles, airplanes, boats, heavy equipment, tractors, snowmobiles, and all-terrain vehicles. Our evaluation focused on vehicles licensed for road use and driven by state employees or other authorized individuals to complete state business. In addition to sedans and passenger vans, this includes specialty work vehicles such as law enforcement patrol cars, maintenance trucks, and cargo vans. While DOA is the State's vehicle purchasing agent and owns a large vehicle fleet, several other agencies own a significant number of vehicles or lease them from DOA, including DNR, DOT, Corrections, and UW-Madison.

In conducting our evaluation, we analyzed vehicle inventory data, purchase and sales information, maintenance activities, fleet use policies and procedures, and vehicle accident trends. In addition, we examined mileage logs for a random sample of 100 personally assigned vehicles used by 14 different agencies from January through March 2004; reviewed a random sample of 100 driving records for individuals who drove a fleet vehicle in 2003 or 2004, to determine whether appropriate monitoring of driving records had occurred; and reviewed more than 500 travel vouchers for which mileage reimbursement was claimed. We also interviewed fleet staff at DOA, other state agencies, and UW campuses; officials in DOA's Office of State Employment Relations and Bureau of Risk Management; and officials in six other midwestern states.

## Organization and Staffing

***Statewide, there were 49.2 FTE fleet management and maintenance staff as of December 31, 2004.***

The number of staff responsible for managing fleet operations varies by agency. As shown in Table 1, as of December 31, 2004, the five agencies that operated large vehicle fleets estimated that a total of 49.2 full-time equivalent (FTE) staff were dedicated to fleet management or maintenance. DOA's 20.4 FTE staff have responsibility for managing the purchase and sale of fleet vehicles; providing fleet-wide planning, including maintaining the State's fleet management software; and monitoring the statewide fleet, managing the State's central fleet motor pool and van pool operations, and performing maintenance on DOA-owned vehicles.

Table 1

### Estimated Fleet Management and Maintenance Staff<sup>1</sup> As of December 31, 2004

Agency	FTE Positions
DOA	20.4
DNR	13.0
UW-Madison	10.8
DOT	4.0
Corrections	1.0
<b>Total</b>	<b>49.2</b>

<sup>1</sup> Additional staff in other agencies spent a small portion of their time managing or maintaining vehicles.

The five agencies each have a full-time fleet manager responsible for overseeing day-to-day fleet operations. All other agencies designate a fleet coordinator who typically spends a small portion of time coordinating fleet matters, but who also has other duties.

DOA fleet staff are funded out of the program revenue generated from agency payments for fleet services. In order to fund its fleet management positions, DOA charges fees to each agency that owns vehicles. In fiscal year (FY) 2004-05, these fees include:

- \$53 per vehicle annually to fund 3.0 FTE staff positions that were added in 2003 to enhance DOA's ability to manage the vehicle fleet, as recommended by a consultant in 2000;

- \$15 per vehicle annually to fund 2.3 FTE staff positions that manage vehicle purchase and sales processes; and
- 15.0 percent of the gross proceeds for vehicles sold at auction, to pay the auctioneer and fund 2.8 FTE staff positions that manage vehicle sales.

Wisconsin has more centralized control over its vehicle fleet than other midwestern states. For example, while Indiana's Department of Administration has statutory authority to manage the fleets of all executive agencies, in practice all state agencies in Indiana operate their fleets with relative independence. In Minnesota, statutes provide for a decentralized fleet management structure; as a result, Minnesota has no central fleet agency and does not operate a central motor pool.

### **Estimated Vehicle Fleet Costs**

Fleet operating costs cannot be accurately determined using the State's accounting system because:

- the accounting system does not distinguish between expenditures for vehicles and for other types of motorized equipment, such as boats, forklifts, or all-terrain vehicles;
- fuel purchases are sometimes made using state-issued purchasing cards or personal credit cards, making it difficult to isolate and analyze these costs;
- payments to individuals who use privately owned vehicles for state business are not separately accounted for; and
- the accounting system does not isolate salary and fringe benefit costs for state employees who manage or maintain the vehicle fleet.

***The State incurred estimated fleet operating costs of \$30.5 million in 2004.***

In order to estimate overall fleet operating costs for 2004, we analyzed detailed cost data for DOT—which had the most comprehensive data—and applied our calculations of costs per vehicle to the entire fleet. As shown in Table 2, we estimate the State incurred fleet operating costs of \$30.5 million to manage and maintain its vehicles in 2004. Of this amount, about \$13.2 million, or nearly half of all costs, was for vehicle depreciation. An estimated \$7.3 million was spent for vehicle maintenance, while approximately \$6.0 million was spent for fuel.

Table 2  
**Estimated 2004 Fleet Operating Costs**  
In Millions

	Amount	Percentage of Total
Vehicle Depreciation	\$13.2	43.3%
Maintenance	7.3	23.9
Fuel	6.0	19.7
Other <sup>1</sup>	4.0	13.1
<b>Total</b>	<b>\$30.5</b>	<b>100.0%</b>

<sup>1</sup> Includes salaries and fringe benefits for fleet management and maintenance staff; costs of leasing space for offices, garages, and parking lots; and information technology costs.

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## Vehicle Inventory ■

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***Wisconsin owned  
6,669 vehicles as of  
December 31, 2004.***

As of December 31, 2004, the State owned 6,669 vehicles, which is 1,065 fewer than in 2001. Sedans and station wagons were the single largest type of vehicle owned, followed by pick-up trucks. Three-quarters of all vehicles were assigned to work units within agencies, while other vehicles were assigned to individuals or available through centralized motor pools.

### **Fleet Size**

***Between 2001 and 2004,  
the number of vehicles  
owned by the State  
declined 13.8 percent.***

As shown in Table 3, the number of vehicles owned by the State has steadily declined from a high of 7,734 at the end of 2001 to a low of 6,669 as of December 31, 2004. The decline from 2001 to 2004 was 13.8 percent. Appendix 1 shows the number of vehicles owned, by agency, from 2000 through 2004.

Table 3  
**Fleet Size**  
 As of December 31

Year	Vehicle Inventory	Percentage Change
2000	7,547	–
2001	7,734	2.5%
2002	7,630	(1.3)
2003	7,204	(5.6)
2004	6,669	(7.4)

Since at least the mid-1980s, DOA’s policy has been to consolidate fleet vehicle ownership. Therefore, DOA purchases vehicles and then leases them to other agencies. A total of 48 agencies either owned vehicles or leased them from DOA as of December 31, 2004.

***Five agencies had nearly three-quarters of the State’s vehicle fleet as of December 2004.***

As shown in Table 4, DOA leased 1,490 of the 1,915 vehicles it owned, or 77.8 percent, to other agencies. In December 2004, the five largest agencies—DNR, DOT, Corrections, UW-Madison, and DOA—had nearly three-quarters of the State’s vehicle fleet. The number of vehicles owned or leased from DOA by all state agencies is shown in Appendix 2.

Table 4  
**Vehicle Inventory**  
 As of December 31, 2004

Agency	Vehicles Owned by Agency <sup>1</sup>	Vehicles Leased from DOA	Total	Percentage of Fleet
DNR	1,493	2	1,495	22.4%
DOT	1,278	–	1,278	19.2
Corrections	468	429	897	13.4
UW-Madison	732	–	732	11.0
DOA	425	–	425	6.4
Health and Family Services	123	130	253	3.8
Agriculture, Trade and Consumer Protection	3	189	192	2.9
Justice	–	123	123	1.8
Military Affairs	12	99	111	1.7
UW-Oshkosh	96	–	96	1.4
Commerce	–	89	89	1.3
UW-Milwaukee	2	81	83	1.2
UW-Whitewater	66	11	77	1.2
UW-Stevens Point	48	27	75	1.1
UW-River Falls	66	–	66	1.0
UW-Platteville	64	–	64	1.0
UW-La Crosse	46	12	58	0.9
UW-Stout	43	14	57	0.9
Other <sup>2</sup>	214	284	498	7.4
<b>Total</b>	<b>5,179</b>	<b>1,490</b>	<b>6,669</b>	<b>100.0%</b>

<sup>1</sup> DOA owned 1,915 vehicles; it leased 1,490 to other agencies and operated 425.

<sup>2</sup> Agencies with fewer than 50 vehicles.

DOA officials believe consolidating fleet ownership is better for agencies and allows DOA to manage the fleet more effectively by:

- reducing administrative efforts required of agencies;
- allowing DOA to centralize its database management;

- affording agencies greater flexibility to change the number of vehicles in their fleets; and
- reducing the need for agencies to include capital funding requests for vehicles with their biennial budgets.

### Types of Vehicles Owned

***Most fleet vehicles are sedans, station wagons, pick-up trucks, or vans.***

The State owns many types of vehicles, ranging from sports cars used for undercover police work to buses used to transport state prison inmates. As shown in Table 5, sedans and station wagons—primarily models such as the Ford Taurus, Dodge Neon, or Ford Escort wagon—made up 34.3 percent of the fleet as of December 31, 2004. This category also included 571 law enforcement vehicles, primarily Ford Crown Victorias.

Table 5

**Type of Vehicles Owned**  
As of December 31, 2004

Type	Number of Vehicles	Percentage of Total
Sedans and Station Wagons <sup>1</sup>	2,290	34.3%
Pick-up Trucks	1,873	28.1
Passenger and Cargo Vans	1,627	24.4
Large Trucks <sup>2</sup>	447	6.7
Sport Utility Vehicles	386	5.8
Buses	46	0.7
<b>Total</b>	<b>6,669</b>	<b>100.0%</b>

<sup>1</sup> Includes 571 law enforcement vehicles.

<sup>2</sup> Based on vehicle description or gross vehicle weight of more than 14,000 pounds.

In order to achieve compliance with federal alternative fuel requirements, 1,760 of the sedans, trucks, and sport utility vehicles owned by the State operate on either an ethanol-gasoline blended fuel or compressed natural gas. DOA also owns four gasoline-electric hybrid cars.

As would be expected based on the diverse missions of the various state agencies, fleet vehicles have a wide range of purposes. They include:

- sedans and station wagons used by individuals, for motor pools, and for law enforcement activities;
- pick-up trucks for plowing snow, farm use, field research, and building and grounds maintenance;
- passenger vans used for large group travel and cargo vans used for building maintenance, materials delivery, laundry, and equipment transportation;
- large trucks used for towing, bridge inspections, pavement marking, and soil boring; and
- buses used for transporting inmates and residents of state-owned facilities.

***The primary justification for purchasing a sport utility vehicle is off-road use.***

We looked particularly at the use of the 386 sport utility vehicles, which tend to be costlier to purchase and operate, because concerns have been raised about the need for state employees to drive them. As shown in Table 6, DOT had the largest number of sport utility vehicles as of December 31, 2004. These vehicles are typically used by highway project engineers or State Patrol staff. DNR had 134 sport utility vehicles, which were typically used by wardens and wildlife management, forestry, and parks staff. Overall, we were told that the primary justification for purchasing a sport utility vehicle is off-road use. However, other considerations include towing capacity, security and weather protection for transported equipment, and passenger room.

Table 6

**Sport Utility Vehicles Owned or Leased from DOA<sup>1</sup>**  
As of December 31

Agency	2000	2004	Percentage Change
DOT	169	136	(19.5)%
DNR	140	134	(4.3)
UW-Madison	43	43	0.0
Corrections	43	24	(44.2)
Justice	17	14	(17.6)
Other <sup>2</sup>	41	35	(14.6)
<b>Total</b>	<b>453</b>	<b>386</b>	<b>(14.8)</b>

<sup>1</sup> Includes sport utility vehicles used for law enforcement activities.

<sup>2</sup> Agencies operating ten or fewer sport utility vehicles.

***The State owned  
386 sport utility  
vehicles as of  
December 31, 2004.***

Overall, the number of sport utility vehicles owned by the State decreased from 453 in 2000 to 386 in 2004, or by 14.8 percent. Of the 386 sport utility vehicles owned, 101 were Chevrolet Suburbans and 14 were Ford Excursions, full-size models that are more costly to purchase and operate.

## Vehicle Assignments

***Before 2004, vehicle  
assignments were based  
primarily on miles  
driven.***

Before 2004, DOA policy specified that fleet vehicles were to be assigned in one of two ways, without regard to whether they were owned by an agency or leased from DOA. Vehicles could be personally assigned to individual state employees, or they were pool vehicles available to groups of employees as part of an agency pool or the DOA central fleet pool. Under this earlier policy, designation of a personally assigned vehicle could be justified if an employee traveled 16,000 or more miles per year, or fewer miles if a special use was justified by the agency and approved by DOA staff. Similarly, designation as a pool vehicle was maintained if the vehicle was driven at least 16,000 miles per year, or with the recommendation of an agency head and written approval by DOA's Secretary.

***Agency monitoring of  
vehicle assignments has  
been inconsistent.***

These mileage thresholds were based on DOA's calculation of the point at which it is more cost-effective for the State to purchase and maintain a vehicle than to reimburse an employee for the use of a

private vehicle. DOA policy required agencies to monitor vehicle assignments and make changes as appropriate, and s. 16.04(3), Wis. Stats., required DOA to periodically audit agencies' use of vehicles. However, we found that the policy was not consistently followed, and DOA did not conduct periodic audits as required.

In 2004, DOA clarified its policy, which now specifies that vehicles are to be assigned to one of three categories:

- work-shared vehicles, designated for use by a work unit within a single agency;
- personally assigned vehicles, designated for the sole use of an individual for whom regular travel is an essential job requirement, or for special uses such as marked and unmarked police and fire vehicles; and
- motor pool vehicles, designated for general use and typically available to employees of multiple agencies.

***Personally assigned fleet vehicles generally need to be driven 16,000 miles annually.***

Under DOA's revised policies, each agency or campus can propose how to assign the vehicles it operates, based on its own particular business needs, but assignments and assignment changes are to be approved by DOA. In addition, the revised policies—which were finalized during the course of our fieldwork—retain the 16,000 mileage threshold as one criterion for designating a personally assigned vehicle. Other criteria that could justify a personally assigned vehicle include:

- job responsibilities that require an employee to use the vehicle five to seven days per week for official state business;
- special equipment that cannot easily be installed or transported with a personal vehicle, or that would make another state vehicle unsuitable for shared use;
- an agency location that is not near a motor pool and does not have access to a work-shared vehicle for employees who must travel on state business; or
- job responsibilities that require an employee to be “on-call” 24 hours per day.

Under DOA’s revised policies, work-shared vehicles should be driven at least 13,000 miles annually or reassigned. The assignment of pool vehicles is subject to DOA’s annual review of the point at which it is more cost-effective to purchase and maintain a vehicle than to reimburse an employee for the use of a private vehicle. Because less-stringent monitoring requirements apply to work-shared vehicles than to personally assigned vehicles, an incentive exists for agencies to assign vehicles as work-shared even if they will be used primarily by one individual. DOA could consider measures to minimize this concern, such as monitoring the percentage of total mileage driven by particular individuals.

***In December 2004, 16.9 percent of fleet vehicles were personally assigned to individuals.***

As shown in Table 7, DOA reported that three-quarters of fleet vehicles were assigned as work-shared vehicles as of December 31, 2004. An additional 16.9 percent of the fleet was personally assigned to individual state employees.

Table 7

**Vehicle Assignments**  
As of December 31, 2004

Category	Number of Vehicles	Percentage of Total
Work-Shared	5,001	75.0%
Personally Assigned <sup>1</sup>	1,128	16.9
Motor Pool	363	5.4
Awaiting Assignment or Sale	177	2.7
<b>Total</b>	<b>6,669</b>	<b>100.0%</b>

<sup>1</sup> Includes vehicles designated for special use, such as State Patrol sedans.

**Personally Assigned Vehicles**

Many concerns have been raised about state employee use of personally assigned vehicles. For example, when reports of inappropriate use were raised in 2004, DOA was unable to readily report the number or the types of personally assigned vehicles. In addition, it was unclear how vehicle assignments were made and whether individuals with personally assigned vehicles were appropriately reimbursing the State for personal use of these vehicles, including commuting.



The 1,128 vehicles personally assigned to individual state employees as of December 31, 2004, represent a 19.0 percent reduction from the 1,392 vehicles that agencies reported as personally assigned in a March 2004 survey by DOA. There are two primary explanations for the decline in the number of personally assigned vehicles. First, many agencies did not follow DOA's earlier vehicle assignment policies. For example, some agencies reported mistakenly designating vehicles as personally assigned—rather than work-shared—because an individual within a particular group of employees had responsibility for scheduling use of the vehicle.

***UW System chancellors are no longer eligible to receive a fleet vehicle, but they receive a \$700 monthly vehicle allowance, plus mileage.***

Second, in addition to correcting mistaken assignments, some agencies have changed vehicle assignments since the DOA survey was completed. For example, 15 UW System chancellors had been eligible to receive personally assigned state vehicles. However, in August 2004, UW System reassigned the vehicles that had been personally assigned to chancellors and instead gave chancellors a vehicle allowance of \$700 per month, along with the authority to claim reimbursement for their business mileage at the same rate as other state employees. This action was taken without Board of Regents approval, which UW officials indicated was not required.

### **Motor Pool Utilization**

***Concerns have been raised about the number of vehicles assigned to the State's motor pools.***

We also analyzed motor pool utilization rates, given concerns about whether an appropriate number of vehicles is assigned to the pools. Of the 363 vehicles assigned to motor pools as of December 31, 2004:

- 231 vehicles were available through the DOA motor pool, primarily at its Dickinson Street facility in Madison;
- 87 vehicles were available at the UW-Madison campus; and
- 45 vehicles were available from DOT, primarily at its Hill Farms office building in Madison.

***Utilization rates for pool vehicles varied, but they were generally lower than might be expected.***

Pool vehicle utilization rates reported by the three agencies varied, but they were generally lower than might be expected. As shown in Table 8, UW-Madison consistently reported the highest utilization rate: on average, 64.1 percent of its motor pool vehicles were being used daily in 2004. DOT's utilization rate varied from 50.7 percent to 62.4 percent, while the utilization rate for DOA's Central Fleet motor pool in Madison—by far the largest of the three pools—has not exceeded 53.5 percent in any year since 2000.

Table 8

**Reported Average Daily Motor Pool Utilization<sup>1</sup>**

	2000	2001	2002	2003	2004
UW-Madison	60.4%	64.4%	61.7%	57.4%	64.1%
DOT	–	60.0	50.7	57.6	62.4
DOA	52.3	53.5	50.1	49.4	49.9

<sup>1</sup> Assumes vehicles were available 365 days per year.

In an August 2000 report, a consultant under contract with DOA to analyze the State's fleet management suggested the size of each of the three agencies' motor pools could be reduced by approximately 10 percent. Since 2000, the average size of DOA's motor pool decreased by approximately 20 percent, and DOT's decreased by approximately 15 percent. However, the average size of UW-Madison's motor pool increased by more than 20 percent because vehicles that are underutilized by academic departments are periodically transferred to its pool.

It is unclear whether additional reductions in motor pools are possible. We found little evidence that a systematic evaluation has been done. DOA and DOT fleet managers reported that their agencies use informal measurements of fleet utilization, such as visually inspecting motor pool parking areas and monitoring the number of nonavailability slips issued. UW-Madison's fleet manager has a more sophisticated system and monitors pool fleet activity through computer-generated graphs updated daily to track reserved and idle vehicles.

Although clear industry standards do not exist, fleet managers could determine what goals have been set in other states. For example, Ohio's Department of Administrative Services reviews utilization data annually, and Utah's central motor pool manager has established a benchmark utilization rate of 80.0 percent on business days.

Because Wisconsin's motor pools represent a considerable investment, and given the goal of reducing the overall size of the vehicle fleet, we believe state agencies operating motor pools need to better monitor utilization. Section 16.04(3), Wis. Stats., requires agencies to conduct a review of all vehicles to determine whether

usage criteria are being met. DOA's 2004 policy revisions require agencies to submit these vehicle usage reports to DOA annually, along with vehicle purchase requests. DOA could expand its use of these reports to include:

- the number and type of vehicles in the three motor pools;
- the number of nonavailability slips issued; and
- the percentage, number, and types of vehicles utilized on a daily and annual basis.

***Motor pool utilization data should be monitored so that DOA can better assess need.***

Whether established performance measures emphasize a target utilization rate or the level of demand to be met, utilization data can assist fleet managers in assessing the number of motor pool vehicles needed.

#### Recommendation

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*We recommend the Department of Administration, Department of Transportation, and University of Wisconsin-Madison create pool utilization standards and report to the Joint Legislative Audit Committee by September 30, 2005, on whether the size of the motor pools can be reduced.*

■ ■ ■ ■



## Vehicle Acquisition, Maintenance, and Sales ■

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Improvements could be made to the process by which DOA acquires fleet vehicles and to its management of leasing and rental activities. In addition, DOA should assess the cost-effectiveness of using a statewide maintenance management vendor, and all state agencies should be required to monitor their vehicle maintenance costs. Finally, although the Governor's fleet reduction initiative generated gross revenue of \$3.5 million, it is unclear how much of this revenue will be available for deficit reduction.

### Vehicle Acquisition

***DOA has responsibility for managing the vehicle procurement process for all state agencies.***

The purchase of fleet vehicles is initiated at the request of agencies, but purchases must be approved by the Governor and DOA, which manages the vehicle procurement process for all state agencies under s. 16.71(1), Wis. Stats. To meet their short-term vehicle needs, agencies can either request DOA's approval of vehicle lease agreements with private vendors or rent vehicles under agreements DOA has negotiated with rental agencies.

### Purchases

***To expand its fleet, an agency must demonstrate a need for additional vehicles.***

When an agency purchases a vehicle, it either adds to its fleet or replaces an existing vehicle. To add a vehicle to its fleet, an agency must demonstrate need in one of two ways. First, it can identify a need as a result of increased staffing levels. Second, it can identify a

need if its mission or duties expand as, for example, the duties of the Department of Corrections expand with the opening of a new correctional facility. An agency must also demonstrate that reallocating a vehicle within its fleet is not feasible. For example, if DOT wishes to add a medium-duty truck to its fleet, it must show that it has no other medium-duty trucks available to support this need.

***Vehicles are typically replaced after exceeding mileage thresholds set by DOA.***

To replace a vehicle already in its fleet, an agency must demonstrate that the vehicle is no longer operable—for example, because it has been damaged beyond repair in an accident—or that the vehicle will have been driven a sufficient number of miles to be replaced. For model year 2004 purchases, DOA changed its mileage thresholds:

- law enforcement vehicles, passenger vans, sedans, and station wagons must be driven 85,000 miles before they can be replaced; and
- light-duty trucks and cargo vans must be driven 95,000 miles before they can be replaced.

For model year 2004 purchases, DOA officials increased the thresholds by 10,000 miles, based on a survey of other states and on improved vehicle warranties. However, operating an older fleet may result in higher repair and maintenance costs, higher operating costs, lower vehicle reliability, and lower resale value. At this point, it is too soon to tell if DOA's lengthening of the replacement cycle will have an adverse fiscal effect.

In each year, DOA determines the number of new and replacement vehicles to be purchased. Typically, it issues four separate requests for bids based on vehicle categories: passenger vehicles, law-enforcement vehicles, light-duty trucks, and medium-duty trucks. To assess whether DOA appropriately conducted bids for vehicle purchases, we reviewed the bidding process for model year 2003 and 2004 vehicle purchases.

We found that DOA properly distributed bid announcements to vendors through a vendor list and public notices, and it appropriately approved bids. For example, for model year 2004 law enforcement, light-duty, and medium-duty trucks, DOA approved bids by vendors that met the required vehicle specifications and submitted the lowest bid. In addition, while DOA sometimes approved bids other than the lowest for passenger vehicles in order to comply with federal alternative fuel requirements, it otherwise approved the lowest bids based on life-cycle costs. Appendix 3 lists all vendors with approved bids for model year 2003 and 2004 purchases.

***DOA's life-cycle cost model excludes maintenance costs and is not used when purchasing light-duty trucks.***

Vendors are typically awarded contracts based either on a vehicle's purchase price or the life-cycle cost, which includes maintenance, fuel, and other expenses anticipated over the time it will be owned, as well as the purchase price. Life-cycle cost considerations are intended to help purchasers avoid paying a low initial price but more for a vehicle in the long-term, based on operating and other costs. Other midwestern states, including Illinois, award contracts for passenger vehicles and light-duty trucks based on life-cycle costs. However, DOA currently uses this method only when purchasing passenger vehicles, and not for light-duty trucks. In addition, DOA's method for calculating life-cycle costs is incomplete because it fails to include maintenance expenses for passenger vehicles. DOA officials indicate that inadequate data have prevented maintenance costs from being included in the past. However, some states use third-party sources to obtain maintenance cost data for various vehicle makes and models. Because Wisconsin does not consider maintenance expenses in its purchasing decisions, it may spend more over the life of a vehicle than would have been spent by purchasing an alternative with a somewhat higher initial price but considerably lower maintenance costs.

#### **Recommendation**

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*We recommend the Department of Administration improve and expand its consideration of life-cycle costs by:*

- *assessing bids for light-duty trucks based on life-cycle costs;*
- *including maintenance costs in its life-cycle cost analyses; and*
- *reporting to the Joint Legislative Audit Committee by September 30, 2005, on its progress in considering life-cycle costs as part of the purchasing process.*

***In 2004, 431 vehicles were purchased.***

As shown in Table 9, the number of vehicles purchased during our review period peaked at 1,413 in 2002, then decreased to 117 in 2003, largely as the result of a purchasing freeze. Of the 431 vehicles purchased in 2004, 368 were replacements for vehicles that had reached replacement thresholds, and 63 were new additions to the fleet. Vehicle purchases by all agencies are included as Appendix 4.

Table 9

Vehicles Purchased<sup>1</sup>

Agency	2000	2001	2002	2003	2004	Total
DOA	536	528	732	3	52	1,851
DOT	281	203	224	88	135	931
DNR	178	208	272	16	80	754
Corrections	79	118	54	3	95	349
UW-Madison	60	82	68	5	37	252
Other <sup>2</sup>	67	61	63	2	32	225
<b>Total</b>	<b>1,201</b>	<b>1,200</b>	<b>1,413</b>	<b>117</b>	<b>431</b>	<b>4,362</b>

<sup>1</sup> Based on the model year bid under which purchases were approved. Vehicles purchased from other state agencies are not included.

<sup>2</sup> Agencies that purchased fewer than ten vehicles in 2004.

Several purchasing trends are worthy of note. For example:

- In 2001, Corrections purchased a large number of vehicles in anticipation of correctional facilities opening in Milwaukee, Stanley, and New Lisbon.
- In 2002, DOA purchased more vehicles than in the previous two years because mileage thresholds had been exceeded and the number of vehicles DOA leased to UW-Milwaukee had increased.
- In 2002, DNR purchases increased primarily to support an expansion of the statewide forestry program.
- In 2003 and 2004, DOT purchases primarily replaced State Patrol vehicles that had exceeded recommended mileage thresholds. Purchases of law enforcement vehicles were exempt from a purchasing freeze in place at that time.

***Spending for vehicle purchases was considerably lower in 2003 and 2004 than in previous years.***

As would be expected, annual expenditures for vehicles closely mirrored the number of vehicles purchased. As shown in Table 10, spending for vehicle purchases declined significantly in recent years. Appendix 5 includes individual agencies' expenditures for vehicle purchases from 2000 through 2004.



Table 10

**State Spending for Vehicle Purchases<sup>1</sup>**  
In Millions

Year	Amount	Percentage Change
2000	\$21.7	–
2001	22.8	5.1%
2002	25.5	11.8
2003	3.8	(85.1)
2004	9.5	150.0
<b>Total</b>	<b>\$83.3</b>	–

<sup>1</sup> Based on vehicle base prices, which include standard options such as air-conditioning and anti-lock brakes but typically do not include additional options, such as towing packages or power locks and windows. Does not include amounts paid to purchase vehicles from other agencies.

If concerns persist about the number or types of vehicles purchased, additional oversight may be required to ensure that future vehicle purchases remain within reasonable limits. For example, the Legislature may wish to consider approving the number of vehicles purchased by each agency as part of the biennial budget process, as it did for some agencies in previous biennia.

**Leases from Private Vendors**

***With DOA approval, agencies may lease vehicles from private vendors to fill short-term needs.***

As an alternative to owning and operating fleet vehicles, agencies may lease vehicles from private vendors to fill short-term agency needs that are generally between 30 days and one year. To obtain approval for leases, agencies must show that an internal reallocation of vehicles is not feasible and must demonstrate that leasing a vehicle from DOA would not be cost-effective. According to DOA officials, agencies may lease vehicles from private vendors when:

- agency funds are not available to purchase a vehicle;
- federal grant requirements prohibit a vehicle purchase but allow a lease; or
- the time a vehicle is needed is too brief to justify a purchase.

Currently, DOA negotiates agreements with four private leasing companies under which vehicle leases are available to all state agencies. DOA believes that because of volume pricing, these lease terms are more favorable than what would be available if agencies negotiated independently. Agencies are instructed to select a lease agreement based on the best overall rate, which considers vehicle availability, monthly lease rate, and maintenance and insurance rates. The current agreements were established in May 2004.

As shown in Table 11, monthly lease rates vary depending on the vendor, vehicle type, number of miles driven, and lease duration. In recent years, DOA has taken steps to more closely monitor agency leasing activity by, for example, tracking leasing activity each month through its vendors, an activity it began in December 2002. In addition, since January 2003, DOA has required agencies to obtain its written approval before entering into lease agreements.

Table 11

**Monthly Vehicle Lease Rates<sup>1</sup>**

	Minivan	Compact Sedan	Standard Sedan
Acme Auto Leasing	\$495	\$455	\$635
Mayfair Leasing	478	608	591
Neuville Motors	475	375	425
Mayfair Rent-A-Car <sup>2</sup>	–	–	–

<sup>1</sup> Assumes a one-year lease agreement and accrued mileage of 15,000 miles or less.

<sup>2</sup> Vendor does not offer a comparable lease agreement.

***DOA reported that six agencies leased a combined total of 23 vehicles in 2004.***

When compared to the number of vehicles the State purchases each year, the number of vehicles it leases is relatively small and, as shown in Table 12, it has fluctuated considerably since 2000. Six agencies leased a total of 23 vehicles in 2004.

Table 12

Vehicles Leased from Private Vendors

Year	Number of Vehicles Leased
2000	10
2001	36
2002	17
2003	11
2004	23

To assess the adequacy of DOA’s efforts to monitor leasing activity, we contacted 15 agencies and UW campuses and requested copies of lease agreements from July 1999 through June 2004. While we found that agencies generally complied with DOA’s policies, we noted exceptions. For example, in January 2004, UW-Milwaukee entered into leases for five passenger vans without the required prior DOA approval. The leases required UW-Milwaukee to pay \$830 per vehicle each month. Had campus officials used one of DOA’s pre-negotiated lease agreements, they would have saved at least \$300 per vehicle each month.

***Monitoring efforts could be improved to ensure fleet reductions are not offset by increased leasing activity.***

Although DOA contacts each of its leasing vendors each month to determine whether agencies approached them about leasing a vehicle without DOA approval, it currently has no way to readily determine whether agencies are choosing to use other vendors. If agencies do not use the State’s pre-negotiated agreements, they may be paying higher lease rates than necessary. In addition, many agencies have reported increased interest in leasing vehicles as a result of mandatory reductions in purchases and fleet size. If agencies simply lease rather than purchase vehicles, potential savings from fleet reduction efforts could be reduced. As noted, DOA’s 2004 policy revisions require agencies to submit vehicle usage reports to DOA annually with vehicle purchase requests. DOA could expand its use of these reports to better monitor vehicle leasing.

**☑ Recommendation**

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*We recommend the Department of Administration require each state agency's annual vehicle usage report to include the number of vehicles leased from private vendors, and associated costs.*

**Vehicle Rentals**

***Agencies may rent vehicles for 29 days or less without DOA approval.***

In addition to leasing vehicles, agencies may rent them from private vendors for 29 days or less without DOA approval. The DOA Office of State Employment Relations publishes general travel policies for state employees, which provide that employees can use rental vehicles only when doing so is most cost effective or when “the efficient conduct of state business precludes the use of other means of transportation.”

DOA policy provides that contracted vehicle rental vendors must be used unless the vendor is unable to provide a vehicle as needed, or a noncontract vendor's rates—including a collision damage waiver and liability insurance, which are included by contract vendors—are less expensive. In July 2004, DOA entered into a new one-year contract with Enterprise Rent-A-Car for in-state vehicle rentals, which covers all state agencies including UW-System. DOA's May 2004 request for bids—provisions of which were incorporated into the Enterprise contract—specified that the vendor must provide three quarterly reports:

- a rental summary that documents, by vendor location, the number of rentals, total charges, total miles driven, form of payment, and—when a vehicle is signed out at one location but returned to another—the number of occurrences, additional charges, and pick-up and drop-off locations;
- a vehicle report that documents rentals by vehicle class, average number of rental days, total charges, average daily miles, total miles driven, and average rental cost; and
- a minority business report that identifies suppliers of goods and services to the vendor that are minority businesses certified by the State.

**Estimated vehicle rental costs increased 7.7 percent from 2003 to 2004.**

As shown in Table 13, based on rental summaries from DOA’s vehicle rental vendor, an estimated \$327,000 was spent for vehicle rentals in 2004, a 7.7 percent increase over 2003.

Table 13

**Vehicle Rental Costs Under the State Contract<sup>1</sup>**

Year	Amount	Percentage Change
2000	\$323,000	–
2001	278,000	(13.9%)
2002	267,700	(3.7)
2003	303,600	13.4
2004	327,000	7.7

<sup>1</sup> Reflects all activity under the State’s contract, including vehicles rented by local governments.

**The reports provided by DOA’s vendor are inadequate.**

However, the vendor’s rental summary reports have been inadequate and have not accurately reflected the State’s vehicle rental activity because they do not differentiate between vehicles rented by state agencies and those rented by local governments using the State’s contract. Further, the reports do not allow DOA to track rental activity by agency or driver. Finally, because payment for vehicle rentals may be made with a state purchasing card or with the renter’s personal credit card—which are accounted for separately—vehicle rental costs cannot be tracked using the State’s accounting system. Therefore, for DOA to effectively monitor in-state vehicle rental costs, it is important that the vendor provide complete and accurate reports, as stipulated in the contract.

**DOA needs to better monitor rental activity.**

To better monitor rental activity, and to effectively assess whether agencies rent vehicles to circumvent fleet reductions efforts, it is important that DOA closely monitor rental activity and consider its costs when estimating potential savings from fleet reduction initiatives.

**☑ Recommendation**

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*We recommend the Department of Administration improve its management of vehicle rentals by:*

- *requiring its in-state vehicle rental vendor to adhere to reporting requirements;*
- *ensuring all data necessary for monitoring are included in the reports; and*
- *considering both the number of vehicles rented by each agency and associated rental costs in conjunction with its review of agencies' annual vehicle usage reports.*

## **Maintenance**

Maintaining the State's vehicle fleet requires access to a wide range of services, from providing preventive maintenance to engine replacements and other extensive repairs. Agencies that own vehicles can use state employees to perform some or all vehicle maintenance, or they can use external vendors. Three of the four agencies with the largest vehicle fleets—DOA, DOT, and UW-Madison—sometimes use agency staff to perform high-volume, routine maintenance, such as oil changes or brake replacements, on vehicles they own. However, these three agencies also use external vendors for maintenance, including when vehicles require more extensive repairs. DNR staff perform maintenance on heavy equipment, such as vehicles used in forest fire control, but use external vendors for routine maintenance.

***An estimated 21.0 FTE staff performed maintenance on fleet vehicles as of December 31, 2004.***

As shown in Table 14, the four agencies with the largest vehicle fleets estimated that 21.0 FTE staff were assigned to vehicle maintenance as of December 31, 2004. Although most state agencies do not have staff assigned to maintaining fleet vehicles full-time, many reported that other staff—such as building maintenance workers—occasionally perform maintenance on fleet vehicles. Because most vehicle maintenance provided by agency staff is not related to primary job functions, determining a precise amount of time spent on vehicle fleet maintenance was difficult.

Table 14

**Estimated FTE Vehicle Maintenance Staff**  
As of December 31, 2004

Agency	FTE Staff
DNR	9.0
UW-Madison	7.0
DOA	4.0
DOT	1.0
<b>Total</b>	<b>21.0</b>

Maintenance services purchased from vendors are subject to bidding procedures specified in statute, administrative code, and DOA's purchasing policies and procedures. The State's procurement manual requires that contracted services greater than \$5,000 be obtained through a competitive bidding process. In 2001, DOA developed a statewide list of approved maintenance vendors that could service most fleet vehicles; as of December 2004, 429 vendors throughout Wisconsin made standard maintenance or labor available to state agencies at predetermined rates. DOA fleet policy requires that agencies using private vendors for maintenance select them from the list of approved vendors.

Concerns were raised in 2003 about vehicle maintenance practices at DNR. An internal audit completed by DNR staff in July 2003 concluded procurement policies had been violated when fleet staff split some maintenance vendor invoices so that charges were less than \$5,000 and the required bidding process could be avoided. In response to the audit, DNR began in September 2003 to require that staff obtain at least two telephone bids for any maintenance or repair service estimated to cost between \$3,000 and \$5,000. This requirement is more stringent than those specified in the State's procurement manual, statutes, or administrative code.

**Maintenance Management**

Maintenance management requires agencies that own vehicles to coordinate services with vendors. Maintenance management activities include:

- assisting state employees who encounter problems while using a fleet vehicle or when vehicle emergencies and accidents occur;
- scheduling preventive and routine vehicle maintenance;
- managing nonroutine and emergency maintenance, including vehicle accidents;
- processing invoices and making payments to vendors that provide maintenance services;
- obtaining refunds from vendors for warranty work, overcharges, or work determined to be unnecessary; and
- tracking costs and other maintenance data.

***DOA, DOT, and DNR contract with private vendors to manage vehicle maintenance activities.***

Maintenance management practices vary by agency. While most agencies manage it internally, DOA, DOT, and DNR contract with a private vendor for maintenance management. In February 1997, DOT became the first agency to do so: its current maintenance management contract provides for centralized billing and allows DOT staff to use their time to address other fleet issues.

An August 2000 report by a consultant concluded that of the agencies owning the largest fleets, DOT managed its fleet most cost-effectively and that DOT's use of a maintenance management vendor factored into its success. The consultant recommended that agencies maintaining large vehicle fleets consider contracting with a vendor to manage their maintenance.

During the course of this audit, we could not quantify cost savings from the use of maintenance management vendors. There has been no reduction in the number of FTE fleet staff at those agencies using a vendor. In addition, agencies have not performed any independent analyses to determine their savings.

We requested cost-benefit analyses from each of the agencies contracting with maintenance management vendors, but none were provided. However, in October 2001, based on a consultant's recommendation, DOA entered into a contract with a maintenance management vendor that includes nearly all vehicles owned by DOA, including those leased to other agencies. And in early 2003, DOA awarded statewide contracts to three maintenance management vendors. The contracts, which will expire at the end of December 2005, allow each participating agency to choose the vendor that best meets its needs. DOA and DOT have used the same maintenance management vendor since August 2004. DNR began using this vendor in December 2004.



**Agencies paid maintenance management vendors \$3.7 million in 2004.**

As shown in Table 15, the State’s total payments to maintenance management vendors increased from \$1.5 million in 2000 to \$3.6 million in 2002. The increase resulted primarily from DOA beginning to contract for maintenance management in October 2001. In the following year, payments to maintenance management vendors decreased 11.1 percent to \$3.2 million, primarily because of reductions in DOA and DOT vehicle inventories. The overall increase in 2004 can be attributed primarily to increased costs for maintenance services.

Table 15

**Payments to Maintenance Management Vendors**

Year	Maintenance Services <sup>1</sup>	Vendor Fees	Total
2000	\$ 1,467,100	\$ 75,300	\$ 1,542,400
2001	1,699,800	103,200	1,803,000
2002	3,322,200	272,600	3,594,800
2003	2,991,600	225,400	3,217,000
2004	3,517,400	210,300	3,727,700
<b>Total</b>	<b>\$12,998,100</b>	<b>\$886,800</b>	<b>\$13,884,900</b>

<sup>1</sup> Payments for parts and labor made to maintenance vendors on behalf of the State.

We reviewed fleet maintenance practices in other midwestern states and found that only Michigan uses a statewide maintenance management vendor. However, Michigan uses primarily leased vehicles, and its lease management agent coordinates maintenance services. In contrast, fleet managers in Iowa and Illinois negotiate discounted maintenance pricing with hundreds of vendors statewide, and Iowa maintains a vendor list that is available on the Internet and includes price information.

DOA intends to consider agency experiences with different maintenance management vendors as it prepares a request for bids for its first statewide maintenance management vendor in 2006. However, DOA has yet to develop criteria for assessing the performance of maintenance management vendors, as it had planned. Evaluating vendor performance will be important in formulating a request for bids that results in the State receiving favorable rates for routine maintenance services.

**☑ Recommendation**

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*We recommend the Department of Administration assess the cost-effectiveness of using a maintenance management vendor before requesting bids for a statewide contract in 2006.*

**Monitoring Costs**

***Available information is insufficient for complete analysis of vehicle maintenance expenditures.***

Agencies should monitor maintenance data, including expenditures, to efficiently manage the State's vehicle fleet and control costs. However, the State's accounting system has limitations that make it difficult to readily analyze the cost of maintaining the State's vehicle fleet. First, the accounting system combines expenditures for vehicle maintenance and the maintenance of snowmobiles, all-terrain vehicles, heavy equipment, and other types of motorized equipment. Therefore, vehicle maintenance costs cannot be readily isolated and analyzed. Second, personnel costs for vehicle maintenance staff are not included in these expenditures, so the full cost of vehicle maintenance cannot be readily determined.

***DOA's average monthly maintenance costs per vehicle increased 46.2 percent from 2003 to 2004.***

Although the lack of specific cost information in the State's accounting system makes it difficult to readily determine maintenance costs and trends on a fleet-wide basis, the agencies contracting with the maintenance management vendor are tracking maintenance costs for vehicles they own. For example, DOA's vendor provides semiannual reports that include maintenance trends for all DOA vehicles. We reviewed these reports and found that DOA's average maintenance costs per vehicle increased from \$38.18 per month in 2003 to \$55.83 per month in 2004, or by 46.2 percent. The vendor concluded that vehicle age factored into increasing maintenance costs, noting that the proportion of DOA vehicles owned for more than 48 months increased from 36.9 percent to 42.4 percent during the same period. As the State's fleet continues to age, it can be expected that maintenance costs will continue to increase.

***All agencies should monitor vehicle maintenance costs.***

In an August 2000 report, a DOA consultant recommended that state agencies improve fleet management by better tracking costs, including amounts spent for vehicle maintenance. While agencies with a maintenance management vendor have monitored maintenance costs, other agencies have not tracked these costs effectively. For DOA to readily determine fleet-wide maintenance costs and assess the cost-effectiveness of various approaches to vehicle maintenance, all agencies should monitor vehicle maintenance costs.

Recommendation

*We recommend the Department of Administration require agencies not already monitoring vehicle maintenance costs to begin doing so by September 30, 2005.*

**Vehicle Sales**

***Most surplus fleet vehicles have been sold through public auctions.***

When a vehicle is no longer needed to fulfill an agency’s mission or when it requires replacement, the agency may dispose of the vehicle through public auction; sell it to another state agency, municipality, or nonprofit organization; or salvage it. Since 2000, most surplus fleet vehicles have been sold through public auctions held several times each year in Arlington and at other sites throughout Wisconsin.

***DOA has consistently sold the most vehicles.***

As noted, vehicles generally must have surpassed mileage standards in order to be sold. As shown in Table 16, the agencies owning the largest inventories sold the most vehicles from 2000 through 2004, and DOA consistently sold the most vehicles. However, despite fleet reduction efforts, the number of vehicles sold in 2003 and 2004 was considerably less than in previous years because agencies had fewer vehicles to sell as DOA’s approval of replacement vehicles declined. Vehicle sales for all agencies are shown in Appendix 6.

Table 16

**Vehicles Sold<sup>1</sup>**

Agency	2000	2001	2002	2003	2004
DOA	578	369	674	172	312
DOT	293	212	278	170	189
UW-Madison	67	117	110	74	112
DNR	190	182	238	45	111
Corrections	57	63	82	36	96
Other <sup>2</sup>	104	75	135	53	97
<b>Total</b>	<b>1,289</b>	<b>1,018</b>	<b>1,517</b>	<b>550</b>	<b>917</b>

<sup>1</sup> Sales include vehicles that were auctioned, salvaged, or sold to local governments or nonprofit agencies, but not vehicles sold to other state agencies.

<sup>2</sup> Agencies that sold fewer than 20 vehicles in 2004.

**Vehicle Sales Revenue**

***Vehicle sales revenue totaled \$3.0 million in 2004.***

Gross revenue for all vehicles sold fluctuated considerably from 2000 through 2004. As shown in Table 17, vehicle sales generated a high of \$5.7 million in 2002 and a low of \$1.9 million in 2003. Revenue from vehicle sales totaled \$3.0 million in 2004. Sales revenue is typically used to cover administrative costs related to the sales, to repay remaining debt, or to purchase replacement vehicles. Gross vehicle sales revenue by agency is shown in Appendix 7.

Table 17

**Gross Vehicle Sales Revenue<sup>1</sup>**  
In Millions

	Revenue	Percentage Change
2000	\$5.4	–
2001	3.8	(29.6%)
2002	5.7	50.0
2003	1.9	(66.7)
2004 <sup>2</sup>	3.0	57.9

<sup>1</sup> Revenue from vehicles that were auctioned, salvaged, or sold to local governments or nonprofit agencies, but not vehicles sold to other state agencies.

<sup>2</sup> Includes but not limited to sales under vehicle reduction initiative.

***DOA retains 15.0 percent of auction sales revenue, including the auctioneer’s fee.***

DOA is responsible for contracting with an auctioneer and scheduling public auctions. DOA retains a portion of the sales price of each auctioned vehicle to offset its costs for staff who supervise the auctions, on-site mechanics, auction security, and the auctioneer’s fee. Since July 2004, DOA has retained 15.0 percent of vehicle sales revenue, including 3.47 percent it pays to the auctioneer. In addition, the auctioneer is paid for transporting vehicles to auction and may earn performance incentives—paid from the amount DOA retains—for selling vehicles faster than anticipated or for more than their estimated market value.

***In 2004, DOA retained \$316,100 and paid \$113,900 to the auctioneer.***

In 2004, \$2.9 million of the State’s \$3.0 million in gross revenue from all vehicles auctioned, salvaged, or sold to municipalities or nonprofit agencies was generated through seven vehicle auctions. As shown in Table 18, agencies received approximately \$2.4 million, while DOA retained \$316,100 and paid the auctioneer \$113,900.

Table 18

**2004 Vehicle Auction Revenue**

	Amount
Gross Revenue to Agencies	\$2,436,700
DOA Fees	316,100
Auctioneer Fees <sup>1</sup>	113,900
<b>Total</b>	<b>\$2,866,700</b>

<sup>1</sup> Includes \$11,200 for transporting vehicles to auction and \$3,200 in incentives.

**2004 Vehicle Reduction Initiative**

***In 2004, the Governor announced plans to reduce the fleet by at least 1,000 vehicles.***

In June 2004, the Governor announced plans to reduce the size of the State’s vehicle fleet by at least 1,000 vehicles. As of March 31, 2004, DOA and other state agencies identified and sold 958 vehicles from 20 agencies to accomplish the fleet reduction. As shown in Table 19, 583 of the 958 vehicles sold, or 60.9 percent, were operated by UW System, DNR, and DOT.

Table 19

**Vehicles Sold as Part of the Reduction Initiative**

Agency	Total
UW System <sup>1</sup>	227
DNR	215
DOT	141
Health and Family Services	92
Corrections	89
DOA	72
Ag, Trade and Consumer Protection	35
Public Instruction	21
Commerce	17
Revenue	15
Workforce Development	9
Veterans Affairs	9
Justice	6
Public Defender	3
Military Affairs	2
Employment Relations Commission	1
Wisconsin Historical Society	1
Educational Communications Board	1
State Fair Park	1
Regulation and Licensing	1
<b>Total</b>	<b>958</b>

<sup>1</sup> All two-year and four-year campuses, UW System Administration, and UW Extension.

A two-step process was used to achieve the desired fleet reduction. First, DOA identified vehicles not meeting mileage utilization standards. However, agencies reported that many of the vehicles DOA identified had special uses and could not reasonably be eliminated. For example, a UW-Madison vehicle identified for reduction based on low annual mileage was specially equipped for transporting perishable medical materials on campus. As a result, although the number of vehicles to be reduced from each agency did not change, agencies were permitted to identify the vehicles within their fleets that would be eliminated.

Second, DOA required certain agencies to identify an additional 7.0 percent of their remaining fleet for reduction. These subsequent cuts were not based on utilization standards or on an assessment of cost-effectiveness. Instead, they were part of an across-the-board reduction to help meet the targeted sale.

The 958 vehicles sold included:

- 662 sedans and station wagons;
- 158 cargo or passenger vans;
- 55 sport utility vehicles;
- 50 pick-up trucks;
- 32 large trucks; and
- 1 bus.

***Agencies are required to deposit net revenue from the sale of reduction vehicles into the Budget Stabilization Fund.***

2003 Wisconsin Act 33 requires agencies to deposit revenue from the sale of surplus state property, including vehicles, into the Budget Stabilization Fund, which was created in 1986 to provide stability when actual state revenue is less than anticipated. Because the vehicles eliminated as part of the Governor’s 2004 vehicle reduction will not be replaced, net revenue from the sale of these vehicles is required to be deposited into the Budget Stabilization Fund. However, agencies are permitted to make several deductions—in addition to DOA’s fees for public auctions—from gross vehicle sales revenue before it is deposited into the Budget Stabilization Fund, such as:

- repayment of debt;
- salary costs of those involved in surplus activities;
- storage, transportation, and preparation expenses; and
- legal and insurance expenses.

***Agencies predict that little revenue from the vehicle reduction initiative will be available for the Fund after deductions.***

Following completion of the reduction initiative, the State’s fleet was estimated to include 6,273 vehicles. However, as of March 31, 2005, none of the \$3.5 million in gross revenue generated from the sale of reduction vehicles had been deposited into the Budget Stabilization Fund, and some agency officials have predicted that after allowable deductions have been made, little of the revenue may be available for deposit. For example, 37 DOT vehicles that were sold in November

and December 2004 as part of the reduction generated \$267,700 in gross revenue, but DOT estimated that after deducting eligible costs, it would deposit nothing into the Fund and would still have outstanding debt of \$110,600 on those vehicles. UW-Madison officials reported similar concerns.

**☑ Recommendation**

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*We recommend the Department of Administration report the amount deposited to the Budget Stabilization Fund to the Joint Legislative Audit Committee by September 30, 2005.*

It should be noted that fleet reduction efforts and sharp decreases in vehicle purchases could have long-term effects. For example, agency officials and anecdotal evidence suggest a potential for considerable increases in vehicle leasing and rental activity, which could be costlier than vehicle ownership in the long term. In addition, because of reduced vehicle purchases in 2003 and 2004, agency officials anticipate a greater need for replacement vehicles in the future as vehicles surpass age and mileage replacement criteria. In November 2004, DOT estimated that approximately 170 of its law enforcement vehicles had been driven at least 80,000 miles and were in need of replacement.

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## Vehicle Use ■

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DOA establishes driver eligibility criteria for fleet vehicles and also specifies permitted uses of these vehicles. However, several state agencies do not comply with DOA's policies for determining driver eligibility. In addition, DOA's policies that limit drivers' personal use of fleet vehicles were clarified in 2004, but no system exists to properly monitor and follow up on complaints from state employees and the public about inappropriate vehicle use. We also noted that DOA has not adequately monitored the appropriateness of payments made by individuals to the State for personal use of fleet vehicles.

### **Driver Eligibility**

Between June 1996 and June 2004, DOA fleet policies provided that state employees and authorized agents of the State—such as students in the UW System and other individuals approved by risk management staff—were eligible to drive fleet vehicles. Each driver of a fleet vehicle was required to have a valid driver's license, two years of driving experience, and an acceptable driving record. However, acceptability was not defined until 2001, when DOA's Bureau of State Risk Management established three specific criteria that disqualified individuals from operating fleet vehicles: a citation for operating while intoxicated or driving under the influence in the previous year; three or more moving violations or at-fault accidents in the previous two years; or a suspended or revoked driver's license.

***In 2004, DOA revised its driver eligibility standards.***

In 2004, DOA's policy was further revised so that currently, to be eligible to drive a fleet vehicle, an individual must be a state employee, a student in the UW System, or an authorized agent of the State. In addition, to effectively manage the State's insurance risk, DOA requires all agencies to enforce and monitor minimum driving standards that require each driver of a fleet vehicle to:

- be at least 18 years-old;
- have a valid drivers license;
- have at least two years of driving experience; and
- meet the risk management standards established in 2001.

Driver standards in other midwestern states are generally similar to Wisconsin's, although some states' standards are more stringent. For example, Iowa requires employees who receive three moving violations within a three-year period, even if driving a personal vehicle for nonbusiness purposes, to attend a defensive driving course.

***Several UW System campuses have developed more stringent driver eligibility standards than DOA's.***

Because DOA's standards are minimums, agencies may apply more stringent standards if desired. For example, UW System does not allow individuals to drive fleet vehicles for one year after a revoked license is reinstated. In addition, UW-Madison revokes driving privileges after two moving violations, rather than the three permitted under DOA's minimum driving standards, and five UW campuses base driver eligibility partly on Wisconsin's point system, under which driving privileges are suspended if an individual accumulates 12 demerit points in one calendar year: three of the campuses do not allow individuals to drive a fleet vehicle if they have accumulated six demerit points in the previous two years, while two campuses suspend driver eligibility if six demerit points are accumulated in three years.

***Corrections allows individuals to drive fleet vehicles until convicted of a fourth alcohol-related driving offense.***

While UW System has implemented stricter standards, at least one agency does not apply DOA's minimum driving standards, and DOA has not enforced them. Since August 2001, the Department of Corrections has required only that an individual have a valid driver's license, including an occupational license for an individual whose regular license has been suspended or revoked. In addition, Corrections policy allows an individual to drive a fleet vehicle until convicted of a fourth alcohol-related driving offense, after which employment may be terminated. Corrections officials expressed concern about the Department's ability to fully meet its employment needs if DOA's minimum driving standards are applied.

In August 2004, the Wisconsin State Employees Union filed a complaint with the Wisconsin Employment Relations Commission alleging that DOA's revision of its fleet policies without union input constituted an unfair labor practice. Specifically, the union was concerned with how DOA's 2001 changes to the minimum driving standards—which were generally not enforced until 2004—affected Corrections. In January 2005, DOA and the union reached an agreement under which DOA agreed that Corrections would continue to require only a valid driver's license, including an occupational license, for all union members—which includes most Corrections employees—and Corrections agreed that it would discuss with the union the need to continue the policy.

To enforce the minimum driving standards, DOA or employing agencies must monitor driving records. Before 2004, agencies were required to have drivers complete a Vehicle Use Agreement each year, indicating they had read and agreed to abide by DOA's fleet policies, would notify a supervisor of driving record changes, and had authorized the State to check their driving records. Agencies were required to forward a copy of the signed agreement to DOA.

However, responsibility for checking driving records was unclear. Current DOA policy provides that the driving records for those who may be expected to drive a fleet vehicle must be checked before they first operate a fleet vehicle and annually thereafter. Several larger agencies and UW System have arrangements with DOT to check driving records. All other agencies forward completed Vehicle Use Agreements to DOA, which is expected to review driving records in cooperation with DOT and then determine driver eligibility. DOA policy provides that signed agreements must be kept on file for annual review, but it does not specify how long the agreements must be maintained.

***DOA's enforcement of the minimum driving standards has been inadequate.***

To determine whether driving records have been appropriately monitored, we reviewed a random sample of 100 records for individuals who drove a fleet vehicle in 2003 or 2004 and who were employed by agencies for which DOA checks driving records. We were able to identify many instances in which driving records had been inadequately reviewed or appropriate action was not taken as a result of the review. For example:

- 39 individuals had not had their driving records reviewed in the previous year, including two who had not had their driving records reviewed since 1996;
- a Department of Health and Family Services employee with a suspended driver's license drove a personally assigned vehicle;

- a Department of Workforce Development employee was permitted to drive a fleet vehicle despite having had a driver's license for only one month; and
- a Department of Veterans Affairs employee drove a personally assigned vehicle without a signed agreement on file and without DOA having checked his driving record.

Agencies that conduct their own reviews also had difficulty checking driving records. For example, many larger agencies that check employee driving records independent of DOA—including UW-Madison and DNR—failed to check records annually. Instead, they reported checking records only when an employee first requests a vehicle, when requested by a supervisor, or after an accident.

Statewide difficulties also exist for determining eligibility when an individual possesses an out-of-state driver's license. The current method allows driving record checks only for individuals with Wisconsin licenses. As a result, agencies have taken various approaches to permitting individuals with out-of-state licenses to drive Wisconsin fleet vehicles.

#### Recommendation

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*We recommend the Department of Administration clarify its policies and procedures for checking the driving records of individuals who drive fleet cars, including:*

- *assigning responsibility for conducting the required checks;*
- *ensuring Vehicle Use Agreements and driving record checks are completed as required; and*
- *adding provisions for verifying the driving records of individuals who hold a valid driver's license from another state.*

***DOT's program to review compliance with minimum driving standards has not been finalized.***

In order to ensure that driving records are reviewed as required, DOT is currently developing an electronic program to check driving records monthly and make a preliminary determination of whether drivers comply with the minimum driving standards. If additional review is required, the information will be provided to the employing agency, which will make a final eligibility determination.

We found that the program has not been fully implemented for several reasons. First, not all agencies have entered driver information from Vehicle Use Agreements into the State's fleet management computer program. Although some larger agencies, such as DOA and DOT, are entering such information regularly, other agencies—such as Corrections, the Department of Health and Family Services, and many UW System campuses—have not entered data.

***DOA has not provided guidance for agencies to interpret minimum driving standards or seek exemptions.***

Second, although the standards were established in 2001, DOA has not provided guidelines for agencies to interpret them. For example, if an individual has an at-fault accident and also receives a citation for a moving violation, it is unclear whether one or two incidents should be counted. Agencies are also uncertain about what types of accidents are considered at-fault. Furthermore, DOA has not issued any guidance on granting exemptions to the guidelines. As a result, agencies that do not currently meet the minimum driving standards—such as Corrections—have not received the necessary exemption from DOA. In addition, agency officials are concerned about the potential for DOA to apply standards inconsistently.

Finally, the State's fleet management computer program contained driver information for thousands of former state employees. The extraneous information made it more difficult to readily determine whether current state employees meet the minimum driving standards.

#### **☑ Recommendation**

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*We recommend the Department of Administration:*

- *ensure all agencies update the driver database by entering current driver information and removing former state employees;*
- *provide guidance to agencies on both the interpretation of its minimum driving standards and exemptions to the standards; and*
- *report its progress to the Joint Legislative Audit Committee by September 30, 2005.*

***A preliminary review showed 424 individuals may not meet minimum driving standards, including 88 with alcohol-related offenses.***

We analyzed DOT's October 2004 preliminary review of the driving records of more than 17,000 state employees. The review indicated that 424 individuals—including 122 Corrections employees—may not have met minimum driving standards, and their records required further review at the agency level. Some individuals may not have met multiple standards. Specifically, the preliminary review indicated:

- 210 individuals had three or more moving violations or at-fault accidents in the previous two years;
- 149 did not have a valid Wisconsin driver's license; and
- 88 had one or more alcohol-related offenses in the previous year.

***For more than 30 years, Corrections has permitted minimum-security inmates to drive fleet vehicles.***

Corrections inmates are one of the largest groups of authorized agents of the State who are permitted to drive fleet vehicles. For more than 30 years, the Department of Corrections has permitted minimum-security inmates to drive fleet vehicles as part of a reintegration program that allows inmates to obtain a driver's license, including driver's education if necessary. Inmates frequently drive vehicles on correctional facility property to plow snow, perform maintenance, make food deliveries, or complete other activities. In addition, minimum-security inmates are permitted to drive fleet vehicles outside of correctional facilities to transport other inmates to work-release placements.

While Corrections could not provide the exact number of inmates who drive fleet vehicles, they estimated that minimum-security inmates transport between 1,100 and 1,350 other inmates daily on Wisconsin's roads. Because Corrections does not have a uniform policy regarding inmate drivers, we reviewed the policies at several correctional facilities. We found them to be both inconsistent and inadequate. For example, although inmates at one facility are required to have valid drivers licenses, their driving records are not reviewed and they are not required to meet DOA's minimum driving standards for state employees and other fleet users. In addition, although the facility requires inmates to sign a form that includes the facility's driving rules, it does not require completion of Vehicle Use Agreements.

We reviewed two other facilities and found that both check inmate driving records and follow DOA's minimum driving standards. However, these facilities' rules do not include most of the basic elements of the State's fleet policies, such as requiring the use of seatbelts; prohibiting reckless driving, smoking, and transportation of hitchhikers; and providing notice that drivers are responsible for all citations.

#### **Recommendation**

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*We recommend the Department of Corrections promulgate uniform policies regarding inmate driving, including:*

- *requiring all correctional facilities to review the driving records of prospective inmate drivers;*
- *permitting only inmates who meet minimum driving standards to drive fleet vehicles; and*
- *establishing rules that, at a minimum, are consistent with the policies required of all other fleet vehicle users.*

## **Personal Use of Fleet Vehicles**

Many concerns have been raised about whether state employees are appropriately reimbursing the State for personal use of fleet vehicles. Federal tax law requires employees either to reimburse employers for personal use of fleet vehicles or to include the value of such use as a taxable benefit. In addition, s. 20.916(7), Wis. Stats., requires employees to reimburse the State for all costs related to personal use of fleet vehicles.

### **DOA Policies**

Before 2004, DOA policies limited drivers' personal use of state vehicles to commuting and incidental stops, such as medical appointments, the homes of those in car pools, and grocery stores. However, these earlier policies were not always clear. For example, a provision that allowed stops at daycare centers—presumably to drop off or pick up a child—was inconsistent with a provision that indicated employees should not use fleet vehicles to transport family members.

***In 2004, DOA clarified its policy on acceptable personal use of fleet vehicles.***

DOA clarified acceptable uses of fleet vehicles in its 2004 fleet policy revisions. The revised definition of acceptable incidental travel specifies travel to meals, automatic teller machines, financial institutions, urgent care, and gas stations. The definition is expanded to include travel to pharmacies, laundromats, fitness centers, and grocery stores when an individual is traveling overnight. In addition, the revised policy provides examples of inappropriate uses of fleet vehicles, such as travel to gaming and sports venues or liquor stores. It does not permit travel with a family member in the car unless specifically authorized to do so or the family member is also on official state business, so stops at daycare centers are generally not permitted.

***Individuals must reimburse the State for personal use of fleet vehicles.***

Individuals with personally assigned vehicles are required to maintain a mileage log detailing both business and personal miles, which are to be submitted to fleet managers or coordinators so that agencies can monitor fleet usage. Generally, with the exception of approved incidental uses, an employee must reimburse the State for personal miles driven in a personally assigned fleet vehicle, including commuting miles. In addition, while there may be rare instances in which a work-shared or motor pool vehicle could be taken home by an employee, the employee is required to reimburse the State for commuting mileage if this occurs more than once per month.

***Under limited circumstances, individuals may be exempt from reimbursing the State for personal mileage.***

Under certain circumstances, federal tax regulations allow state employees to accrue personal miles on a fleet vehicle without payment. First, employees considered to be “on call” 24 hours per day, such as fire and law enforcement officials, are not required to reimburse the State for personal use of their personally assigned vehicles. In 2005, DOA determined that prison wardens and superintendents fall under this classification because they are considered law enforcement professionals who must be available to prison staff at any time and must carry special communications equipment in their vehicles.

Second, if an individual’s residence is established as the employment headquarters, no reimbursement for commuting is required. For example, if a state inspector with a personally assigned vehicle regularly travels from a rural residence to inspection sites, the individual may apply to establish his or her residence as the employment headquarters. If approved, travel to and from the residence is not considered commuting, and the individual is not required to reimburse the State for such trips.

Some have expressed concern about the State’s costs related to employees who commute in fleet vehicles without reimbursing the State for mileage. As a result, we reviewed the commuting distances for Corrections wardens and superintendents and found that staff filling 6 of 23 such positions live more than 50 miles from their primary work sites. Accordingly, the Legislature may wish to consider limiting the State’s costs by establishing a requirement that an employee commuting in a fleet vehicle without reimbursement live within a set distance of his or her primary work site.

## **Reimbursement**

When personal miles are driven in a fleet vehicle, the driver must submit appropriate reimbursement on a monthly basis to the agency



that owns the vehicle. Since July 1, 2001, the rate of reimbursement for personal use of a fleet vehicle has been \$0.325 per mile.

As shown in Table 20, the State's accounting system indicates individuals in 9 of the 26 agencies that owned vehicles in 2004 reimbursed a total of \$134,800 to the State to pay for personal miles driven in fleet vehicles, including \$72,900 from drivers of DOA-owned vehicles that are typically leased to other state agencies. A total of 17 agencies recorded no reimbursements for 2004.

Table 20

## Reimbursements to the State for Personal Use of Fleet Vehicles

Agency	2000	2001	2002	2003	2004
DOA <sup>1</sup>	\$101,100	\$104,000	\$105,400	\$ 95,600	\$ 72,900
DNR	64,300	68,300	74,900	57,700	33,200
DOT	28,200	23,800	28,200	23,000	23,800
UW-Stout	–	–	–	–	1,300
Veterans Affairs	–	–	–	–	1,200
UW-Madison	–	–	–	–	1,200
UW-Green Bay	–	–	–	–	700
UW Colleges	600	1,000	800	400	300
UW-Superior	–	–	–	–	200
<b>Total</b>	<b>\$194,200</b>	<b>\$197,100</b>	<b>\$209,300</b>	<b>\$176,700</b>	<b>\$134,800</b>

<sup>1</sup> Includes payments from other agencies leasing DOA-owned vehicles.

***Inconsistent accounting makes it difficult for DOA to monitor reimbursements for personal use of fleet vehicles.***

It is likely these amounts under-represent actual amounts reimbursed because of inconsistent accounting practices. For example, DOT and UW-Oshkosh account for reimbursements by netting them against fleet expenditures. As a result, it is difficult to use the State's accounting system to report the amounts individuals have reimbursed the State for personal miles driven in fleet vehicles, or the amounts reimbursed by different agencies. DOA's inability to readily monitor payments in this way inhibits its capacity to effectively monitor whether individuals and agencies are making appropriate payments.

### ☑ Recommendation

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*We recommend the Department of Administration standardize the method by which agencies account for reimbursements to the State for personal use of fleet vehicles.*

***DOA and agency efforts to monitor reimbursements to the State were inadequate.***

For DOA to effectively monitor reimbursements, agencies must regularly review mileage data for personally assigned vehicles. To determine whether they have done so, we examined mileage data for a random sample of 100 personally assigned vehicles used by 14 different agencies from January through March 2004. We found that:

- none of the 14 agencies verified personal miles reported by employees;
- Corrections and the Department of Agriculture, Trade and Consumer Protection, which together made up 23.0 percent of our sample, did not maintain any records detailing personal miles or reimbursements paid to the State by which personal use could be monitored;
- none of the 14 agencies submitted quarterly reports to DOA for personally assigned vehicles accruing less than 150 personal miles, as required; and
- because it was unclear from DOA and agency records how some vehicles were assigned, effective monitoring of personal miles for those vehicles was not possible.

DOA's 2004 policy revisions have addressed some concerns related to reimbursements for personal use of fleet vehicles. For example, the policy now specifies that individuals must reimburse the State for personal use of any fleet vehicle, not just personally assigned vehicles. In addition, fleet policy is now generally consistent with federal law and requires a minimum payment of \$3.00 for each round-trip commute for most employees, and \$0.325 per mile plus local sales tax if the value of the trip exceeds \$3.00. Previous policy required only a mileage payment and was inconsistent with federal tax law.

***Fleet policy was weakened by DOA's elimination of a provision for monitoring personal use of vehicles.***

Despite these improvements, fleet policy was weakened by DOA's elimination of a requirement that agencies identify employees recording less than 50 personal miles per month, determine whether the vehicle was used for commuting, and report to DOA at the end of each quarter if an individual with a personally assigned vehicle reported less than 150 personal miles. A lack of monitoring and reporting will make it more difficult for DOA to ensure that individuals are properly reimbursing the State for personal use of fleet vehicles and that the State is in compliance with federal tax law.

**☑ Recommendation**

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*We recommend the Department of Administration ensure it complies with federal tax law and collects appropriate reimbursements by:*

- *improving its monitoring of vehicle assignments; and*
- *reinstating and enforcing its requirement that agencies regularly review and report the personal use of personally assigned vehicles, to ensure state employees are complying with federal tax law.*

In April 2004, DOA requested detailed vehicle use and reimbursement information from agencies to determine whether individuals had appropriately reimbursed the State for personal use of personally assigned vehicles. As a result of this survey, DOA questioned whether 69 individuals should have reimbursed the State for personal use of personally assigned fleet vehicles. After further investigation, ten individuals were required to make back-payments totaling \$2,200 for personal miles.

***An unresolved reimbursement rate disparity with the IRS will affect future payments for personal use of fleet vehicles.***

In 2004, the IRS initiated its own investigation to determine whether DOA's fleet policies fully comply with federal tax laws regarding reimbursement for personal use of fleet vehicles. At the request of the IRS, DOA performed a more thorough review in which it identified more than 500 employees whose 2003 reimbursements for personal miles were paid at a rate of \$0.325 per mile, rather than the \$0.375 per mile required by the IRS. DOA officials expect to reach a settlement with the IRS and to pay a forfeiture of approximately \$35,000. The State has agreed to pay the forfeiture—rather than have the employees pay—because of the difficulty of administering hundreds of employees' reimbursements and because DOA had not provided agencies and employees with accurate guidance regarding reimbursement. The rate disparity still exists, and DOA officials have indicated they are uncertain how it will be resolved for reimbursements in future years.

## Misuse of Fleet Vehicles

In addition to distinguishing between incidental use and personal use of fleet vehicles, DOA policies also define inappropriate use of fleet vehicles. For example, fleet vehicles cannot be used for vacations, personal gain, hauling structurally damaging loads, or transporting hitchhikers. In addition, employees operating fleet vehicles are not permitted to operate radar detection devices, add towing packages, or make other modifications for personal reasons. DOA's 2004 policy revisions added other activities that are prohibited in fleet vehicles, including:

- smoking;
- driving while impaired;
- reckless driving or speeding;
- transporting bicycles inside the vehicle;
- transporting animals; and
- transporting family members, unless authorized to do so in writing by the agency's risk manager, or if the family member is also on official state business.

***Overall, DOA policies governing the appropriate use of fleet vehicles are adequate.***

Overall, it appears DOA policies and procedures governing the appropriate use of fleet vehicles are adequate. However, the current process for receiving and monitoring complaints about potential misuse of fleet vehicles is unstructured and decentralized. Private citizens and state employees occasionally report misuse of fleet vehicles that is typically related to speeding, alleged reckless driving, or presence at seemingly inappropriate locations such as theaters or shopping centers. DOA Central Fleet is often the first to receive complaints of misuse, which it forwards to the appropriate agency. DOA fleet policy does not specify disciplinary measures for employees who use fleet vehicles inappropriately. Rather, according to DOA and agency officials, discipline is intended to be administered at the discretion of the driver's supervisor or fleet coordinator.

***Agencies operating large fleets estimate receiving 12 or fewer complaints of misuse annually.***

Agencies report that they have received a relatively small number of complaints given the number of vehicles operated. For example, officials from agencies operating large fleets estimate that they typically receive 12 or fewer complaints annually. DOA has reported that since March 2004, the number of complaints it has received has increased slightly.

Some cases of misuse involving Corrections officials have been widely reported. For example, two wardens used personally assigned vehicles and state-issued fuel cards for personal vacations in 2003 and 2004; a third warden was cited for operating a fleet vehicle while intoxicated; and a probation officer was found to be commuting in a fleet vehicle and falsifying records to conceal the misuse. In contrast, some reports of misuse are inaccurate. For example, Corrections officials report that although the Department occasionally receives reports of its vehicles being seen at inappropriate locations, investigations generally conclude that employees have been completing official job duties, such as parole officers checking on work-release inmates.

***Complaint monitoring  
could be improved.***

However, we found that because no central database exists for monitoring complaints, and because agencies do not maintain records of either the reports they receive or their disposition, it is difficult to determine the seriousness and extent of concerns related to the misuse of fleet vehicles. Moreover, it is not readily apparent how to report potential misuse because it is not clear which agency employs an individual operating a fleet vehicle, and because there is not a single point of contact where such reports may be made. As a result, we identified options policymakers may wish to consider to increase oversight of employee vehicle use.

For example, to better assess the extent of any misuse of fleet vehicles, agencies could be required to track vehicle complaints, including the date, time, location, type of misuse, and resolution of the issue. Fleet managers or coordinators could maintain records of this information, and agencies could include complaint summaries in their annual vehicle usage reports filed with DOA.

In addition, a toll-free telephone number or an Internet site could be established for citizens and state employees to report fraud and abuse in state government, including misuse of fleet vehicles. Several states already operate toll-free telephone numbers or other means for citizens to register concerns about state government, including reported misuse of fleet vehicles. For example:

- The Virginia Department of Accounts operates a fraud and abuse hotline that received 392 complaints in 2003, including 34 reports of misuse of fleet vehicles, such as transporting family members. Cases with merit are referred to internal auditors in individual agencies.
- The California State Auditor operates a similar hotline and publishes a biennial report summarizing its investigations of improper activities, including the recurring issue of misuse of fleet vehicles. For example, a September 2004

report described the auditor's investigation of inappropriate commuting in fleet vehicles, which prompted a state agency to return four vehicles to fleet administrators and require that its vehicles be parked overnight in office parking lots.

- The North Carolina State Auditor operates a hotline that received complaints of vehicle misuse in 2002. In the formal audit that followed, it was found that the executive director of a juvenile court diversion program misused fleet vehicles to transport his staff to a Florida Keys vacation, and a guest to his daughter's wedding.
- Both Michigan's and Utah's state fleet Internet sites provide visitors with an electronic mail link through which to report misuse of state vehicles.

#### Recommendation

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*We recommend the Legislature consider establishing a hotline—in either the executive or the legislative branch of government—for citizens and state employees to report fraud and abuse in state government, including misuse of fleet vehicles.*

## Insurance Claims for Fleet Vehicles

***Fleet vehicles are insured under the State's self-funded liability and property programs.***

Drivers of fleet vehicles are insured under the State's self-funded liability and property programs that were created in 1975 and 1981, respectively. Under the liability program, the State funds up to \$3.0 million per occurrence, although statutes limit the amount of recovery to \$250,000 per claimant or negligent employee for accidents that occur in Wisconsin. The State purchases commercial insurance to cover catastrophic liability losses in excess of \$3.0 million. Under the property program, the State is liable for all collision and comprehensive property damage to state vehicles, subject to a \$500 deductible for each occurrence, which is paid by the agency employing the driver.

***The State paid claims totaling \$11.2 million from 2000 through 2004.***

The State's combined payments for both liability and property damage claims totaled \$11.2 million from 2000 through 2004, as shown in Table 21. Paid claims reached a high of \$4.7 million in 2003. At that time, \$3.0 million was paid on behalf of UW System for a 2001 out-of-state accident in which an employee crossed the center line and struck an oncoming vehicle.

Table 21

Amount of Insurance Claims Paid<sup>1</sup>

Agency	2000	2001	2002	2003	2004
DNR	\$ 491,300	\$ 600,600	\$ 168,000	\$ 206,800	\$ 257,900
Corrections	403,800	363,600	318,300	134,900	257,000
UW System <sup>2</sup>	394,700	467,500	340,500	3,299,400	250,700
DOA	407,400	284,500	224,500	318,000	231,800
DOT	197,100	106,400	211,200	406,300	101,000
Health and Family Services	47,900	24,100	140,300	40,200	22,800
Other <sup>3</sup>	44,700	46,100	66,500	274,100	34,200
<b>Total</b>	<b>\$1,986,900</b>	<b>\$1,892,800</b>	<b>\$1,469,300</b>	<b>\$4,679,700</b>	<b>\$1,155,400</b>

<sup>1</sup> Property claims for less than \$500, which are paid directly by the employing agency, are not included.

<sup>2</sup> UW System had a catastrophic claim in 2003 for an out-of-state accident.

<sup>3</sup> Agencies with claims totaling less than \$10,000 in 2004. The Educational Communications Board had a single claim for \$250,000 in 2003.

***There were  
2,973 insurance  
claims related to fleet  
vehicles from 2000  
through 2004.***

From 2000 through 2004, 2,973 claims related to state fleet vehicles were filed with DOA's Bureau of Risk Management. As would be expected, there were many types of claims, including:

- car-deer collisions;
- collisions with fixed objects, such as parked cars, posts, or trees;
- hit-and-run accidents;
- vandalism;
- hail damage; and
- accidents in which a fleet vehicle collided with another vehicle.

In addition, there were 19 claims involving inmates driving fleet vehicles, including two in which the inmate had stolen the vehicle. Amounts for self-funded insurance claims paid for all agencies are shown in Appendix 8.





## Use of Privately Owned Vehicles ■

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When fleet vehicles are unavailable for state business or are not used, authorized drivers may be reimbursed for using privately owned vehicles. Reimbursement rates differ depending on the availability of fleet vehicles and on miles driven. In order to make informed management decisions, DOA should track mileage reimbursements paid to individuals.

### Mileage Rates

***Individuals required to travel on state business may drive a privately owned vehicle.***

Statutes provide that individuals required to travel on state business may drive a privately owned vehicle. In that case, the vehicle owner's insurance provides primary comprehensive and liability coverage. Based on the distance traveled and availability of a fleet vehicle, individuals using privately owned vehicles may be reimbursed on a per mile basis, typically at one of two rates—a standard rate or a lower "turndown" rate.

***Since 2001, the standard rate has been \$0.325 per mile.***

The standard rate is currently \$0.325 per mile. The standard rate is generally paid if:

- a fleet vehicle is not available from the individual's agency or, for those based in Madison, from the DOA motor pool;
- the trip is less than 100 miles;

- an individual is prohibited from driving a fleet vehicle because he or she does not meet the minimum driving standards; or
- an individual receives a medical exemption.

DOA pays the standard rate for shorter trips on the assumption that at these distances it costs less to reimburse individuals for using a privately owned vehicle than to have them drive fleet vehicles. Section 20.916, Wis. Stats., requires DOA’s Office of State Employment Relations to set the standard rate at least biennially as part of its Compensation Plan, which is approved by the Legislature’s Joint Committee on Employment Relations.

It has been DOA’s intent to set the standard rate \$0.020 below the IRS rate, which is adjusted annually and which individuals generally use to calculate tax deductions for using a privately owned vehicle for business purposes without employer reimbursement. However, the State’s standard rate was \$0.050 below the IRS rate as of December 2004. At that time, the turndown rate was \$0.220, as shown in Table 22.

Table 22

**Mileage Rates for Employees Using Privately Owned Vehicles for State Business**  
Per Mile

	Standard	Turndown
2000	\$.290	\$.190
2001 <sup>1</sup>	.325	.220
2002	.325	.220
2003	.325	.220
2004	.325	.220

<sup>1</sup> The standard rate increased July 1, 2001; the turndown rate increased October 1, 2001.

***Typically, employees outside Madison receive the standard rate, and those in Madison receive the lower turndown rate.***

The turndown rate is paid if an individual chooses to drive a privately owned vehicle for a trip over 100 miles when a fleet vehicle is available. In general, employees based outside of Madison are reimbursed at the standard rate, while those based in Madison are reimbursed at the turndown rate. In accordance with s. 20.916(4)(e), Wis. Stats., DOA’s Secretary sets the turndown rate to

equal the approximate cost per mile of operating a fleet vehicle, including administration, maintenance, fuel, insurance, and depreciation expenses. However, statutes do not specify how often DOA must recalculate the turndown rate.

Historically, DOA calculated the turndown rate based on vehicle costs per mile for DOA, DNR, DOT, and UW-Madison vehicles. However, in August 2000, DOA's consultant noted inconsistencies in how these agencies determined their costs—including which salary and fringe benefit costs were included and how depreciation was calculated—and recommended establishing a consistent methodology for calculating vehicle costs per mile. Instead of following the recommendation, DOA began calculating the turndown rate based solely on its own vehicle costs per mile.

DOA calculated a revised turndown rate of \$0.242 per mile in October 2003, but an increase was not approved because DOA officials believed the rate of \$0.220 per mile, which had not been modified since October 2001, met the statutory definition of approximate cost per mile to operate a fleet vehicle. DOA recently announced a new turndown rate of \$0.280 per mile, which will be effective from May 1, 2005, until June 30, 2006.

In addition to the standard and turndown rates, several other reimbursement rates and add-ons are available for driving private vehicles on state business. For example:

- individuals may be reimbursed one-half the standard rate for driving a privately owned motorcycle, or \$0.162 per mile;
- individuals with disabilities who operate specially equipped vehicles may receive either \$0.450 or \$0.500 per mile, depending on the availability of accessible DOA vehicles; and
- reimbursement is an additional \$0.040 per mile for off-road travel and an additional \$0.010 per mile if transporting two or more passengers, or under other more limited conditions.

***Wisconsin's standard rate is within the range paid by other midwestern states, but its turndown rate is among the lowest.***

We reviewed mileage reimbursement rates paid by six other midwestern states as of December 2004. As shown in Table 23, three states—Michigan, Minnesota, and Iowa—have reimbursement systems similar to Wisconsin's turndown rate, in which the rate is reduced if a fleet vehicle is available but refused. Overall, four states had higher standard rates than Wisconsin's, including three—Illinois, Michigan, and Minnesota—that set their standard rates at the IRS rate. Three states—Illinois, Indiana, and Ohio—do not have

lower turndown rates, but instead pay the same rate regardless of whether a state vehicle is available.

Table 23

**Per Mile Reimbursement Rates in Other Midwestern States**  
As of December 31, 2004

	Standard <sup>1</sup>	Turndown <sup>2</sup>
Illinois	\$0.375	\$0.375
Indiana <sup>3</sup>	0.340	0.340
Michigan	0.375	0.328
Minnesota	0.375	0.305
Ohio	0.300	0.300
<b>Wisconsin</b>	<b>0.325</b>	<b>0.220<sup>4</sup></b>
Iowa	0.290	0.220

<sup>1</sup> Illinois, Michigan, and Minnesota set their standard rates at the IRS rate, which is revised annually and was \$0.375 per mile in 2004.

<sup>2</sup> Illinois, Indiana, and Ohio pay the same rate regardless of whether a fleet vehicle is available.

<sup>3</sup> Indiana's rate is \$0.340 for the first 500 miles of any trip, and \$0.170 for additional miles.

<sup>4</sup> A new rate of \$0.280 per mile took effect May 1, 2005.

## Mileage Reimbursement

We attempted to determine the number of individuals reimbursed for business miles driven in privately owned vehicles, the rates paid, and amounts reimbursed. However, DOA stopped collecting data on amounts reimbursed to individuals in 1995. Accordingly, we could not readily analyze mileage reimbursement costs and trends.

The number of vehicles needed in the State's fleet is linked to the frequency with which individuals are reimbursed to use privately owned vehicles. For example, if more individuals begin opting to use privately owned vehicles for state business, fewer work-shared or pool vehicles may be necessary to accommodate their travel. Alternatively, if the number of work-shared and pool vehicles is decreased, reimbursements to individuals may simply increase. To better understand the State's overall costs for vehicle travel and to improve the information with which it makes key fleet management decisions, DOA needs to monitor the amount spent to reimburse individuals for business use of privately owned vehicles.

## ☑ Recommendation

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*We recommend the Department of Administration annually document:*

- *the number of miles for which employees are reimbursed for using privately owned vehicles on state business;*
- *the rate at which they are reimbursed; and*
- *the amounts reimbursed.*

To determine whether agencies have paid correct mileage rates, we reviewed 512 randomly selected claims for mileage reimbursement submitted between July 1, 2003, and June 30, 2004. We found that the rate paid was generally appropriate. However, we also found that before 2004, UW-Madison and UW System Administration automatically reimbursed employees at the higher standard rate for any trip less than 300 miles, even though DOA policy at the time was 50 miles. DOA policy permits an agency to increase the mileage threshold if it can demonstrate that it is more cost-effective to do so. However, both UW-Madison and UW System Administration failed to obtain the required DOA approval. In September 2004, both agencies requested approval of their higher mileage thresholds, but DOA has not yet acted on the requests.

## Specific Groups

We were asked to review the mileage reimbursement rates for several specific groups, including state contractors, legislators, and judges. Therefore, we reviewed a sample of 2004 state contracts to determine the rate at which contractors were reimbursed, and we reviewed the mileage reimbursement policies and practices of the Legislature and the Wisconsin Court System.

***We reviewed eight 2004 state contracts and found that contractors were paid using several different rate structures.***

Neither statutes nor the State Procurement Manual provide guidance regarding the appropriate mileage reimbursement rate for contractors. Therefore, we reviewed eight 2004 service contracts and found that contractors were paid using several different rate structures. For example:

- four contracts established reimbursement at the IRS rate, which was \$0.375 per mile in 2004;
- two contracts established reimbursement at the State's standard rate of \$0.325 per mile; and

- two contracts did not clearly specify a mileage reimbursement rate.

Because mileage reimbursement structures vary for contractors, DOA should consider amending the State Procurement Manual to require consistent mileage reimbursement rates.

While each house of the Legislature and the Wisconsin Court System have separate policies for mileage reimbursement, all legislators and judges are reimbursed at the State's standard rate for business miles traveled in privately owned vehicles. Legislators are reimbursed at the standard rate of \$0.325 for general in-state business travel in privately owned vehicles because it has been the long-standing practice of both the Assembly and the Senate for legislators not to use fleet vehicles. The Assembly does not own any fleet vehicles, while the Senate leases one van from DOA for official Senate business.

Under current rules, legislators also receive mileage reimbursement at the standard rate for travel within their districts and for one weekly trip to the Capitol. To be eligible for reimbursement, in-district travel must be for official legislative duties, such as meetings with the local news media, government officials, or nonpolitical organizations. In addition, the Assembly limits in-district travel reimbursement based on the size of a Representative's district. To be reimbursed for a weekly trip to the Capitol, a legislator's official residence must be more than 50 miles away, and mileage from the home to the Capitol must be certified at the beginning of each legislative session.

In May 1993, DOA granted a waiver permitting judges to be reimbursed at the State's standard rate without first obtaining a nonavailability slip. The waiver was granted because of judges' unpredictable schedules and the belief that their time is better spent in the courtroom than in reserving, picking up, and returning fleet vehicles. Although the waiver was valid only through June 1994, no renewal request was made. Wisconsin Court System officials have indicated they will continue to reimburse judges based on the waiver because the basis for the waiver has not changed. The Wisconsin Court System owns two vans that are used by staff for travel to circuit courts located throughout the state. For example, the vans are often used by information technology staff who maintain the courts' computer systems.

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## Future Considerations ■

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As part of this evaluation, we asked DOA to provide basic program information related to the State's vehicle inventory. However, it was difficult to obtain consistent or complete data for the fleet, and only through extensive fieldwork were we able to determine the number of vehicles the State owns; which agencies own or operate them; how they are assigned; and what costs the State incurs to operate, lease, or rent vehicles. We could not determine the State's costs to reimburse individuals who drive privately owned vehicles on state business.

***DOA could improve its  
fleet management  
practices.***

In an effort to improve its fleet management, and on the recommendation of a consultant, DOA has hired additional staff to provide fleet-wide planning, including maintaining its fleet management software; revised its fleet policies and procedures; and reduced the size of the State's vehicle fleet. However, additional steps are necessary if improvements in program management are to continue. For example, fully implementing its fleet management computer program—FleetAnywhere—would enable DOA to generate consistent and reliable vehicle data, and thereby better analyze the costs and benefits associated with current fleet practices. In addition, we include several recommendations for improving DOA's ability to assess the appropriate size of the State's vehicle fleet.

## Implementing FleetAnywhere

DOA began implementation of FleetAnywhere in 1999. A consultant's report issued in August 2000 recommended that the program be implemented statewide and that a committee representing agencies expected to use it most extensively be asked to develop:

- standard operating and accounting procedures;
- data entry guidelines for users statewide;
- guidelines for coordinating FleetAnywhere with other fleet-related databases, such as those used by maintenance management and state fuel card vendors; and
- appropriate training for system users.

***DOA has been slow to implement FleetAnywhere.***

The consultant concluded that failure to take these steps would prevent the State from realizing the full value of its investment in FleetAnywhere and would limit fleet management effectiveness. Although it established a committee, as recommended, DOA has been slow to implement the program and as of October 2004, DOA estimated that FleetAnywhere records did not exist for more than 1,300 fleet vehicles, or almost 20.0 percent of the fleet at that time.

In late 2004, DOA worked with agencies to enter baseline vehicle data for all fleet vehicles into the FleetAnywhere system. As a result, it was able to accurately report the State's vehicle inventory as of December 31, 2004, and how the vehicles were assigned. In addition, some agencies have recently updated and improved driver information in FleetAnywhere. However, DOA has not completed the planning necessary to regularly update the inventory and begin tracking maintenance and fuel costs.

To realize the full value of its investment and to enhance program management, we believe DOA should take additional steps that include finalizing its plan for implementing FleetAnywhere statewide. DOA also should be able to use FleetAnywhere to readily distinguish vehicle fleet data from data for other types of motorized equipment to produce management reports, and to make fleet data readily available to other state agencies and to policymakers. Because FleetAnywhere is also capable of tracking and reporting inventory data, there is no need for DOA to maintain an outdated inventory database that is incompatible with other systems, has highly limited reporting functions, and has delayed statewide implementation of FleetAnywhere.



***Until it implements FleetAnywhere, DOA will be unable to answer basic questions about the fleet.***

Other states are effectively using FleetAnywhere. For example, Utah uses the system to provide annual reports that document the type and age of all vehicles owned by each state agency; accident rate data; and fleet operation costs, including detailed maintenance and repair costs. These reports are readily accessible to policymakers and the public on the Internet. Until DOA also implements FleetAnywhere statewide and the system is fully utilized to track and report on Wisconsin's vehicle inventory, assignments, utilization, and costs, DOA will be unable to adequately answer fundamental questions about the vehicle fleet.

### **☑ Recommendation**

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*We recommend the Department of Administration eliminate its existing database and fully implement FleetAnywhere by:*

- *developing a users manual with specific guidelines on the type, format, and timing of data to be entered, as well as assigning clear responsibility for data entry;*
- *providing structured training for users;*
- *ensuring all authorized drivers of fleet vehicles are entered into the database;*
- *distinguishing fleet vehicle data from data for other types of equipment;*
- *establishing appropriate periodic reports to facilitate compliance with state and federal requirements and allow management of the fleet to be improved; and*
- *reporting to the Joint Legislative Audit Committee by September 30, 2005, on its progress toward fully implementing FleetAnywhere.*

## **Cost-Effectiveness of Fleet Operations**

Determining an appropriate size for the State's vehicle fleet is difficult because of the number of factors that need to be considered and the frequency with which those factors change. For example, the number of state drivers, miles driven in fleet vehicles, job duties of individual employees, utilization rates for work-shared and pool vehicles, and other factors change continuously.

***DOA has not assessed the cost-effectiveness of key decisions affecting the State's vehicle fleet.***

Despite this, DOA could improve its efforts to operate the fleet more cost-effectively. For example, it has not assessed the cost-effectiveness of a number of key decisions that have affected fleet operations since early 2004, in part because it has lacked sufficient cost and vehicle data to do so. In addition, policy changes and other decisions have focused primarily on the cost to the State of owning and operating vehicles, but fleet costs are only one component of the State's overall costs for vehicle travel. Other factors—such as the number of vehicles leased or rented and the amount spent to reimburse individuals for using privately owned vehicles for state business—also need to be considered. For example, if the State reduces the number of vehicles it owns and makes criteria for replacing vehicles more stringent, officials need to assess whether costs will increase in other areas, such as maintenance for an aging fleet or leasing and rental costs.

During our review, we noted a number of instances in which DOA made key management decisions without adequate consideration of fleet or other vehicle travel costs. For example, the 2004 vehicle reduction initiative did not consider the potential for increased costs related to vehicle leases or rentals, or for reimbursing individuals to use privately owned vehicles. Moreover, DOA revised mileage thresholds for reimbursements to individuals without considering costs, and it has not adequately considered the life-cycle cost of vehicles in its purchasing process. In addition, DOA has neither:

- assessed whether leasing DOA vehicles to other agencies is cost-effective;
- determined which method of selling surplus vehicles—public auctions, on-line auctions, sale to municipalities, or salvage—would maximize sales revenue; nor
- determined whether the State's use of maintenance management vendors reduces overall vehicle maintenance costs.

We also noted that DOA leases vehicles to Dane County as part of a pilot program, although it has not assessed the costs and benefits of doing so. 2001 Wisconsin Act 16, the 2001-2003 Biennial Budget Act, included a one-time appropriation of \$599,300 for DOA to purchase vehicles for use by the Dane County Parks Department. Under an agreement with Dane County, DOA is responsible for costs associated with the maintenance and operation of these vehicles, and from FY 2000-01 through FY 2002-03 a total of \$81,000 was appropriated to DOA for fuel, maintenance, insurance, and miscellaneous costs

associated with them. In subsequent years, these expenditures were included within a larger appropriation and could not be separately identified.

We were unable to determine whether the lease arrangement is cost-effective for both parties. However, our review of the agreement raised several other concerns. First, the agreement does not specify vehicle lease rates. Second, while there is a provision that allows Dane County to terminate the agreement, DOA is not specifically permitted to do so. Third, the document was not signed, and the duration of the agreement is not specified. Finally, DOA was unable to provide documentation that it completed a required 12-month evaluation of the program.

To streamline DOA's leasing operation or potentially reduce the number of fleet vehicles further, DOA may want to consider discontinuing its vehicle lease agreement with Dane County since a signed agreement does not exist. DOA could make the vehicles available to state agencies or sell them. If after evaluating the pilot program DOA continues the arrangement, appropriate lease management practices require it to have a signed agreement for a specified period that includes lease rates, renewal terms, and termination provisions.

The State's ongoing budget concerns and sound management practices suggest DOA should begin more routinely assessing the costs associated with key decisions related to fleet management and vehicle travel.

#### **Recommendation**

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*We recommend the Department of Administration routinely include a formal assessment of costs and benefits when making key fleet management decisions in the future.*

■ ■ ■ ■



Appendix 1

**Vehicles Owned**

As of December 31

Agency	2000	2001	2002	2003	2004
DOA	2,434	2,545	2,508	2,254	1,915
DNR	1,523	1,547	1,577	1,560	1,493
DOT	1,469	1,455	1,427	1,357	1,278
UW-Madison	815	796	771	725	732
Corrections	442	504	484	469	468
Health and Family Services	126	139	135	131	123
UW-Oshkosh	109	110	109	105	96
UW-Whitewater	73	74	68	67	66
UW-River Falls	76	81	75	71	66
UW-Platteville	69	69	71	67	64
UW-Stevens Point	56	57	55	53	48
UW-La Crosse	47	47	47	46	46
UW-Eau Claire	53	54	51	49	44
UW-Stout	51	50	45	45	43
UW-Green Bay	38	37	37	36	36
Veterans Affairs	33	36	41	40	35
UW-Parkside	42	42	42	43	32
UW Colleges	36	33	34	34	32
UW-Superior	18	19	19	19	17
Military Affairs	14	14	10	9	12
UW Extension	8	11	10	10	9
Wisconsin Historical Society	5	5	5	5	5
State Fair Park	5	5	4	4	3
Agriculture, Trade and Consumer Protection	2	2	2	2	3
UW-Milwaukee	1	1	2	2	2
Revenue	2	1	1	1	1
<b>Total</b>	<b>7,547</b>	<b>7,734</b>	<b>7,630</b>	<b>7,204</b>	<b>6,669</b>

Appendix 2

**Vehicle Inventory**  
As of December 31, 2004

Agency	Vehicles Owned by Agency <sup>1</sup>	Vehicles Leased from DOA	Total	Percentage of Fleet
<b>Executive Branch Agencies</b>				
DNR	1,493	2	1,495	22.4%
DOT	1,278	–	1,278	19.2
Corrections	468	429	897	13.4
DOA	425	–	425	6.4
Health and Family Services	123	130	253	3.8
Agriculture, Trade and Consumer Protection	3	189	192	2.9
Justice	–	123	123	1.8
Military Affairs	12	99	111	1.7
Commerce	–	89	89	1.3
Public Instruction	–	46	46	0.7
Veterans Affairs	35	3	38	0.6
State Public Defender	–	37	37	0.6
Revenue	1	34	35	0.5
Wisconsin Historical Society	5	20	25	0.4
Workforce Development	–	23	23	0.3
State Fair Park	3	9	12	0.2
Employment Relations Commission	–	10	10	0.2
Educational Communications Board	–	8	8	0.1
Regulation and Licensing	–	7	7	0.1
Financial Institutions	–	7	7	0.1
Board on Aging and Long-Term Care	–	5	5	0.1
Technical College System Board	–	4	4	0.1
Employee Trust Funds	–	3	3	0.0
Public Lands Board	–	3	3	0.0
Office of Justice Assistance	–	2	2	0.0
Public Service Commission	–	2	2	0.0
Tourism	–	2	2	0.0
Commissioner of Insurance	–	1	1	0.0
Investment Board	–	1	1	0.0
Governor's Office	–	1	1	0.0
<b>Subtotal</b>	<b>3,846</b>	<b>1,289</b>	<b>5,135</b>	<b>77.0%</b>

Agency	Vehicles Owned by Agency <sup>1</sup>	Vehicles Leased from DOA	Total	Percentage of Fleet
<b>UW System</b>				
UW-Madison	732	–	732	11.0%
UW-Oshkosh	96	–	96	1.4
UW-Milwaukee	2	81	83	1.2
UW-Whitewater	66	11	77	1.2
UW-Stevens Point	48	27	75	1.1
UW-River Falls	66	–	66	1.0
UW-Platteville	64	–	64	1.0
UW-La Crosse	46	12	58	0.9
UW-Stout	43	14	57	0.9
UW-Eau Claire	44	–	44	0.7
UW-Colleges	32	7	39	0.6
UW-Green Bay	36	–	36	0.5
UW-Parkside	32	–	32	0.5
UW-Superior	17	9	26	0.4
UW-Extension	9	14	23	0.3
<b>Subtotal</b>	<b>1,333</b>	<b>175</b>	<b>1,508</b>	<b>22.7</b>
<b>Other</b>				
Dane County	–	23	23	0.3
Legislature	–	1	1	0.0
State Courts	–	2	2	0.0
<b>Subtotal</b>	<b>–</b>	<b>26</b>	<b>26</b>	<b>0.3</b>
<b>Total</b>	<b>5,179</b>	<b>1,490</b>	<b>6,669</b>	<b>100.0%</b>

<sup>1</sup> DOA owned 1,915 vehicles; it leased 1,490 to other agencies and operated 425.

Appendix 3

**Approved Bidders for Vehicle Purchases in  
Model Years 2003 and 2004**

Approved Bidder	Location
<b>Law Enforcement</b>	
Ewald Hartford Ford-Lincoln	Hartford
Holz Motors, Inc	Hales Corners
Kayser Ford	Madison
<b>Light-Duty Trucks and Cargo Vans</b>	
Badger Truck	Milwaukee
Bob Fish Pontiac	West Bend
Dodge City of Milwaukee	Milwaukee
Dodgeland of Wisconsin	Franklin
Ewald Chevrolet-Buick	Oconomowoc
Ewald Hartford Ford Lincoln	Hartford
Ewald Mayfair	Milwaukee
Holz Motors	Hales Corners
Hudson Pontiac GMC	Hudson
Kayser Ford	Madison
Lemay Buick Pontiac	Kenosha
Neuville Motors	Waupaca
<b>Medium-Duty Trucks and Buses</b>	
Badger Truck	Milwaukee
Bob Fish Pontiac	West Bend
Bruce Municipal Equipment	Menomonee Falls
Capital City International	Madison
Don Miller GMC	Madison
Madison Mack	Madison
Madison Truck Sales	Madison
Mid-State Truck Service	Marshfield
Nelson's Bus	Pleasant Prairie
Truck Country	Madison
<b>Passenger Vehicles</b>	
Bob Fish Pontiac	West Bend
Dodgeland of Wisconsin	Franklin
Ewald Chevrolet-Buick	Oconomowoc
Ewald Hartford Ford-Lincoln	Hartford
Ewald Mayfair	Milwaukee
Kayser Ford	Madison
Neuville Motors	Waupaca



Appendix 4

**Vehicles Purchased<sup>1</sup>**

Agency	2000	2001	2002	2003	2004
DOT	281	203	224	88	135
Corrections	79	118	54	3	95
DNR	178	208	272	16	80
DOA	536	528	732	3	52
UW-Madison	60	82	68	5	37
Health and Family Services	11	19	9	–	8
UW-Whitewater	4	2	2	–	5
UW-Eau Claire	7	4	8	–	4
UW-Oshkosh	10	6	9	1	2
UW Colleges	3	3	4	–	3
Military Affairs	1	–	–	–	2
UW-Stevens Point	3	1	1	–	2
Agriculture, Trade and Consumer Protection	–	–	–	–	2
UW-Parkside	3	2	2	1	1
UW-Green Bay	4	2	5	–	1
UW-Stout	2	1	3	–	1
UW-La Crosse	–	–	1	–	1
Veterans Affairs	5	5	9	–	–
UW-Platteville	5	9	4	–	–
UW-River Falls	7	7	3	–	–
UW-Superior	1	–	3	–	–
Revenue	1	–	–	–	–
<b>Total</b>	<b>1,201</b>	<b>1,200</b>	<b>1,413</b>	<b>117</b>	<b>431</b>

<sup>1</sup> Based on model year bid under which purchases were approved. Vehicles purchased from other state agencies are not included.

Appendix 5

**State Spending for Vehicle Purchases, by Agency<sup>1</sup>**

Agency	2000	2001	2002	2003	2004
DOT	\$5,451,500	\$4,696,300	\$4,420,900	\$1,788,300	\$2,616,500
DNR	3,650,900	4,385,900	5,829,500	1,055,400	2,355,300
Corrections	1,674,300	2,494,900	1,261,000	769,300	1,863,800
DOA	8,385,800	8,208,900	11,332,700	60,700	992,100
UW-Madison	1,249,400	1,836,300	1,357,900	132,800	848,300
Health and Family Services	276,600	461,300	250,600	–	172,600
UW-Whitewater	80,200	55,400	52,900	–	147,700
Agriculture, Trade and Consumer Protection	–	–	–	–	99,000
UW-Stevens Point	88,600	19,700	21,000	–	82,700
UW-Eau Claire	134,100	72,600	124,800	–	76,200
Military Affairs	22,900	–	–	–	68,000
UW-Green Bay	61,300	35,600	73,200	–	59,500
UW-Oshkosh	155,200	100,300	184,700	21,000	38,900
UW-Colleges	43,200	53,700	61,200	–	49,900
UW-Parkside	54,300	37,500	37,500	20,200	21,200
UW-La Crosse	–	–	135,100	–	14,000
UW-Stout	35,600	27,700	41,000	–	11,600
Veterans Affairs	107,800	96,300	183,800	–	–
UW-Platteville	95,300	147,900	68,600	–	–
UW-Superior	6,500	–	55,900	–	–
UW-River Falls	115,600	115,200	36,200	–	–
Revenue	44,800	–	–	–	–
<b>Total</b>	<b>\$21,733,900</b>	<b>\$22,845,500</b>	<b>\$25,528,500</b>	<b>\$3,847,700</b>	<b>\$9,517,300</b>

<sup>1</sup> Based on vehicle base prices. Includes standard options, such as air-conditioning and anti-lock brakes, but typically does not include additional options such as towing packages or power locks and windows. Does not include amounts paid to purchase vehicles from other agencies.

## Appendix 6

### **Vehicles Sold<sup>1</sup>**

Agency	2000	2001	2002	2003	2004
DOA	578	369	674	172	312
DOT	293	212	278	170	189
UW-Madison	67	117	110	74	112
DNR	190	182	238	45	111
Corrections	57	63	82	36	96
Health and Family Services	18	8	23	9	16
UW-Oshkosh	13	6	11	6	12
UW-Eau Claire	12	5	21	3	11
UW-Parkside	6	4	2	4	11
UW-Stevens Point	6	8	6	3	8
UW Colleges	4	6	6	2	7
UW-Whitewater	9	6	10	2	6
UW-River Falls	4	4	9	13	6
Veterans Affairs	2	3	8	1	4
UW-La Crosse	8	2	5	1	4
UW-Stout	4	6	8	1	4
UW-Platteville	6	11	2	2	3
UW-Superior	5	–	6	1	2
State Fair Park	–	–	1	–	1
UW-Green Bay	3	5	12	3	1
UW Extension	–	–	1	–	1
Military Affairs	2	–	4	2	–
Gaming Commission	1	–	–	–	–
Wisconsin Historical Society	1	–	–	–	–
Revenue	–	1	–	–	–
<b>Total</b>	<b>1,289</b>	<b>1,018</b>	<b>1,517</b>	<b>550</b>	<b>917</b>

<sup>1</sup> Sales include vehicles that were auctioned, salvaged, or sold to local governments or nonprofit agencies, but not vehicles sold to other state agencies.

Appendix 7

**Gross Vehicle Sales Revenue<sup>1</sup>**

Agency	2000	2001	2002	2003	2004
DOA	\$2,418,400	\$1,464,700	\$ 2,778,700	\$ 642,300	\$1,111,800
DOT	1,395,500	899,000	1,159,500	663,800	739,500
Corrections	209,600	244,600	322,500	165,800	423,000
DNR	819,800	814,300	872,700	194,900	417,700
UW-Madison	231,100	218,500	253,600	111,500	194,800
UW-Eau Claire	47,300	6,200	71,800	9,900	39,000
Health and Family Services	30,200	13,000	49,600	15,400	24,200
UW Colleges	9,000	18,000	19,000	3,100	15,900
UW-Parkside	15,300	7,000	8,700	9,900	15,200
UW-Stevens Point	13,300	6,100	5,100	5,500	12,100
UW-Oshkosh	43,600	22,800	31,200	16,400	11,700
UW-Stout	27,400	10,700	16,000	900	10,900
Veterans Affairs	2,000	6,400	16,700	100	7,100
UW-Whitewater	18,600	2,000	18,400	4,900	6,600
UW-Superior	7,600	-	38,600	1,400	5,300
UW-La Crosse	12,700	2,200	3,500	1,700	4,300
UW-Green Bay	9,700	11,200	31,000	8,900	4,000
UW-Platteville	27,700	42,300	7,700	10,300	3,500
UW Extension	-	-	800	-	100
UW-River Falls	2,600	12,900	22,700	11,300	100
Military Affairs	5,100	-	8,800	2,300	-
Revenue	-	4,200	-	-	-
Gaming Commission	11,000	-	-	-	-
Wisconsin Historical Society	3,800	-	-	-	-
State Fair Park <sup>2</sup>	-	-	-	-	-
<b>Total</b>	<b>\$5,361,300</b>	<b>\$3,806,100</b>	<b>\$5,736,600</b>	<b>\$1,880,300</b>	<b>\$3,046,800</b>

<sup>1</sup> Does not include revenue from the sale of vehicles to other state agencies.

<sup>2</sup> Salvaged one vehicle in both 2002 and 2004, each of which generated less than \$100 in revenue.

Appendix 8

**Amounts of Insurance Claims Paid<sup>1</sup>**

Agency	2000	2001	2002	2003	2004
DNR	\$ 491,300	\$ 600,600	\$ 168,000	\$ 206,800	\$ 257,900
Corrections	403,800	363,600	318,300	134,900	257,000
UW System <sup>2</sup>	394,700	467,500	340,500	3,299,400	250,700
DOA	407,400	284,500	224,500	318,000	231,800
DOT	197,100	106,400	211,200	406,300	101,000
Health and Family Services	47,900	24,100	140,300	40,200	22,800
Revenue	–	1,000	2,700	3,100	9,000
Justice	6,300	7,100	1,900	2,000	8,400
Agriculture, Trade and Consumer Protection	9,700	8,600	16,500	7,600	4,900
Public Instruction	1,200	1,800	400	6,300	3,900
State Fair Park	100	1,500	19,100	1,300	2,500
Public Defender	1,300	2,000	5,300	–	2,300
Arts Board	–	–	–	–	1,200
Workforce Development	7,400	8,000	4,600	–	1,100
Veterans Affairs	7,300	100	2,400	–	700
Elections Board	–	–	–	–	200
Educational Communications Board	–	–	2,800	250,000	–
Investment Board	–	–	–	2,400	–
Commerce	2,800	300	900	1,400	–
Commissioner of Insurance	–	–	4,500	–	–
Employment Relations Commission	–	–	1,900	–	–
Regulation and Licensing	–	–	1,300	–	–
Financial Institutions	–	–	1,000	–	–
State Historical Society	–	–	900	–	–
Office of Justice Assistance	–	–	300	–	–
Military Affairs	5,400	10,500	–	–	–
Supreme Court	2,000	4,500	–	–	–
Legislature	1,200	–	–	–	–
Conservation Corps	–	700	–	–	–
<b>Total</b>	<b>\$1,986,900</b>	<b>\$1,892,800</b>	<b>\$1,469,300</b>	<b>\$4,679,700</b>	<b>\$1,155,400</b>

<sup>1</sup> Property claims for less than \$500, which are paid directly by the employing agency, are not included.

<sup>2</sup> UW System had a catastrophic claim in 2003 for an out-of-state accident.





**WISCONSIN DEPARTMENT OF  
ADMINISTRATION**

**JIM DOYLE**  
GOVERNOR

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April 27, 2005

Ms. Janice Mueller  
State Auditor  
Legislative Audit Bureau  
22 E. Mifflin Street, Suite 500  
Madison, WI 53703

Dear Ms. Mueller:

On behalf of the Department of Administration (DOA), I thank the Legislative Audit Bureau (LAB) for its thorough evaluation of the State's vehicle fleet program. The LAB's work was conducted during a period when several initiatives were underway to reform administration of the State fleet. I am pleased that the LAB recognized progress made by DOA to better manage its fleet resources, including:

- the reduction of more than 1,000 vehicles from the fleet
- the publication of improved fleet driver and manager policies
- the continuing implementation of the FleetAnywhere management software
- tightening enforcement of driver eligibility standards

In its evaluation, the LAB makes a series of recommendations that DOA generally views as reasonable and appropriate. DOA will comply with the recommendations as outlined in the report. We believe the LAB's recommendations—along with the initiatives currently underway and highlighted in the following pages—will further strengthen the State vehicle fleet program. DOA will also produce the requested reports by September 30, 2005 for consideration by the Joint Committee on Audit.

Your staff is to be commended for conducting this audit in a thorough and professional manner. I appreciate this opportunity to comment on the LAB's findings and recommendations.

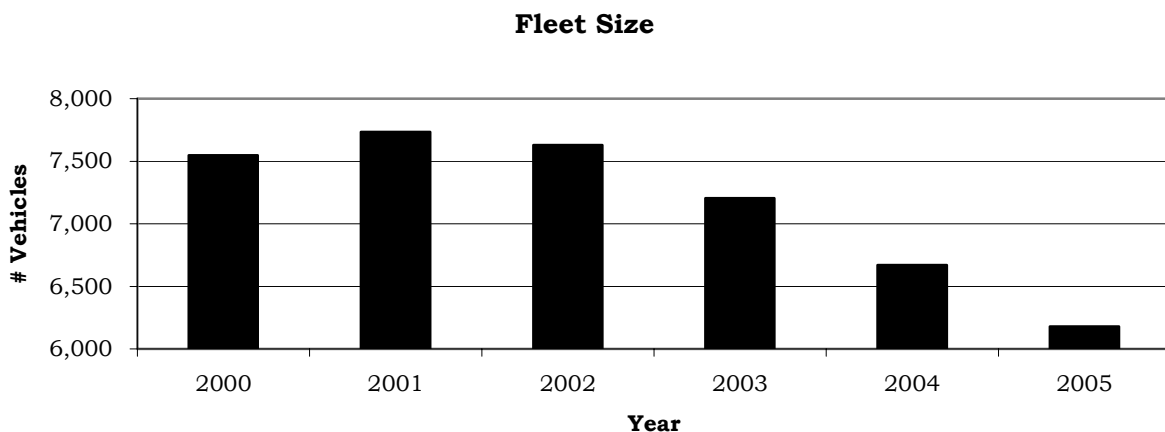
Sincerely,

Marc J. Marotta  
Secretary

## DOA Fleet Management Initiatives

**State Fleet Back to 1994 Levels.** Last year, DOA reported that the number of vehicles owned by the State grew from 6,187 in 1994 to 7,360 in 2003, an increase of almost 19 percent. Governor Doyle pledged to restore the State fleet to its 1994 level and directed DOA to eliminate more than 1,000 vehicles from the fleet.

I am pleased to report that DOA was successful in meeting the Governor's directive to make the State fleet smaller and more efficient. Through a series of auctions, vehicle salvages and interagency transfers, the number of vehicles used for State business now stands at 6,179. This number is in stark contrast to the elevated levels of only a few years ago, as shown in the following chart:



**Improved Accountability.** In 2004, the State vehicle fleet came under heightened scrutiny due to its size and misuse by a handful of drivers. The Governor responded with a series of measures to restore accountability to the management of the State fleet. He directed DOA to implement new oversight measures that produced the following results:

- An updated fleet manual for all state employees and fleet managers
- The revocation of underutilized personally assigned vehicles
- A temporary freeze on the purchase of new State vehicles (except for replacement of high mileage public safety vehicles)
- Education for employees who use State cars about the rules and regulations on the personal use of state vehicles
- Implementation of a system of record keeping for tracking low-mileage vehicles.
- Severely restricting personal use of State vehicles and strict requirements to report and pay for commuting miles
- Progress toward consolidation of fleet management as well as maintenance services across State government as appropriate



**Reduced Dependence on Vehicles to Conduct State Business.** Wisconsinites alive during World War II may remember a slogan from that era intended to promote resource conservation: “Is this trip necessary?” Likewise, Wisconsin government today asks its employees to consider whether vehicle travel is the most efficient means of conducting state business.

State employees have access to a broad array of electronic tools (e.g., telephone, e-mail, video conferencing) that are a frequently more efficient means of communication than traveling to meetings. All employees are encouraged to consider the efficacy of these electronic tools before using a State vehicle to conduct state business.

Nonetheless, we recognize that situations often call for State employees to travel to meetings away from their home offices. The State will continue to offer the following resources for employee travel:

- Motor pools operated by DOA, DOT and the UW-Madison
- Work-shared vehicles
- Reimbursement for employee use of a personal vehicle for state business
- Vehicle leasing and rental options

Additionally, certain jobs in State service can only be performed using a car or truck (e.g., State troopers, road engineers, wardens, maintenance workers, mail service personnel). These workers will continue to have access to personally assigned vehicles to ensure they are properly equipped to meet their job requirements.

State government provides a diverse array of tools to help its employees do their jobs. Consequently, government services need not suffer because the State owns fewer vehicles. State agencies and the University of Wisconsin must reevaluate business practices and consider how public services can be offered with less reliance on State cars.

**Motor Pool Management Improved.** Since the LAB measured motor pool utilization rates in October 2004, several enhancements have been made. First, DOA reached an agreement with UW-Madison that resulted in the transfer of 30 sedans and vans to the UW motor pool at the end of 2004. This transfer helped both organizations tailor the mix of motor pool vehicles to match demand.

Second, software enhancements to FleetAnywhere were purchased that will allow for daily analysis of motor pool usage. This same software will allow motor pool users to reserve vehicles on line and improve customer satisfaction with motor pool as a travel option. DOA's September 30 report to the Committee will be based upon the most current data available.

Third, we are implementing measures to break down artificial barriers between agency motor pools to maximize access by all State employees (including a web-based reservation system that can access any motor pool).

It is important to note that the report documents use rates of between 49.9 and 64.1 percent in 2004 based on a 365-day availability basis. However, the benchmark rate of 80 percent used by the State of Utah is based on business days (approximately 260 days/year). Our report will also clearly delineate the different customer bases and patterns of use experienced by the various motor pools and the utilization standards that should apply.

**Budget Stabilization Fund Deposit to be Completed by June 30.** The 1,000-vehicle fleet reduction accomplished at the end of March required careful reconciliation of related department and agency records. Accurate record-keeping was maintained on all auction sales, sales to municipalities, inter-agency transfers and other transactions that would affect the amount deposited. Agency staff received worksheets to calculate amounts that will accrue to the benefit of the Budget Stabilization Fund on April 19; they will complete their review by May 15. The appropriate amount will be deposited in the stabilization fund by June 30, 2005.

**Minimum Driver Standards Being Checked.** DOA and DOT have worked closely since March 2004 to implement an automated monthly driver record check. Since January 1, 2005, significant progress has been made toward updating driver records and testing the monthly check. To date, the 13 agencies with the largest number of drivers have removed former employees from the active driver database. Other agencies will make those corrections over the next few months. The automated system has been tested and accepted by the agencies responsible for using it.

DOA created a multi-agency project team in November 2004 to develop a guidance document for the agencies to use in making decisions about eligibility, exemptions and associated restrictions. The draft has been circulated and will be adopted following final comments and revisions. Most agencies have been using the draft document since March 2005 to determine eligibility and grant exemptions. Agencies, including the Department of Corrections, are working hard to fully implement enforcement of the driver standards within the context of labor agreements and unique agency needs.

**Implementing FleetAnywhere.** DOA and other fleet-owning agencies reached a milestone in December 2004 when—for the first time—all state-owned vehicles were accounted for in the FleetAnywhere database. This significant development is the first and necessary step in maximizing the benefits of this software management tool.

DOA has more recently reconvened the FleetAnywhere user group and re-directed its work to carry out the recommendations of Maximus, the department's fleet management consultant. Specifically, the group has made progress toward defining the business-based requirements for the use of the software. This step will allow the agency users to reach a common understanding of critical data elements.

**Driver and Fleet Policies Improved.** DOA has for several years published two sets of fleet policies: one for drivers and one for fleet managers. A process was implemented in 2004 to update the elements of these policies—including using input from agencies and labor unions—and consolidating the policies into a single document. The new policy document provides several advantages:

- Eliminate inconsistencies and conflicts that existed between the previous versions
- Clarify personal use policies in a manner consistent with the Internal Revenue Code
- Strengthen the State's ability to enforce driver and management standards