

WEST VIRGINIA LEGISLATURE
Performance Evaluation and Research Division

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John Sylvia
Director

August 22, 2017

The Honorable Craig Blair
West Virginia State Senate
Building 1, Room 217W
1900 Kanawha Blvd., East
Charleston, WV 25305

The Honorable Gary G. Howell
West Virginia House of Delegates
Building 1, Room 213E
1900 Kanawha Blvd, East
Charleston, West Virginia 25305

Dear Chairmen:

Attached to this letter is the Special Report on Statewide Fleet Management Policies and Procedures. This study was performed at the request of Chairman Howell as part of an ongoing examination of the State's fleet management practices. PERD requested and reviewed written fleet management policies related to maintenance, commuting, and fleet-size optimization from 93 state agencies that own or lease vehicles across all three branches and constitutional offices within West Virginia state government. The results of the review are that 69 percent of state agencies that own or lease vehicles do not have written fleet management policies in these areas. The Legislative Auditor recommends that the Legislature consider requiring state agencies that own or lease vehicles to draft policies and procedures related to fleet management that incorporate FMO's policies and procedures, as well as any additional policies and procedures that may be unique to the agency. The Legislative Auditor recommends that the Fleet Management Office create a new policy and procedures manual. A response by the Fleet Management Office is included in the report.

Sincerely,

A handwritten signature in blue ink that reads "John Sylvia".

John Sylvia

Enclosure:

Sixty-Nine (69) Percent of Agencies That Own Vehicles Do Not Have Written Fleet Management Policies.

As part of the Legislative Auditor's ongoing review of fleet management in West Virginia state government, the Performance Evaluation and Research Division (PERD) conducted a review of state agencies' fleet management policies and procedures to determine the level of consistency across the State of West Virginia. PERD requested written policies related to maintenance, commuting, and fleet size optimization from 93 agencies that own or lease vehicles. Eighty-eight (88) agencies responded for a total response rate of 95 percent. Of the 88 agencies that responded, 61 (69 percent) did not provide written policies.¹ PERD specifically requested policies in these three areas because they are significant components of an effective fleet management policy. Most agencies have not developed their own fleet management policies because they are not required to under West Virginia law or they rely on the Fleet Management Office (FMO) for guidance and instruction regarding vehicle maintenance and utilization. However, as the 2016 Post Audit Division's review of the Division of Corrections fleet management practices shows, agencies cannot effectively manage their vehicles without adequate policies and procedures.²

While FMO is responsible for the managing all state-owned vehicles, the agencies themselves are responsible for the daily operation of their vehicles. Under *West Virginia Code*, FMO is responsible for “[m]anaging all motor vehicles...owned or possessed by the State of West Virginia or any of its departments, divisions, agencies, bureaus, boards, commissions, offices or authorities....”. FMO carries out its authority through the Fleet Management Rule (*W. Va. Code of State Rules* §148-3-1 *et seq.*) which establishes the minimal requirements for the maintenance and usage of state-owned vehicles. The Fleet Management Rule covers aspects of all three policy areas discussed in this report, but as a legislative rule, does not cover any of the three to the level of detail that a policy or guidance document would cover. The Fleet Management Rule allows FMO to publish policies and procedures, but it does not address if agencies can or should create their own policies. The Fleet Management Rule establishes that any agency that owns or leases vehicles must have a designated fleet coordinator who is responsible for maintaining communication with FMO and for ensuring agency personnel comply with the Rule. Since it is ultimately up to the coordinators to ensure that the personnel operating the vehicles are complying with the Fleet Management Rule, it is essential that they have the necessary management tools (i.e. policies and procedures) in place to carry out their responsibilities.

¹ PERD relied on the Fleet Management Rule's definition of a vehicle, which is, "...any state or agency-owned, leased or acquired vehicle regardless of intended use with a vehicle rating of one ton (3500/350) or less." The definition goes on to specify that the vehicle definition does not include all-terrain vehicles (ATVs) or any vehicle requiring a commercial driver's license to operate.

² Documentation of policies is essential for an organization's management to implement its internal control responsibilities. By documenting the policies and the associated procedures the organization's management communicates to its personnel the operational processes' objectives and related risks, and control activity design, implementation, and operating effectiveness. For additional information on policies as they relate to internal controls see U.S. Government Accountability Office, *Standards for Internal Control in the Federal Government* (2014).

The Performance Evaluation and Research Division Evaluated Fleet-Related Policies and Procedures from 88 Agencies Across All Three Branches and the Constitutional Offices of West Virginia’s State Government.

Table 1			
PERD’s Analysis of Policy Responses from West Virginia State Agencies			
Did the Agency provide a written fleet management policy?*	Maintenance Policy	Commuter Policy	Optimization Policy
Yes	23	13	2
No	65	75	86
Total	88	88	88
* Many agencies stated that they did have policies, but did not provide documentation to support their claims. Since PERD’s request was specifically for written policies, those responses were counted as “No”.			
Source: PERD’s evaluation of 88 agency responses to the request for written fleet-related policies and procedures.			

As Table 1 above shows, the majority of agencies that own or lease vehicles do not have policies in any of the three areas requested. “Yes” responses denote agencies that provided PERD with a document that included policies relative to the area in question. The responses to those requests are summarized below:

- Seventy-four (74) percent of responses did not have any written maintenance policies.
- Eighty-five (85) percent of responses did not have any written commuting policies.
- Ninety-eight (98) percent of responses did not have any written optimization policies.
- Five agencies did not respond to PERD’s initial request or multiple follow-up requests for policies.
- Nineteen (19) percent of agencies provided policies for one policy area requested.
- Only nine agencies (10%) provided policies in two of the areas requested.
- The Division of Homeland Security and Emergency Management within the Department of Military Affairs and Public Safety was the only agency with a policy in all three areas; however, it appears that policy was created between the time PERD requested it and when the agency responded.
- Agencies provided additional fleet management and travel policies³ in response to PERD’s information request. Of the agencies that submitted policies, 26 percent and 20 percent included driver responsibility and driver safety-related policies respectively.

A complete review of the written fleet management policies requested from state agencies can be found in Appendix A. The results of the review show that 69 percent of all responses did not contain any written fleet management policies. Many agencies provided statements describing their procedures related to each policy area requested, however PERD did not count those

³ Fleet management policies refer to the purchase, usage and maintenance of owned or leased vehicles. Travel policies refer to rules related to acceptable behavior and use of state funds when an employee travels on state business. Travel policies may include tracking mileage and rental vehicles in addition to lodging and accommodations, air travel, and reimbursements for personal expenses.

statements as policies, since they are not formally organized in a written document. For those agencies that did provide formal documents, PERD did not attempt to determine the quality of the policy or have specific criteria for what the policy document had to contain in order to count it as a “Yes”. Furthermore, PERD did not attempt to determine the extent to which agencies that had policies actually follow them.

Maintenance Policies Are the Most Common Fleet Management Policy Agencies Provided, Yet Only a Quarter of the Agencies That Responded to PERD Have Them.

Maintenance policies ensure that vehicle repairs are completed as needed so that the vehicles can be operated safely and efficiently. Under the Fleet Management Rule, agencies are responsible for ensuring routine maintenance is performed as needed and all preventative maintenance, service and safety recalls follow the manufacture’s recommendations. It also requires the agency to report and gain approval on all repairs from the FMO. Maintenance policies help agencies avoid lost productivity and potentially unnecessary and costly repairs by ensuring vehicles are operated efficiently.

Twenty-six (26) percent of the agencies that responded to PERD have a written policy relating to maintenance. Written policies often included ARI (FMO’s contractor for its vehicle maintenance program) procedures. Policies from agencies with vehicles not enrolled in ARI, include some reference to mileage or maintenance schedules to determine when routine maintenance will be performed. Eastern Community and Technical College, for example, used a 3,000-mile threshold for preventive maintenance instead of the manufacturer’s maintenance schedule. Agency responses also included whether maintenance for vehicles not enrolled in ARI was performed at local vendors or by the agency. New River Community and Technical College provided PERD with a list of approved vendors for maintenance services. In contrast, Shepherd University only acknowledged that the university performs all vehicle maintenance itself.

Fifteen (15) Percent of Agencies Have Commuting Policies.

The Fleet Management Rule defines commuting as, “...an employee who has a state vehicle assigned to them, whether permanently or temporarily assigned, and the employee drives the vehicle to and from his or her home and office.” The key provision is that the employee is driving from home to work. Employees may be assigned a state vehicle and drive that vehicle home every day, but an employee who goes out into the field, rather than to an office, is not considered a commuter.

The Fleet Management Rule establishes procedures for agencies and employees to follow to ensure that payroll deductions are properly assessed for employees who commute. As a fringe benefit to the employee, the Fleet Management Rule requires employees to authorize a payroll deduction and the agency to deduct the proper tax amount to comply with Internal Revenue Service (IRS) *Publication 15-B, Employer’s Tax Guide to Fringe Benefits*. To do that, the Rule requires

agencies to document that commuting is necessary to carry out the agency's mission. The Fleet Management Rule also requires the employee to specify the commuting mileage and locations in a monthly mileage report and submit that report to the agency's spending officer within ten (10) business days from the last day of the reporting month.

While proper reporting of employee fringe benefits is an important component of a commuting policy, the Fleet Management Rule does not sufficiently address commuting. Commuting policies are appropriate and sufficient when they provide agencies with the necessary tools and internal controls that ensure employees who commute are provided with a specific list of responsibilities and restrictions for use of a state vehicle, prevents/minimizes unauthorized use of the vehicle, and will enable the agency to immediately detect and stop any unauthorized use when it occurs. At a minimum, an agency's fleet management policies should specify whether or not commuting is an allowable practice.

Only 15 percent of agencies provided a commuting policy in their response to PERD. Commuting policies include procedures for determining commuting value and employee payroll deductions, however policies were inconsistent in addressing all commuting rules. Most responses include policies for complying with IRS rules, but few agencies had procedures for submitting monthly statements of commuting value to the FMO. Even fewer agencies had policies for ensuring that an employee's commuting requirement was written.

Two Percent of Agencies Provided a Policy Related to Optimizing Fleet Size.

The FMO has some influence in managing an agency's fleet size; however, neither it nor the agencies are required to develop a methodology to determine optimal fleet size. *W. Va. Code* authorizes the Secretary for the Department of Administration, "...to purchase new vehicles and dispose of old vehicles as is practical from time to time..." but goes no further in addressing how DOA or FMO should make those decisions. The Fleet Management Rule contains policies and procedures related to changes in fleet size; however, it falls short of requiring a true optimization plan. Specifically, if an agency wants to increase the number of vehicles it owns, it must first receive approval from FMO. Agencies are also required to gain FMO approval for vehicle leases, and notify FMO before purchasing a new vehicle. If FMO determines that an agency's vehicle is underutilized, it can recommend the reassignment or disposal of that vehicle. All in all, the Fleet Management Rule provides procedures for how an agency goes about adjusting its fleet size, but it does not require agencies to document how they determine the number of vehicles it actually needs.

The United States' General Services Administration (GSA), Office of Government-wide Policy has established fleet optimization methodology for the federal government that the State could adopt. The GSA's methodology provides agency fleet managers with a standard way to ensure that each vehicle in the fleet is optimally sized and is appropriate for accomplishing the agency mission. It includes:

- establishing specific vehicle utilization criteria to justify mission essential vehicles;

- conducting an assessment of vehicle utilization to determine how and the extent to which vehicles are used and apply the criteria to each vehicle;
- determining the optimal number and type of vehicles needed in the fleet inventory by considering utilization, mission needs, and other alternatives such as public transportation; and,
- reviewing and updating this type of study annually or as mission needs change.

The GSA's criteria focus on agencies performing a needs-based assessment for determining the number of vehicles an agency needs to fulfill its mission. Agencies also have justification for the number of vehicles that they own when the decision-making process is based on evidence such as, previous vehicle utilization, the agency's mission, and transportation alternatives. By establishing fleet optimization plans, agencies can provide a basis for downsizing fleets and reducing costs. The Fleet Management Rule includes many components of the GSA's methodology; however, it does not require agencies or FMO to utilize those components to develop a centralized plan to establish an optimal number of vehicles.

The West Virginia Division Homeland Security and Emergency Management and the West Virginia Parkways Authority were the only two agencies to provide optimization-related policies, but like the Fleet Management Rule those policies only focus on vehicle replacement. In the case of the Homeland Security, vehicles are replaced when the estimated cost of repairs equals 50 percent of the estimated value of the vehicle. The West Virginia Parkways Authority replaces its vehicles at the end of their economic life, the age at which the vehicles overall life cycle cost is minimized. While these policies provide a formula for replacing vehicles, neither policy is comprehensive enough to cover all areas addressed by the GSA's criteria. Additionally, 22 agencies provided responses with details about their fleet size decision making process; however, none of the agencies provided formal policies.

Additional Fleet-Related Management Policies Provided by Agencies Include Driver Responsibility and Driver Safety Policies.

While PERD specifically requested policies in the three areas previously discussed, several agencies provided additional policies that typically fell into two categories: driver responsibility and driver safety. Twenty-two (22) agencies provided policies related to driver responsibilities. Driver responsibilities refer to rules, restrictions, and exceptions given to employees who operate state-owned vehicles. Examples of driver responsibility policies includes:

- locking the vehicles when not in use;
- having a valid driver's license; and
- taking personal responsibility for all driving citations, warrants, or fines related to the operation or parking of the vehicle.

Driver responsibility also includes other rules that are more specific to the vehicle's usage for state business, such as:

- loading and unloading the vehicle,
- securing packages in the vehicle, and
- using lights and sirens in the case of emergency vehicles.

Seventeen (17) agencies provided policies related to driver safety. Examples of driver safety policies include:

- wearing seat belts,
- prohibiting the use of electronic devices while the vehicle is in operation, and
- requiring defensive/safe driving training.

The Post Audit Division’s Review of the Division of Corrections Fleet Management Shows the Need for Sufficient Policies and Procedures.

A May 2016 Post Audit Division compliance audit of the Division of Corrections (DOC), within the Department of Military Affairs and Public Safety, revealed that DOC was not properly documenting vehicle assignments, commuting value, or mileage logs. Although DOC had travel rules that included fleet-related policies, those policies were inadequate to properly manage its fleet and staff were not complying with them. For instance, DOC was verbally assigning commuter vehicles instead of making commuting a written requirement through the spending officer, as required by Fleet Management Rule. Also, DOC employees were not submitting the required mileage logs to the agency’s fleet coordinator. Without accurate data collection on the number of miles driven, the DOC could not adequately determine if the vehicles were being properly utilized. Post Audit also found that the DOC was not calculating the taxable fringe benefit for commuting. DOC was using a flat rate of \$53 a month, instead of the current \$1.50 per trip rate. The Post Audit Division concluded that using the outdated monthly rate resulted in a lower reported taxable income for employees who commute more than 17 days a month.

As a result of the Post Audit Division’s review, DOC developed a Fleet Reorganization Plan in January 2017 that includes steps to strengthen its policies and procedures. For instance, the DOC plans to monitor the alerts regarding underutilized vehicles provided by the FMO and file the proper underutilization exemption request form when necessary. The DOC also plans to meet with FMO annually to conduct a full utilization review and provide recommendations to the DOC Commissioner. The DOC also implemented a more stringent standard for replacing vehicles. Instead of the standard four-year and 100,000 miles replacement policy, the DOC will replace vehicles after five-year and 120,000 miles. All of the changes discussed in the DOC Fleet Reorganization Plan represent steps the agency is taking to improve its fleet management policies and procedures.

Most State Agencies Do Not Have Fleet-Related Policies Because West Virginia Code Does Not Require Them.

West Virginia Code does not explicitly require any agency to create fleet management policies, therefore, agencies that have created policies have done so voluntarily. PERD only identified one reference to agency policies regarding fleet management in *West Virginia Code*. While not a specific requirement for agencies to create fleet-related policies, *W. Va. Code* §5F-2-2(b) refers to policies regarding state vehicles. Specifically, subsection (b) states:

*The secretaries of the departments...shall engage in a comprehensive review of **the practices, policies and operations** of the agencies and boards within their departments to determine the feasibility of cost reductions and increased efficiency which may be achieved therein, including, but not limited to, the following:*

*(1) **The elimination, reduction and restriction of the state's vehicle or other transportation fleet**... [emphasis added].*

While subsection (b) does not explicitly require agencies to have fleet management policies, the reference to the practices, policies, and operations related to the elimination, reduction, and restriction of the state's vehicle fleet implies that the Legislature determined that such policies are necessary for state agencies that own vehicles to have in place. **Therefore, the Legislative Auditor recommends that the Legislature consider requiring state agencies that own or lease vehicles to draft policies and procedures related to fleet management that incorporate FMO's policies and procedures, as well as, any additional policies and procedures that may be unique to the agency.**

The Fleet Management Office Needs to Develop a New Fleet Management Policy and State Agencies Need to Develop Their Own Policies.

The Fleet Management Office is charged with managing the State of West Virginia's fleet to provide direction and service for their vehicles. Thirteen (13) percent of the agencies that responded either stated that they follow the Fleet Management Rule, or gave documentation from the ARI information system as evidence that they use those services. The Legislative Auditor concludes that agencies should continue to seek FMO's guidance for compliance with the Fleet Management Rule, but the Fleet Management Rule and FMO's guidance do not supersede the need for agency-specific fleet management policies. Agency policies should align with the Fleet Management Rule, but should also describe the methods, policies, and procedures, that the agency will use to comply with the Rule's requirements.

The Legislative Auditor also concludes that agencies cannot rely solely on FMO because the FMO does not have a policy and procedure manual for agencies to follow. According to *W. Va. Code of State Rules*. 148-3-3. 2, “[t]he Fleet Management Office **may** prepare and publish policies and procedures necessary to comply with federal and state code, legislative rules, executive orders, resolutions, and regulations or provide clarifying guidance related to fleet management within the State.” FMO had a policy handbook, but did not keep it up-to-date and ultimately scrapped it in 2014. The Director of FMO informed PERD that it plans to issue a new handbook after the it completes an update to the Fleet Management Rule. Once the new rule has been approved and issued, the agency plans to draft a new policy and procedure manual.

Therefore, the Legislative Auditor recommends that the Fleet Management Office create a new policy and procedures manual.

Conclusion

The Performance Evaluation and Research Division's review of fleet management policies across state government reveals an inconsistency in how agencies manage their fleets. The lack of policies related to maintenance, commuting and optimization indicates that the State's fleet is not being adequately managed. While FMO is tasked with the management of all motor vehicles owned or possessed by the state, FMO cannot oversee the day-to-day operations of the agencies' vehicles. Therefore, it is up to the agencies themselves to ensure that their vehicles are properly managed with the assistance of FMO. By providing agencies with a policy and procedure manual that interprets and expands upon the Fleet Management Rule, FMO would be providing a framework that could be adopted or adapted across state government.

PERD's review of agency-level fleet management policy and the work previously conducted by the Post Audit Division provides a starting point to understand how vehicles are being managed throughout State government but additional work is needed. The Legislative Auditor will continue reviewing fleet management issues and report back to the Legislature. PERD is currently working on a review of vehicle utilization by agencies that have not, until recently, reported their vehicle mileage to FMO. PERD is also in the process of evaluating commuter mileage and total annual mileage by state-owned vehicles to determine if the state is efficiently making use of its vehicle fleet. These reports will be issued at future meetings of the Legislature.

Recommendations

- 1. The Legislature should consider requiring agencies of the state, that own or lease a State-owned vehicle, to draft policies and procedures related to fleet management that incorporate the Fleet Management Rule (W. Va. Code of State Rules §148-3), FMO's policies and procedures, and any additional policies and procedures that may be unique to the agency.*
- 2. The Fleet Management Office should create a new policy and procedures manual.*

Appendix A

PERD's Review of Written Fleet Management Policies Requested from State Agencies

Department	Agency Name	Maintenance Policy?*	Commuter Policy?*	Optimization Policy?*	Responses
Administration	Board of Risk & Insurance Management (BRIM)				0
	Consolidated Public Retirement Board (CPRB)				0
	General Services Division				0
	Office of Technology (IS&C)				0
	Purchasing Division				0
	Real Estate Division				0
	Surplus Property				0
Agriculture	Conservation Agency	X	X		2
	Department of Agriculture		X		1
Council of Community and Technical Colleges	Blue Ridge Community and Technical College				0
	BridgeValley Community and Technical College				0
	Eastern Community and Technical College				0
	Mountwest Community and Technical College				0
	New River Community and Technical College				0
	Pierpont Community & Technical College				0
	Southern West Virginia Community and Technical College				0
	West Virginia Northern Community and Technical College				0

Department	Agency Name	Maintenance Policy?*	Commuter Policy?*	Optimization Policy?*	Responses
	West Virginia University at Parkersburg				0
Commerce	Community Advancement/ Office of Economic Advancement	X			1
	Division of Forestry	X	X		2
	Division of Labor	X			1
	Division Natural Resources		X		1
	Division of Tourism				0
	Geological and Economic Survey				0
	Office of Miner's Health Safety and Training	X			1
	West Virginia Development Office	X			1
	Workforce West Virginia	X			1
Constitutional Offices	Attorney General				0
	Secretary of State				0
	State Auditor				0
	Treasurer's Office	Did not respond to PERD's request for policies			0
Environmental Protection	Department of Environmental Protect	X	X		2
	Solid Waste Management Board				0
Health and Human Resources	Department of Health and Human Resources				0
	Health Care Authority				0
	Human Rights Commission	Did not respond to PERD's request for policies			0
Military Affairs and Public Safety	Adjutant General				0
	Fire Commission	X			1
	Division of Homeland Security & Emergency Management	X	X	X	3

Department	Agency Name	Maintenance Policy?*	Commuter Policy?*	Optimization Policy?*	Responses
Military Affairs and Public Safety	Division of Justice & Community Services				0
	Division of Juvenile Services				0
	Division of Protective Services				0
	Office of the Cabinet Secretary				0
	Parole Board				0
	Regional Jail and Correctional Facility Authority				0
	West Virginia State Police				0
Education and the Arts	Center for Professional Development	X			1
	Division of Culture and History				0
	Division of Rehabilitation Service	X			1
	Educational Broadcast Authority				0
	Library Commission				0
	National Coal Heritage Area Authority				0
	Office of the Cabinet Secretary				0
Education	Office of the Cabinet Secretary				0
	Regional Education Service Agencies	Did not respond to PERD's request for policies			0
	School Building Authority				0
	West Virginia School for the Deaf and Blind				0
Governor	Governor's Office				0
Higher Education	Bluefield State College	X			1
	Concord University				

Department	Agency Name	Maintenance Policy?*	Commuter Policy?*	Optimization Policy?*	Responses
Higher Education	Fairmont State University				0
	Glenville State College				0
	Higher Education Policy Commission/ CCTCE				0
	Marshall University				0
	Shepherd University				0
	West Liberty University	X			1
	WV Autism Training Center at Marshall University				0
	West Virginia NET	X			1
	West Virginia Osteopathic School of Medicine				0
	West Virginia State University	Did not respond to PERD's request for policies			0
	West Virginia University	X			1
Legislature	Commission for Special Investigations	X			1
Miscellaneous	Board of Barbers & Cosmetologists				0
	Board of Medical Imaging & Radiation Therapy Technicians				0
	Public Service Commission				0
	Water Development Authority				0
Revenue	Alcohol Beverage Control Administration	X	X		2
	Lottery Commission				0
	Office of the Insurance Commissioner		X		1
	Racing Commission				0

Department	Agency Name	Maintenance Policy?*	Commuter Policy?*	Optimization Policy?*	Responses
Revenue	Tax Division				0
Senior Services	Bureau of Senior Services				0
Supreme Court	Supreme Court				0
Transportation	Aviation Division	X	X		2
	Courtesy Patrol*				0
	Division of Highways	X	X		2
	Division of Motor Vehicles	X	X		2
	Division of Public Transit				0
	Office of Administrative Hearings	X	X		2
	Parkways Authority			X	1
	State Rails Authority	X	X		2
Veterans Affairs	Veteran's Home				0
	Veteran's Nursing Facility / Veterans Assistance				0
Total Number of Written Policies Received in Each Category		23	13	2	
<i>Source: PERD's compilation of responses from 93 agencies request for fleet-related policies and procedures</i> <i>*"X" denotes a written policy was received by PERD</i>					

Analysis of Fleet Management Policy Review

Responses to Policy Request	88	95%
No Response to Policy Request	5	5%
Total Agency Policies Requested	93	100%
Response Included All Policies Requested	1	1%
Response Included Two of the Policies Requested	9	10%
Response Included One of the Policies Requested	17	19%
Response Included None of the Policies Requested	61	69%

Source: PERD's compilation of responses from 93 agencies request for fleet-related policies and procedures



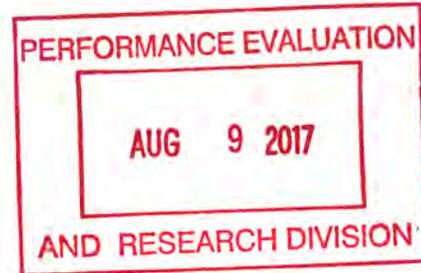
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August 8, 2017

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Performance Evaluation and Research Division
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1900 Kanawha Blvd., East
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Re: Draft Special Report on fleet management policies and procedures

Dear Mr. Sylvia:

Thank you for the opportunity to comment on the Performance Evaluation and Research Division's Special Report on fleet management policies and procedures. It is clear that you and your staff have done an impressive amount of research across a number of state agencies on this issue. I agree with the conclusion and recommendations made in the report, and look forward to moving ahead to implement changes necessary. Below are my comments to the recommendations, and some additional thoughts concerning the special report.

1. *The Legislature should consider requiring agencies of the state, that own or lease a state-owned vehicle to draft policies and procedures related to fleet management that incorporate FMO's policies and procedures, as well as any additional policies and procedures that may be unique to the agency.*

As a general principal, having a written policy governing use of vehicles by an agency is a sound practice, and this office wholeheartedly agrees with the recommendation. The Fleet Management Office (FMO) supports legislation that requires agencies to develop individual fleet management policies that coincides with guidance currently provided by FMO.

Additionally, when agencies make business decisions on the use of state-owned or leased vehicles, an important component of cost of operation is fuel. The report makes no mention of a fuel purchase policy, and the FMO believes this should also be a cornerstone of fleet management policy. FMO offers a fuel purchase program that includes analytics on fuel use by vehicle, has controls on the type of fuel that may be purchased, and calculates cost of fuel into the operating cost of an agency's fleet.

2. *The Fleet Management Office should create a new policy and procedures manual.*

As you stated in your report, FMO plans to issue a new handbook after proposed changes to its legislative rule are acted upon by the Legislature in the 2018 Regular Session.

FMO does not have a formal updated policies and procedures manual, however, it does provide a handbook to agencies with state-owned vehicles, describing all of the responsibilities and requirements for agencies that have state vehicles. Additionally, The current legislative rule is quite comprehensive as it relates to acceptable vehicle use and maintenance, as well as providing a framework for utilization review. Yearly, FMO provides agencies training on processes involving vehicle orders, disposing of vehicles, maintenance, fueling and utilization and reporting requirements that agencies must follow. In additional, FMO provides agencies with an annual fleet review, listing the inventory of the agency with operating cost and other data necessary to improve the operation of an agency's fleet. FMO believes agencies with state-owned and leased vehicles are not without guidance on ownership and use of state vehicles.

I had some additionally comments about the findings of the Special Report that were not addressed by the recommendations that I would like to share. It is important to remember that the structure of FMO, as well as statutory authority granted to the Department of Administration have shaped the way in which FMO carries out its mission of management of state vehicles. FMO is not staffed to police vehicle use or commuting privileges by individual employees, or to dictate to agencies appropriate vehicle use or fleet size to carry out their missions. FMO provides agencies tools to manage their own state vehicles and make business decisions with data on vehicle cost and use. FMO does provide benchmarks for replacement of vehicles to ensure that the State is getting the full value of vehicles purchased with state funds. FMO supports requiring agencies to have written internal policies for commuting privileges or evaluation of optimal fleet size by the individual agencies. Those policies should include adherence to guidelines of the Internal Revenue Service for personal use of a state vehicle. FMO has supported efforts such as the recent evaluation of Division of Corrections fleet, and is willing to assist agencies in this effort by providing necessary data and analytics on vehicle use and cost.

FMO is proud of the progress in the last few years. Our data collection on state vehicles and the assistance we have provide to agencies help to make the state fleet more transparent and efficient. We look forward to continuing to work with the Legislature to identify areas where fleet management policy can be improved upon.

Sincerely,



Kenny Yoakum, Director
Fleet Management Office