

STATE OF CONNECTICUT

FEBRUARY 13, 2002

PERFORMANCE AUDIT
REVIEW OF VEHICLE OPERATIONS AND MANAGEMENT
AT THE DEPARTMENT FOR PUBLIC SAFETY
FOR THE FISCAL YEARS ENDED
June 30, 1999 and 2000

AUDITORS OF PUBLIC ACCOUNTS

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EXECUTIVE SUMMARY

In accordance with Section 2-90 of the General Statutes the Auditors of Public Accounts are authorized to review an area of the agency's operations for performance and efficiency.

The Department of Public Safety (DPS) maintains a fleet of approximately 2,000 vehicles. The cost of vehicles, fleet maintenance and operation costs are significant and recurring expenditures. The fleet is also integral to accomplishing DPS' mission of providing protection of the public. DPS expenditures associated with the maintenance, repair and fueling of these vehicles cost the Agency approximately \$4,000,000 per year. The DPS costs for new police vehicles for the 1998-1999 and 1999-2000 fiscal years totaled approximately \$3,500,000. In addition to these DPS costs the Department of Administrative Services (DAS) purchased vehicles, which were leased to DPS by DAS, at a cost of approximately \$9,900,000 and \$6,123,000 for the 1998-1999 and 1999-2000 fiscal years respectively. This review was to determine if DPS has and utilizes adequate management control systems to measure, report and monitor those costs to ensure that the costs are incurred in an economical and efficient manner. The scope of this evaluation is to focus on the recurring costs of fuel for the vehicles, the required preventive maintenance of scheduled vehicle oil changes and the administration and use of the vehicles.

Vehicle Fuel:

- **Controls are not sufficient to ensure that activity at the various gasoline pumps is controlled and that the information collected by the Gasboy units is entered accurately.**

A description of the Gasboy system is presented in the "Background Information" section of this report.

In order to initiate a fuel transaction, the Gasboy unit mounted to the pump requests the driver to enter the current odometer reading of the vehicle receiving the fuel. Users can literally enter any number to designate the vehicle's odometer reading thus distorting the vehicle's mileage information between vehicle fuelings. This was evidenced by a February 2001 report that indicated 108 vehicles had negative mileage for the month.

The Gasboy system should be programmed to contain edit controls in order to ensure that activity at the pumps is controlled and information entered at the pumps is accurate and valid. (See Item No. 1)

- **Controls are insufficient for ensuring the safekeeping of the fuel cards.**

Based on a report generated by the Gasboy system 200,763 gallons of gasoline were consumed during the month of February 2001. The report indicated that 56

DPS vehicles that were no longer in service consumed 3,376 gallons of the total gasoline consumed. It appears that the vehicle identification fuel cards for those 56 vehicles were not properly voided and were used to fuel other vehicles.

Controls should be improved to ensure the safekeeping of the identification cards. (See Item No. 2)

- **There is no review process to ensure that fuel consumption is obtained economically and used efficiently.**

In addition to obtaining gasoline at various DPS locations, fuel can also be obtained at Department of Transportation (DOT) fueling locations, and at commercial gasoline stations. DPS does not prepare a report that combines the amount of fuel obtained from these sources in total or by vehicle. There is no evaluation process to review the cost of fuel.

DPS should establish reporting and administrative procedures to review the consumption of fuel. (See Item No. 3)

Preventive Maintenance:

- **The Agency does not have complete comprehensive vehicle history records and adequate management procedures to ensure that vehicles receive preventive maintenance in accordance with Agency regulations.**

Vehicle maintenance history records maintained by PHH, a vehicle management service under contract with DPS, did not always contain complete and accurate information. Preventive maintenance performed by DPS mechanics was not always reported to PHH for inclusion in their vehicles maintenance history reports. Additionally, comprehensive maintenance history records were not available for those vehicles not administered directly by PHH.

DPS should implement procedures to ensure that all relevant information is provided to PHH Vehicle Management Services (PHH). DPS should also implement the use of comprehensive maintenance history reports for all vehicles to ensure that its vehicles receive preventive maintenance on a timely basis. (See Item No. 4)

- **DPS Fleet Operations does not review in a timely manner the information provided by PHH to ensure that the data is accurate.**

According to the Gasboy Fleet Master File as of February 28, 2001, vehicles administered by PHH totaled 1,866. The March 1, 2001, PHH invoice included 1,934 vehicles being administered by PHH for a discrepancy of 68 vehicles between the reporting systems.

DPS should implement procedures to ensure that information provided by PHH is promptly reviewed and in agreement with Agency records. (See Item No. 5)

- **Service providers are not limited and many are selected based on convenience and not on cost effectiveness. In addition the Agency does not seem to be placing sufficient emphasis on obtaining the most economical cost for preventive maintenance.**

During the 2000 calendar year, DPS utilized 271 service providers with preventive maintenance and repair expenditures totaling \$1,080,574. Of the 271 service providers only five were included in the original contract with PHH as service providers. These five service providers provided services totaling \$27,759 or only three percent of the total preventive maintenance expenditures. Of the remaining \$1,052,815 expenditures 51 percent or \$535,491 were provided by 10 service providers primarily selected by the Agency.

We noted that 68 percent of preventive maintenance transactions were made with service providers that had an average lube and oil change cost of \$27. The majority of these providers were within the vicinity of providers, per the PHH contract, that could perform the same service for \$20. Using the least expensive of the PHH providers could represent a yearly savings of \$89,964 for 1,071 vehicles.

DPS should implement management control procedures to ensure that its vehicles receive preventive maintenance as economically and efficiently as possible. (See Item No. 6)

Administration of Vehicles:

- **DPS does not have a system in place to effectively report, monitor or measure the effectiveness of its fleet operations. Management has not established sufficient administrative controls for measuring the economic and efficient operation and performance of its fleet.**

DPS did not perform any analysis or review that measured or evaluated the performance and effectiveness of any aspect of fleet operations.

DPS should implement a reporting system that would provide periodic information on the economic and efficient performance of its fleet operations. (See Item No. 7)

- **DPS promotes highly trained and experienced police officers into supervisory positions overseeing fleet operations without providing training that is pertinent to producing effective management.**

DPS employees were promoted to management levels that directly or indirectly oversee Fleet Operations without prior experience or training for that area of management.

DPS should provide pertinent training for employees promoted to upper management relevant to their supervision of Fleet Operations. (See Item No. 8)

- **Reports produced by the Gasboy system are unreliable for evaluating areas of fleet operations for effectiveness and performance.**

Gasboy reports contained inaccuracies such as indications of vehicles with negative mileage, disposed of vehicles still on the inventory and variances with PHH reports. Weaknesses in the Gasboy system are more specifically identified in Items No.1 and 2 of the “Results of Review” section of this report.

DPS should improve or replace the Gasboy system to ensure that reported information is reliable, accurate and effective for evaluating various aspects of Fleet Operations. (See Item No. 9)

- **Reports are not being distributed to the lower management levels of the Agency in a manner that would be most beneficial.**

The Troop levels of DPS receive a general inventory type of report from Fleet Operations on a periodic basis that does not specify possible areas of concern. In addition reports of preventive maintenance and repairs are not routinely provided to the Troop levels for review.

DPS should provide reports that are designed and targeted to provide relevant information for each level of management. (See Item No. 10)

- **Vehicle accident insurance claims submitted to insurance companies to recover damages are not always accurately documented and sufficiently monitored.**

Discrepancies were noted between the records of DPS Fleet Operations and DPS Fiscal Services. In addition, DPS records showed that some relatively old insurance claims were still considered to be unresolved, which may indicate poor record keeping, poor monitoring, and or a lack of effort to collect the insurance claims.

DPS should improve its procedures for recording and monitoring insurance accident claims and receiving payments from insurance companies. (See Item No. 11)

- **Fleet Operations staff are not using available computer equipment to the fullest in performing their duties.**

Several operations were being performed manually, such as vehicle inventory reconciliation, the accounting for vehicle accidents and insurance claims, and the reconciliation of leased vehicles per the inventory and per the vehicle lease payments made.

DPS should require and provide adequate training for Fleet Operations staff to enable them to fully utilize the available computer equipment. (See Item No. 12)

AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

The Auditors of Public Accounts, in accordance with Section 2-90 of the Connecticut General Statutes, are responsible for examining the performance of State entities to determine their effectiveness in achieving expressed legislative purposes. We conducted a performance audit of some segments of the Department of Public Safety (DPS) in accordance with Generally Accepted Government Auditing Standards. The scope of this performance review was to determine if DPS has and utilizes adequate management control systems for measuring, reporting, and monitoring the costs associated with its vehicle fleet operations. The review focused primarily on three areas of costs associated with the vehicles. Our objective in doing this audit was to determine whether the Agency is economically and efficiently acquiring, protecting and using fuel and maintenance/repairs for its vehicles and utilizing effective vehicle management procedures.

To accomplish our objectives, we reviewed our prior financial auditors' reports and supporting workpapers. In addition, we reviewed various reports produced by the Gasboy Fleet/Fuel System, reports produced for DPS by the private contractor PHH Vehicle Management Services (PHH), Agency procedures and files for any available pertinent documents, relevant contracts, financial statements and other materials made available to us. We interviewed various officials and employees of the Department of Public Safety. In addition, we interviewed representatives from PHH Vehicle Management Services. We analyzed Agency financial reports and activity reports, did comparisons, and performed reasonable tests to form conclusions.

The audit reflects situations that existed at the time of our review and what was then the latest available data. Consequently, the report would not reflect improvements that may have occurred in the operations of the Agency's fleet management since our review, and their effect on statistical data.

The field audit work was conducted from January 2001, through August 2001, by Principal Auditor Richard Labbe and Auditor II Jill Roberts.

BACKGROUND INFORMATION

Gasboy System:

The Department of Public Safety is utilizing a computerized data system entitled Gasboy to monitor fuel usage and maintain vehicle inventory. The Gasboy system supports two primary files, a Fleet Master File and a Fuel Master File. The Fuel Master File is a record of each fuel transaction and contains vehicle odometer readings, gallons of gasoline pumped, and time and location of each fuel transaction. The Fleet Master File is a database used to maintain the Agency's vehicle inventory and contains such information as the vehicle type and assigned location.

The Gasboy system can produce various reports on a periodic basis and by special request. Reports can be generated from each master file or by merging information from the two master files.

Fuel Purchases:

The Fuel Master File is updated with data as collected by Gasboy units, which are mounted on the Agency's gas pumps. In order to initiate a fuel transaction, two assigned fuel cards must be scanned into the Gasboy unit, one card identifies the vehicle and the other card identifies the user. In this manner DPS controls access to its gasoline pumps while acquiring information on fuel usage. After the cards are scanned, the unit requests the driver to enter the current odometer reading of the vehicle receiving the fuel. Twice a week, the data collected by the Gasboy units is electronically transmitted to the Fuel Master File.

In addition to obtaining gasoline at DPS gasoline pump locations, fuel may also be obtained at gasoline pumps operated by the Department of Transportation or commercial Mobil stations.

Vehicle Inventory:

The Fleet Master File is maintained on-line by DPS Fleet Operations. Upon receipt, all new vehicles are inspected by DPS Fleet Operations. After the inspection is performed, the new vehicle information is entered into the Gasboy inventory system. Upon delivery to the unit or troop, the person who is assigned the vehicle and the date is recorded in the Gasboy inventory system.

Besides sworn personnel, civilian personnel, such as Fire Marshals, Building Inspectors, Elevator Inspectors and Boiler Inspectors may also be assigned vehicles. In some cases, a vehicle may be assigned to a unit, rather than to a specific person.

The respective Master Sgt. or Lieutenant determines the assignment of vehicles to the sworn personnel. The practice most commonly followed is for new State trooper graduates to receive the older cars while the newer vehicles are assigned to the senior level State troopers or Agency management. Fleet Operations periodically reviews vehicle mileage and will recommend rotating high mileage and low mileage vehicles. However, the respective unit Master Sgt. or Lieutenant makes the decision on rotation of vehicles.

There are numerous reports that are produced from the Gasboy inventory system that contain vehicle inventory information. The reports are reviewed by Fleet Operations on a daily basis for vehicle replacement planning.

Preventive Maintenance:

DPS Fleet Operations determines the preventive maintenance schedule for each vehicle based on manufacturer specifications. The preventive maintenance schedules are included in the DPS Administration and Operations Manual. Preventive maintenance services can be provided within the Agency by Fleet Operations or by commercial vendors.

DPS has contracted with PHH Vehicle Management Services (PHH) to administer the maintenance of its vehicles. The contract award between PHH and DPS included 15 service providers located in a 10-mile vicinity of various DPS sites. These 15 providers were selected by PHH and represented those providers offering the most competitive pricing within the specified vicinity. PHH also provides a Statewide network of service stations and automotive garages where DPS can have its vehicles maintained. PHH receives a monthly service fee of \$1.70 from DPS for each vehicle it manages.

Administration of Vehicles:

Organizationally Fleet Operations is part of the Division of State Police of DPS. Fleet Operations is headed by a fleet manager who is under the supervision of Support Services. Support Services is a part of the Bureau of Training and Support Services, which is under the supervision of the Office of Administrative Services. The Office of Administrative Services reports to the Commissioner. Thus there are three layers of supervision between Fleet Operations and the Commissioner's Office.

NOTEWORTHY ACCOMPLISHMENTS

DPS does maintain an extensive inventory of varied types of vehicles such as; police cruisers, motorcycles, vans, trucks and specialty types of vehicles. The inventory of vehicles as of July 2001 contained 1,776 vehicles, of which 1,152 were police cruisers, issued to various personnel and divisions of the Agency. Over a seven year period an average of 262 new police cruisers were added to the active inventory each year and approximately 97 police cruisers were removed each year. The average life of a police cruiser before it is removed from the inventory is approximately three and one half years. The basic administration of a constantly changing inventory of this type and magnitude is difficult, especially considering the nature of the work performed by DPS. DPS has maintained a sufficient amount of quality vehicles to perform the varied police, inspection and administrative duties required of DPS.

RESULTS OF REVIEW

Vehicle Fuel:

Item No. 1. Controls are not sufficient to ensure that activity at the various gasoline pumps is controlled and that the information collected by the Gasboy units is entered accurately.

The ability to monitor and control the economic and efficient use of fuel for the fleet vehicles requires a sound information system. A sound information system contains edit controls that sets criteria and conditions for a specified request or activity. The system must also provide current reports on fuel usage that contain accurate information and are available to management in various formats.

Our review indicated that although the Gasboy system did provide varied reports that could be utilized by the Agency, the reports often contained inaccurate or misleading information. The Gasboy system is not programmed to contain edit controls such as limiting the amount of gasoline a user can obtain for a specific vehicle at one time or over a period of time. Another control weakness is that users can literally enter any number to designate the vehicle's odometer reading thus distorting the vehicle's mileage information between vehicle fueling. This was evidenced by a February 2001 report that indicated 108 vehicles had negative mileage for the month.

The lack of readily available accurate information can prevent management from making informed and timely decisions that are essential for ensuring appropriate, efficient and economic use of gasoline.

The Gasboy system should be programmed to contain edit controls in order to ensure that activity at the pumps is controlled and information entered at the pumps is accurate and valid. (See Recommendation 1)

Agency Response:

“Management will contact Gasboy service provider to audit the current hardware and software for functionality and further ensure the system encompasses the most recent software upgrades designed to capture fuel and mileage data. Management will determine if the system is passed its usefulness and, if so, determine if alternative data collection products are available to provide required data. Management will also ensure supervisors and managers are trained in the input of information required and types of reports generated by the system to extract pertinent information. A periodic management [review] will be conducted to ensure compliance.”

Item No. 2. The controls are insufficient for ensuring the safekeeping of the fuel cards.

To ensure the integrity of the information is maintained, the system security identification such as key cards to identify users and/or vehicles should be properly controlled. This ensures that systems are protected from unauthorized entry and also ensures that the use of commodities are properly recorded and safeguarded.

Based on a report generated by the Gasboy system 200,763 gallons of gasoline were consumed during the month of February 2001. The report indicated that 56 DPS vehicles that were no longer in service consumed 3,376 gallons of the total gasoline consumed. It appears that the vehicle identification fuel cards for those 56 vehicles were not properly voided and were used to fuel other vehicles. This distorts the reporting of fuel usage by vehicle and also indicates a lack of control over the fuel identification cards. Insufficient controls over the consumption of gasoline can lead to theft or misuse.

Controls should be improved to ensure the safekeeping of the identification cards. (See Recommendation 2)

Agency Response:

“The Agency will ensure that a system is in place whereby each person authorized to acquire fuel is issued only one set of cards; one for the assigned vehicle, one for the employee. Defective or damaged cards are to be turned in at time of replacement. The fuel management data system should track and provide information as to when a duplicate card has been created. Fleet needs to be advised and appropriate adjustments need to be noted in cases where vehicles are reassigned to spare status. Gas cards of vehicles permanently taken out of service should be voided.”

Item No. 3. Fuel consumption is not being reviewed to ensure that it is purchased economically and used efficiently.

A management review process of fuel consumption information is necessary for the monitoring, controlling and budgeting of fuel costs for the fleet vehicles, thus assuring the economic and efficient use of vehicle fuel.

DPS does not currently have a written review process for monitoring, controlling and budgeting of fuel costs. A reporting system that combines the amount of fuel obtained at the various fueling locations should be prepared by the agency on a periodic basis and reviewed by management to ensure the economic purchase and efficient use of vehicle fuel.

For example, in addition to obtaining gas at various DPS locations, fuel can also be obtained at Department of Transportation (DOT) fueling locations, and at commercial gasoline stations. DPS does not prepare a report that combines the amount of fuel

obtained from these sources. Without such a report the fuel cost and fuel usage as reported by Gasboy is incomplete.

DPS should establish reporting and administrative procedures to review the consumption of fuel. (See Recommendation 3)

Agency Response:

“The agency will attempt to negotiate a best flat-rate price for fuel for a fiscal year. Fuel obtained from DOT garages and commercial vendors will be more closely monitored and limit those acquisitions to only circumstances that are justifiable. Reports generated should include all sources of fuel, internal and external, to generate an accurate fuel use summary.”

Auditor’s Concluding Comment:

The Agency’s response is a positive step to control the cost of fuel. However, management should also establish oversight procedures to include a review of the consumption of fuel for efficiency, consumption comparisons by location, a review of unusual variances, and a plan of action to address and improve the efficient and appropriate use of fuel.

Preventive Maintenance:

Item No. 4. The Agency does not have complete vehicle history records and adequate management procedures to ensure that vehicles receive preventive maintenance in accordance with Agency regulations.

To control costs and ensure that vehicles are properly maintained requires a sound reporting system. The reporting system must provide usable, comprehensive, accurate and timely reports that can be readily reviewed by management.

Our review of a sample of 25 patrol vehicles reported by PHH revealed that 12 of those vehicles did not have oil changes in accordance with the DPS Administration and Operations Manual. The report also indicated that two of the vehicles sampled never had an oil change, even though the odometer readings of the vehicles were 26,878 and 74,708 miles. Fleet Operations informed us that most of the vehicles in this sample did receive oil changes in accordance with the preventive maintenance schedule. However, the maintenance was performed by DPS mechanics and PHH was not notified, thus distorting the vehicle maintenance history.

In a separate sample of spare patrol and administrative vehicles it was determined that 15 of the 24 vehicles sampled did not comply with the Agency’s maintenance schedule. These vehicles may have received scheduled maintenance by DPS mechanics as was indicated by Fleet Operations for the previously sampled patrol vehicles. However, this

review combined with the review of patrol vehicles indicates that there is a need for improvement of monitoring of vehicle preventive maintenance by DPS management.

The maintenance of some vehicles is not administered by PHH but is administered directly by DPS. Comprehensive maintenance history records were not readily available for those vehicles not administered by PHH.

DPS should implement procedures to ensure that all relevant information is provided to PHH Vehicle Management Services (PHH). DPS should also implement the use of comprehensive maintenance history reports for all vehicles to ensure that its vehicles receive preventive maintenance on a timely basis. (See Recommendation 4)

Agency Response:

“The agency will ensure that the appropriate internal requests forms for vehicle service are completed and processed through Fleet Administration. Fleet Administration will reconcile forms with corresponding vendor paperwork. This applies to all regularly scheduled and preventive maintenance. Fleet Administration will ensure that PHH provides comprehensive vehicle maintenance histories on vehicles they service.”

Item No. 5. DPS does not review the information provided by PHH in a timely manner to ensure that the data is accurate.

A management review of available reports is necessary in order to monitor and control costs associated with scheduled preventive maintenance, to ensure that payments made to PHH for preventive maintenance services and PHH administrative costs are accurate and appropriate.

According to the Gasboy Fleet Master File as of February 28, 2001, vehicles administered by PHH totaled 1,866. The March 1, 2001, PHH invoice included 1,934 vehicles being administered by PHH for a discrepancy of 68 vehicles between the reporting systems.

DPS should implement procedures to ensure that information provided by PHH is reviewed in a timely manner and is in agreement with Agency records. (See Recommendation 5)

Agency Response:

“A review system shall be designed whereby Fleet Administration requests and reviews PHH information in its entirety for areas of concern, i.e. costs, repetitive repairs, etc., and forwards the information to the respective troops or units for review and action. The Internet data link for the fleet inventory system with PHH will be utilized. The agency’s Fleet Manager is to ensure that all databases utilized for fleet management are reconciled on or about the same time and reflect consistent information.”

Item No. 6. Service providers are not limited and many appear to be selected based on convenience and not for cost effectiveness. In addition the Agency does not seem to be placing sufficient emphasis on obtaining the most economical cost for preventive maintenance.

Costs incurred by an agency should be reasonable and necessary. These costs should be obtained in the most economical and efficient manner possible without diminishing the quality of the commodities or services required.

During the 2000 calendar year, DPS utilized 271 service providers with preventive maintenance and repair expenditures totaling \$1,080,574. Of the 271 service providers, 266 of them received payments totaling \$1,052,842. There is no assurance that the 266 providers offer the most competitive pricing in the area since they were not part of the original network selected by PHH for the contract award. Our review of the top 30 providers used by DPS, representing 75 percent of the total preventive maintenance and repair costs revealed that 18 of those 30 providers were located in the immediate vicinity of a lower cost network provider. Our review also revealed that nine non-network suppliers, at a total cost of \$129,134 for one year, were used by DPS even though network service providers were located in the same vicinity.

Regularly scheduled lube and oil changes are a large portion of the preventive maintenance costs; however, we were unable to specifically identify the exact annual cost of lube and oil changes. Based on the requirement that each patrol type vehicle receive a lube and oil change every 3,000 miles and the average monthly mileage is approximately 3,000 miles per patrol vehicle, the yearly cost of lube and oil changes for 1,071 patrol type vehicles at \$20 each would equal a yearly cost of approximately \$257,040. The cost of a lube and oil change per network provider can vary from a low of \$20 to a high of \$33 each. We noted that 68 percent of preventive maintenance transactions were made with service providers that had an average lube and oil change cost of \$27. The majority of these providers were within the vicinity of two local PHH national providers that could perform the same service for about \$20. Using the two local national providers could represent a yearly savings of \$89,964 for 1,071 vehicles. A similar review by PHH as of May, 2001, concluded that these types of costs by independent providers range from \$25 to \$32 per occurrence. The cost during the same period by a local national provider was \$21 per occurrence.

DPS cannot readily determine if these costs are obtained economically or timely scheduled. The Agency could be incurring unnecessary costs for preventive maintenance.

DPS should implement management control procedures to ensure that its vehicles receive preventive maintenance as economically and efficiently as possible. (See Recommendation 6)

Agency Response:

“The agency’s Fleet Manager will provide an updated list of PHH vendors to all districts, troops and unit commanders with directives to make the use of those vendors the rule rather than the exception.”

Auditor’s Concluding Comment:

The issue is not primarily that the Agency should use the list of PHH vendors, but that the Agency has significantly added vendors to the PHH list without evaluating the cause for adding those vendors. The original PHH vendor list contained only 15 vendors and currently that list has grown to approximately 300 vendors. The size of the PHH list indicates a lack of control by management of the vendors used by the Agency. The PHH list should be pared down to only include vendors that are necessary and who provide services economically and efficiently.

Administration of Vehicles:

Item No. 7. DPS has not established sufficient management controls for measuring the economic and efficient operation and performance of its fleet.

Management controls include the processes for planning, organizing, directing and controlling program operations. They include the systems for measuring, reporting and monitoring program performance.

DPS does have a system in place that could effectively report, monitor or measure its fleet operations. DPS has not established procedures to effectively measure, report and monitor program performance. No analysis or review utilizing the Gasboy and or PHH reporting systems was performed by DPS on a scheduled periodic basis that measured or evaluated any aspect of fleet operations. For example information obtained from Gasboy and PHH reports could be used to review the maintenance costs of operating vehicles by location. This type of analysis could identify strengths and or weaknesses that can be addressed.

DPS should implement reporting procedures that would provide periodic information on the economic and efficient performance of its fleet operations. (See Recommendation 7)

Agency Response:

“The agency Fleet Manager shall review present processes as they pertain to fleet operations. Effective and efficient areas shall remain in place. Deficiencies in the areas of staffing, training, equipment, shall be identified and remedied as associated costs allow. Periodic reviews will be done in ensure compliance.”

Auditor’s Concluding Comment:

A system of reporting, monitoring and measuring fleet operations is also needed to reach those upper levels of management overseeing the Fleet Manager and fleet operations.

Item No. 8. DPS has not provided pertinent training for its upper management relevant to the supervision of Fleet Operations.

Management training aimed at developing an understanding and appreciation of the responsibilities associated with fleet management is important for providing inexperienced managers with the necessary tools for overseeing Fleet Operations. Training can also provide managers with an insight into proven methods or new ideas that may create more efficient and economical Fleet Operations. Currently highly trained and experienced police officers are promoted into positions of overseeing Fleet Operations with limited training and knowledge in that particular area of supervision. DPS should provide pertinent training for employees promoted to upper management relevant to their supervision of Fleet Operations. (See Recommendation 8)

Agency Response:

“The agency Fleet Manager shall work in concert with DAS Fleet to determine the scope and training of fleet managers statewide. Management should explore training opportunities through PHH or create in-house training modules, based on standards endorsed by the National Association of Fleet Administrators (NAFA).”

Auditor’s Concluding Comment:

It is important to provide the Fleet Manager with exposure to new ideas and training. However, it is also necessary to ensure that those who supervise the Fleet Manager develop an expertise in fleet operations. Without some expertise at the upper levels of management the supervision of the Fleet Manager and fleet operations is at best limited and not effective.

Item No. 9. Reports generated by the Gasboy system contain a sufficient number of inaccuracies to make the various reports it produces unreliable for evaluating various aspects of Fleet Operations by management.

A sound reporting system is required for management to have accurate information to provide a basis for informed decisions. The Gasboy system produces reports that have many inaccuracies because of the lack of data entry edit controls to ensure information is properly entered onto the system. Items No. 1 and 2 of this section of the report contain areas of weakness in the Gasboy system.

DPS should improve or replace the Gasboy system to ensure that reported information is reliable, accurate and effective for evaluating various aspects of Fleet Operations. (See Recommendation 9)

Agency Response:

“The agency Fleet Manager will review and evaluate the present Gasboy system to determine its technological usefulness. If the system cannot be suitably upgraded, alternative replacement solutions will be explored.”

Item No. 10. DPS does not provide sufficient and appropriate vehicle reports to various levels of the Agency that operate and manage fleet vehicles.

Accurate reports, which present information relevant to the different levels of an organization, assist in identifying localized areas of concern and effectiveness. This type of reporting allows the lower levels of management to directly address areas of concern and also provide upper management with an agency wide comparative overview of concerns and their possible resolutions.

The Gasboy reports that the troops receive are too general in nature and do not specifically identify areas of concern. Reports that could be beneficial at the Troop level of DPS could include information identifying unusually high maintenance and repair costs; failure to comply with the preventive maintenance schedule or any other activity that is considered to be unusual or questionable.

The organizational troop levels of DPS do not receive PHH maintenance history reports. These types of reports can provide a better understanding of the costs associated with the maintenance of the vehicles at the Troop level. Maintenance history reports can also be used to ensure that the maintenance of the vehicles is performed in accordance with DPS procedures on a more current basis.

PHH information in general is not currently being provided to the Troop levels of management. DPS should review the possibility of providing this information through the use of the Internet with PHH. Currently a manual maintenance record is maintained with each vehicle. The ability to obtain current information could be used to verify the manual maintenance record or replace the manual record with an automated system.

DPS should provide reports that are designed and targeted to provide relevant information for each level of management. (See Recommendation 10)

Agency Response:

“An on-line Internet system to access vehicle maintenance histories and cost accounting is available through PHH and will be utilized. Information will be made available to Troop and unit levels through Fleet Administration. Additional reporting can be provided through the DPS information systems unit.”

Item No. 11: DPS should improve its procedures for recording and monitoring insurance accident claims and receiving payments from insurance companies.

The records at Fleet Operations for the administration of insurance accident claims submitted to insurance companies are maintained using a manual system. The manual system consists of separate yearly ledgers listing the claims in chronological order. This method of recording activity is archaic and prohibits efficient maintenance of the records.

There are no written procedures or controls to ensure that all insurance accident claims are recorded in the ledgers, that all resolved claims have been recorded and that all insurance payments have been recorded as received and deposited.

Currently all insurance accident claims are recorded by one employee at Fleet Operations. The same employee also administers the claims and receives the payments from the insurance companies. The receipts are then submitted to DPS Fiscal Services for deposit. This represents a lack of appropriate segregation of duties and poor controls over the handling of cash receipts. At a minimum the receipt of claim payments should be received directly by Fiscal Services to create a control between the billing of claims and the receipt of cash. Also a periodic reconciliation of the records maintained by Fleet Operations and Fiscal Services should be performed to ensure that all insurance claims are received and deposited.

A sample of 25 payments received initially by Fleet Operations and deposited by Fiscal Services indicated that 19 of those receipts were not deposited timely in accordance with Section 4-32 of the General Statutes, which requires receipts to be deposited within 24 hours. These receipts totaling \$68,228 were deposited between two and 16 days late.

DPS should improve its procedures for recording and monitoring accident insurance claims and receiving payments from insurance companies. (See Recommendation 11)

Agency Response:

“DPS is in the process of audit/review of the accident claim procedure. Manual tasks identified will be automated where practicable. The process should be further expanded so the DPS can recoup costs incurred in accidents not only for vehicles but also for installed police radios, computers and lighting. Reimbursements should be set up to come directly to DPS accounts.”

Item No. 12: Fleet Operations’ staff are not using available computer equipment to the fullest in performing their duties.

The use of computer technology can promote more productive and efficient use of time and effort by employees. Computers make information more readily available and they also allow information to be more easily sorted and retrieved. In addition data and records that are not processed in the most efficient manner can result in more errors and untimely reporting.

Fleet Operations performs several administrative operations manually that could be performed using the computers. In addition the computers can be used as a more efficient

means of communication between Fleet Operations, the various Troops, Fiscal Services and other divisions of DPS.

Computer equipment and applicable software is available and it is located at Fleet Operations for the employees to use. It appears that the staff has not received sufficient training in computer applications to allow them to fully utilize the computers.

DPS should require and provide adequate training for Fleet Operations staff to enable them to fully utilize the available computer equipment. (See Recommendation 12)

Agency Response:

“The DPS is in the process of reassessing its fleet operation procedures. Those areas of information that can be captured electronically will be identified. Computer programs being utilized will be identified. Databases will be designed and personnel will be trained and held accountable for the accuracy of information.”

RECOMMENDATIONS

- 1. The Gasboy system should be programmed to contain edit controls in order to ensure that activity at the pumps is controlled and information entered at the pumps is accurate and valid.**

Comment:

The Gasboy system is not programmed to contain edit controls. To obtain fuel, users can enter invalid numbers onto the system to represent the respective vehicle's current odometer reading. This can distort the reporting of vehicle mileage as evidenced by a monthly report that indicated 108 vehicles had negative mileage.

- 2. Controls should be improved to ensure the safekeeping of the identification cards.**

Comment:

Based on a monthly report vehicle identification cards for 56 vehicles that were no longer in service were used to acquire 3,376 gallons of fuel.

- 3. DPS should establish reporting and administrative procedures to review the consumption of fuel.**

Comment:

DPS has no apparent review process to analyze the economic purchase and efficient use of fuel. DPS does not prepare a report that summarizes and combines the amount and cost of fuel obtained from sources outside the Agency. As a result the fuel consumption by vehicle is unknown.

- 4. DPS should implement procedures to ensure that all relevant information is provided to PHH Vehicle Management Services (PHH). DPS should also implement the use of comprehensive maintenance history reports for all vehicles to ensure that its vehicles receive preventive maintenance on a timely basis.**

Comment:

Our review of a sample of 25 patrol vehicles reported by PHH revealed that 12 of those vehicles did not have an oil change, according to the PHH report, in accordance with the DPS Administration and Operations Manual.

In a separate sample of spare patrol and administrative vehicles it was determined, according to the PHH report, that 15 of the 24 vehicles sampled did not comply with the Agency's maintenance schedule.

5. **DPS should implement procedures to ensure that information provided by PHH is reviewed in a timely manner and is in agreement with Agency records.**

Comment:

According to the Gasboy Fleet Master File as of February 28, 2001, vehicles administered by PHH totaled 1,866. The March 1, 2001, PHH invoice included 1,934 vehicles being administered by PHH for a discrepancy of 68 vehicles between the reporting systems.

6. **DPS should implement management control procedures to ensure that its vehicles receive preventive maintenance as economically and efficiently as possible.**

Comment:

Our review of the top 30 providers used by DPS, representing 75 percent of the total preventive maintenance and repair costs revealed that 18 of those 30 providers were located in the immediate vicinity of a lower cost network provider. Our review also revealed that nine non-network suppliers at a total cost of \$129,134 for one year were used by DPS even though less expensive network service providers were located in the same vicinity.

7. **DPS should implement reporting procedures that would provide periodic information on the economic and efficient performance of its fleet operations.**

Comment:

No analysis or review was performed by DPS in a manner that measured or evaluated the performance and effectiveness of any aspect of fleet operations.

8. **DPS should provide pertinent training for employees promoted to upper management relevant to their supervision of Fleet Operations.**

Comment:

Currently highly trained and experienced police officers are promoted into supervisory positions overseeing Fleet Operations with limited training and knowledge in that particular area of supervision.

9. DPS should improve or replace the Gasboy system to ensure that reported information is reliable, accurate and effective for evaluating various aspects of Fleet Operations.

Comment:

The Gasboy system produces reports that have many inaccuracies because of the lack of data entry edit controls to ensure information is properly entered onto the system. Since inaccurate information can easily be entered onto the system, the reports generated by the system may contain inaccurate and misleading information.

10. DPS should provide reports that are designed and targeted to provide relevant information for each level of management.

Comment:

The Troop levels of DPS only receive a general inventory type of report on a periodic basis. Reports are not distributed that identify areas of concern or unusual activity that should be reviewed. In addition, the Troops do not receive any reports concerning preventive maintenance or vehicle repairs.

11. DPS should improve its procedures for recording and monitoring accident insurance claims and receiving payments from insurance companies.

Comment:

The current method of recording activity is archaic and prohibits an efficient maintenance of the records. There are no written procedures or controls to ensure that all insurance accident claims are recorded, resolved or if insurance payments have been received and deposited.

Insurance claim receipts totaling \$68,228 were not deposited in accordance with Section 4-32 of the General Statutes. These receipts were deposited two to 16 days after the allowable 24 hour limit of the Statute.

12. DPS should require and provide adequate training for Fleet Operations staff to enable them to fully utilize the available computer equipment.

Comment:

Fleet Operations performs several administrative operations manually that could be performed using the computers. Computer equipment and applicable software is available and it is located at Fleet Operations for the employees to use. It appears that the staff has not received sufficient training in computer applications to allow them to fully utilize the computers.

CONCLUSION

In conclusion, we wish to express our appreciation for the courtesies and cooperation extended to our representatives by the personnel of the Department of Public Safety during the course of our examination.

Richard Labbe
Principal Auditor

Approved:

Robert G. Jaekle
Auditor of Public Accounts

Kevin P. Johnston
Auditor of Public Accounts