

STATE OF CONNECTICUT



***AUDITORS' REPORT
ENTERPRISE RENT-A-CAR CONTRACT***

AUGUST 24, 2007

AUDITORS OF PUBLIC ACCOUNTS

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TABLE OF CONTENTS

EXECUTIVE SUMMARY	<i>i-ii</i>
BACKGROUND	1
RESULTS OF REVIEW	2
Item No. 1 - Long-term Vehicle Rentals	2
Item No. 2 - Payments for Unauthorized, Inappropriate, or Questionable Rentals.....	6
Item No. 3 - Enterprise Reports.....	8
RECOMMENDATIONS.....	11
CONCLUSION	13
Appendix 1 - Comparison of 2004 and 2005 Vehicle Rental Expenditures.....	14
Appendix 2 - Prior Audit Report Excerpts.....	15
Appendix 3 - Changes in Fleet Inventory	18
Appendix 4 - Summary of Rates by Vehicle Class.....	19

EXECUTIVE SUMMARY

We have conducted a review of the State's use of the Enterprise Rent-A-Car contract. The State of Connecticut contracted with CAMRAC, Inc., dba Enterprise Rent-A-Car, to provide late model rental vehicles for the use of State Agencies, effective December 1, 2003.

The purpose of the contract is to replace the Department of Administrative Services Daily Motor Pool. The Daily Motor Pool consisted of approximately 54 vehicles reserved for the use of State employees who needed a vehicle on a temporary basis, for State business, and who could not obtain access to a State vehicle through Agency vehicles leased from the Department of Administrative Services Fleet Operations. The vehicle rental contract was intended to meet the same need.

The conditions noted during our review, along with our recommendations, are summarized below. Our findings are discussed in further detail in the "Results of Review" section of this report.

Long-Term Rentals

The Department of Administrative Services Daily Motor Pool was available for use by State employees to meet short-term transportation needs for conducting State business. At December 1, 2003, the State contracted with Enterprise Rent-A-Car to meet short-term transportation needs for those times when a State vehicle is not available. As it was with the Daily Motor Pool, the rental vehicles are intended for use on a temporary basis. We found that the contract was used not only for short term rentals, but for extended rentals, sometimes for months at a time. This is not in keeping with the purpose of the contract. However, there may be times when the State can save money by using the contract for long-term transportation needs, rather than purchasing new vehicles.

The Department of Administrative Services should develop a plan to utilize transportation resources in the most efficient and economical manner. Such a plan should include identifying over-use of the Enterprise contract and periodic analysis of Fleet Operations' vehicle utilization to determine if State vehicles should be reassigned. The Department should also determine if purchasing new fleet vehicles is the most economical option for meeting transportation needs. (See Item 1.)

Payments for Unauthorized, Inappropriate, or Questionable Charges

We found expenditures for vehicle rentals that included sales tax, from which the State is exempt; insurance, which is already included in the contract rate; vehicle rentals charged at class rates higher than the requested class of vehicle; vehicle rentals charged at a higher vehicle class rate than the vehicle class supplied; vehicle requests for upscale vehicles and invoices showing multiple vehicles without documentation as to vehicle use. Invoice review practices vary from agency to agency, and persons responsible for review do not always have sufficient information to ensure the accuracy and appropriateness of the invoices.

The Department of Administrative Services should obtain from Enterprise a list of all vehicles that are part of the Enterprise fleet, along with the vehicle class designation for each vehicle, to be updated anytime a new vehicle is added to the fleet. This information should be shared with each agency for reference and review. The Agencies should re-evaluate their review processes, and include comparisons of rental requests with rental invoicing, as well as a review of additional Enterprise charges. Each agency should identify an acceptable range of vehicle classes for its transportation needs, and ensure that employees adhere to these requirements when renting vehicles. (See Item 2.)

Enterprise Reports

The contractor provides a monthly report to the Department of Administrative Services, detailing vehicle use. The report identifies the renter/driver, Agency, rental period, rental location, and year, make and model of the rented vehicle. This report is not required by the contract, but it provides some potentially helpful information. However, we found inaccuracies in the reports, and although the reports are submitted regularly, they are not subject to systematic review.

The State should identify its vehicle rental contract information needs, and endeavor to negotiate with the contractor to supply these information needs, eliminating extraneous rental information. A responsible party should be designated to review the information in light of relevant criteria. (See Item 3.)

BACKGROUND

The latest Department of Administrative Services Analysis of Pool Expenses, for the fiscal year ended June 30, 2000, totaled \$255,988. This included the costs for personal services, fringe benefits, depreciation for the motor pool vehicles, and a pro-rated share of the costs for services and commodities for maintaining the State’s fleet of vehicles. In addition, it included an implied estimated expense for parking in the Legislative Office Building garage, where the Daily Motor Pool was located. The Department’s fleet inventory for its fiscal year 2000 cost projections consisted of 4,320 vehicles, 54 of which were dedicated to the Daily Motor Pool.

We used the above cost components and actual fleet inventory levels as a basis for estimating the cost to the State of operating the Daily Motor Pool for fiscal years 2003, 2004 and 2005. From this information, we projected the costs for the Daily Motor Pool for calendar years 2004 and 2005, and compared the resulting estimates with actual expenditures to Enterprise Rent-A-Car for the same period. The results are outlined in the table below.

	Calendar Year 2004	Calendar Year 2005
Projected State Costs	\$262,718	\$ 270,915
Actual Enterprise Payments	<u>\$221,032</u>	<u>\$ 422,018</u>
Estimated Savings from contract:	<u>\$ 41,686</u>	
Estimated excess cost of contract over DAS Pool:		<u>\$(151,103)</u>

DAS = Department of Administrative Services

One very attractive feature of the Enterprise Rent-A-Car contract is its accessibility. With 65 locations throughout the State, the vehicle rental service is more widely available for the conduct of State business than the Motor Pool was. The Department of Administrative Services’ Daily Motor Pool was essentially available only to employees in the greater Hartford area, as there was only one location, the Legislative Office Building garage. It follows that improved accessibility would result in increased utilization.

The Department prepared an analysis for calendar year 2002 that showed an overall Motor Pool utilization rate of 59 percent. For all 54 vehicles accounted for in the Daily Motor Pool, vehicles were available for use a total of 9,114 days, and were used 5,341 days. The contractor reported 6,680 rental days in calendar year 2004 and 7,940 rental days in calendar year 2005.

Because we could not verify the accuracy of the data reported by the contractor, we could not rely heavily on that source. In general, though, it appears that State agencies used the contract from locations outside of the greater Hartford area to a greater extent in calendar year 2005 than in calendar year 2004.

Based on data obtained from the State’s accounting system, we found that three State agencies showed a dramatic increase in Enterprise vehicle rental expenditures from calendar year 2004 to calendar year 2005. These agencies are the Agricultural Experiment Station, the Department of Education, and the Department of Mental Health and Addiction Services. We focused on these

three agencies for this review. (Refer to Appendix 1 for an analysis of changes in vehicle rental expenditures by agency.)

RESULTS OF REVIEW

Our review of the State's use of the Enterprise Rent-A-Car contract disclosed the following matters requiring attention.

Item No. 1 – Long-term Vehicle Rentals:

Criteria: Sound business practice dictates that an entity use the most effective and economical means of supplying needs.

The Enterprise Rent-A-Car contract was intended as a replacement for the Department of Administrative Services Daily Motor Pool. The motor pool was available for the use of State employees who needed a vehicle on a temporary basis, for State business, and who could not obtain access to a State vehicle through their Agency's fleet of vehicles leased from the Department of Administrative Services.

Condition: The agencies in our test group have used the Enterprise contract for long-term rentals. For this review, we defined long-term as any rental exceeding approximately one month, and thus exceeding the original purpose of the Department of Administrative Services Daily Motor Pool. Where the number of rental days could not be readily ascertained, we identified rental expenditures exceeding \$800 to meet this definition.

To make the best use of the vehicle rental contract, it is necessary to use the State's existing fleet of vehicles effectively and efficiently. To manage the fleet effectively and efficiently, it is necessary to monitor fleet utilization. We note that the Agency was cited for not adequately monitoring vehicle usage in the last departmental audit report. Monthly mileage reports are required for all vehicles leased from DAS, but the rate of lessees not complying with this requirement had been increasing, at the time of that audit, and the Department had not acted on this matter. Furthermore, where mileage information was available and showed under-utilization, the Department had not reassessed vehicle assignments. Incomplete information and lack of vehicle assignment reassessment continue to be problems at the Agency. (Refer to Appendix 2 to read those findings in their entirety.)

Effect:

The Department of Mental Health and Addiction Services spent \$51,211.40 for long-term rentals from Enterprise in calendar year 2004 and \$200,480.79 for long-term rentals from Enterprise in calendar year 2005. This is an increase of 291 percent. The table below shows how long-term Enterprise vehicle rental expenditures relate to total Enterprise vehicle rental expenditures for calendar years 2004 and 2005, and the first four months of 2006.

<u>Calendar Year</u>	<u>Total Payments</u>	<u>Total Payments for Extended Rentals</u>	<u>Percent of Total Payments for Extended Rentals</u>
2004	\$ 68,701.88	\$ 51,211.40	74.5%
2005	\$218,427.72	\$200,480.79	91.8%
2006	\$ 59,355.71	\$ 50,535.09	85.1%

The Agricultural Experiment Station spent \$24,283.81 for Enterprise vehicle rentals in calendar year 2005. Of this amount, \$19,435 (80 percent) was for long-term rentals. There were no vehicle rental expenditures in calendar year 2004, and only \$64.99 for the first four months of calendar year 2006.

The Department of Education also used Enterprise vehicles to meet long-term transportation needs. However, by returning the vehicles each weekend, the agency was able to effect a savings of approximately \$150 per vehicle per month. A comparison of long-term rentals with total rentals is not available for this Agency.

To present a balanced view of the State's use of the Enterprise contract, and its effect, we must consider other factors. The question arises as to whether it might be more economical for the State to purchase additional vehicles. A cursory analysis of Fleet Operations' costs to own and lease its vehicles showed that it might sometimes be more economical for agencies to rent from Enterprise for long-term vehicle needs, even if the contract was intended to be used only for short-term rentals. If an agency needs a vehicle for an extended period of time that does not exceed a certain number of months, depending on the vehicle class, it would be more economical to rent from Enterprise than for Fleet Operations to purchase new vehicles to meet the transportation need. For example, if an agency requires a vehicle such as a Ford Focus or similar vehicle, for up to 16 months and no longer, and if an existing vehicle is not available for lease from Fleet Operations, it would be more economical to rent the vehicle from the contractor than for the State to purchase a new vehicle. However, if a vehicle is required on a continuing basis beyond 16 months,

the State would save money by purchasing a vehicle instead of renting from Enterprise. Conversely, if an existing Fleet Operations vehicle can be reassigned from an under-utilizing agency, it is more economical to do so rather than to obtain a rental vehicle from Enterprise or to purchase a new vehicle.

Cause:

The Department of Administrative Services did not have an adequate supply of long-term lease vehicles to meet these agencies' transportation needs. Therefore, agency personnel rented the vehicles they needed from Enterprise on a long-term basis.

The Department of Mental Health and Addiction Services used the vehicles on a long-term basis primarily for its Young Adult Services Program. Since approximately 2004, the Department has seen a 1,200 percent increase in referrals. This has resulted in a corresponding increase in travel to meet the needs of the program. The Agricultural Experiment Station stepped up its Invasive Aquatic Plant monitoring program in 2005, resulting in a need for vehicles on a long-term basis. The Department of Education regularly needed vehicles for its Storekeepers. Although a long-term arrangement, the Department needed the vehicles only during the week and was able to reduce its vehicle rental costs somewhat by returning the vehicles to Enterprise each Friday.

Fleet Operations' average annual inventory of vehicles is represented in the following table.

Calendar Year	Average Available Inventory
2003	4,374
2004	4,095
2005	4,160

NOTE: Available Inventory is Total Inventory less the number of Surplus Vehicles

Although there was a slight increase in the number of available vehicles from calendar year 2004 to calendar year 2005, this increase did not occur until the fourth quarter of calendar year 2005. Therefore, for most of the period of our review, the number of vehicles that the Department of Administrative Services could make available to its customer agencies was declining. (Refer to Appendix 3 for more detailed information on the changes in Fleet Operations' inventory.)

All of the agencies in question attempted to lease additional vehicles from Fleet Operations, but were unable to do so because all vehicles were already assigned.

Recommendation: The Department of Administrative Services should develop a plan to utilize transportation resources in the most efficient and economical manner. Such a plan should include identifying over-use of the Enterprise contract and periodic analysis of Fleet Operations' vehicle utilization to determine if State vehicles should be reassigned. The Department should also determine if purchasing new fleet vehicles is the most economical option for meeting transportation needs. (See Recommendation 1.)

Agency Response: "Last July, DAS issued important correspondence to agencies well before this audit engagement. We were emphatic on several points.

1. We had updated our fleet with a large number of vehicles and we would continue to review each agency's vehicle inventory to determine those needing replacement.
2. DAS was supplying each agency with a breakdown of vehicle expenses that they should carefully review for accuracy and for determining their business needs. If their business needs had changed, they must let us know and we would try our best to accommodate them.
3. That we were already monitoring Enterprise Rent-A-Car reports and determined that some agencies were utilizing the contract for long-term rentals when the contract was only meant to be cost effective for daily rental purposes. Therefore, if agencies believed that they needed long-term rentals, then they needed to contact DAS for acquiring new state vehicles instead.

DAS has been monitoring mileage reports and had already placed additional staffing on that activity. The number of 'missing' mileage reports has been reduced and the frequency of follow-up calls to agencies that have not submitted reports have been increased. The majority of mileage reports that are not sent to DAS as required are for cars from agency car pools. Keeping these pools has been the most effective way of getting employee access to automobiles when personally assigned automobiles would be "underutilized". Unfortunately, when several employees use pool cars, they are frequently ill kept and no single agency employee can adequately maintain responsibility for the mileage report being completed every time the car is used.

The principal use of the contract for long term rentals had been by DHMAS because of an explosion in their need for carrying out one of their programs. Very relevant to this finding is that we have NO present request from DHMAS for more state vehicles. The overall

fleet size of DHMAS has been increased by nearly 4% since the time relevant to this report. We will evaluate whether Enterprise use has been reduced based on this and based upon our letter to agencies.”

Item No. 2 – Payments for Unauthorized, Inappropriate, or Questionable Rentals:

Criteria: Sound business practice requires that the State pay only for the services requested and received. Services requested should be adequate to meet the needs of the State, but should not exceed those needs.

Condition: At the Department of Education, we found that:

- Vehicle rentals were occasionally charged at a higher vehicle class rate than the class requested. These transactions are detailed in the following table.

Rental End Date	# of Rental Days	Class Request	Class Supplied	Class Charged
12/15/05	1	Standard	Premium	Full-size
12/30/05	3	Compact	Premium	Full-size
1/13/06	4	Compact	Luxury	Luxury
1/18/06	2	Compact	Luxury	>Full-size
2/8/06	1	Compact	Luxury	Full-size
2/23/06	3	Compact	Luxury	>Full-size

(Refer to Appendix 4 for a summary of rates by vehicle class.)

- On one occasion, a Premium-class vehicle was requested and the Agency was invoiced for a Premium-class vehicle. This raises the question of whether any State employee “needs” an up-scale vehicle, as found in the Premium and Luxury vehicle classes, to conduct State business. On this occasion, Enterprise supplied a Luxury-class vehicle. We stress that this occurred on only one occasion, and we did not find a pattern of abuse.
- If Enterprise charged for fuel, there was no verification that the vehicle was, in fact, returned without a full tank of gasoline.
- Some payments to Enterprise included charges for sales tax, which the State is not required to pay.
- The Agency paid for insurance coverage through Enterprise on one of the transactions in our review.

At the Department of Mental Health and Addiction Services, we learned that:

- If an invoice lists more than one vehicle, there is no documentation of which vehicle was used. It is possible that more than one vehicle was used during the period, but there is no indication of the length of time that each was used during the rental period. One invoice for the monthly rental of one vehicle listed a Compact-class vehicle, a Premium-class vehicle, and a Minivan-class vehicle, each of which should be charged at a different rate. The State paid the Minivan-class rate for this rental, the highest of the three rates. In another transaction, the Full-size-class rate was charged and paid on an invoice listing both a Compact-class vehicle and a Full-size-class vehicle.
- Enterprise has designated the Chevrolet Aveo as a Compact-class vehicle for the State contract. Four such rentals were charged at the Compact-class rate of \$32.99 per day. However, the Aveo is identified on the Enterprise website as an Economy-class vehicle, which rate is \$28.99 per day. This represents a \$16 overpayment.
- The Agency rented a Chevrolet Malibu, a Standard-class vehicle, for 6 days. This rental was charged at the Full-size-class rate of \$43.99 instead of \$41.99, resulting in a \$12 overpayment

Our review of the Agricultural Experiment Station vehicle rental expenditures revealed that two Kia Rio rentals were charged at the Intermediate Class rate of \$910 per month on two occasions (two months). Vehicle class data supplied by Enterprise personnel shows the Rio as a Compact-class vehicle. The contracted Compact-class rate is \$860 per month. This resulted in an overpayment by the State of \$100 for these two transactions

Effect:

The State is paying more for rentals than it should be paying. The unauthorized and unverified charges in our review amounted to \$919.09. Although this is not a material amount (less than one percent), it represents weaknesses that could result in greater losses.

Cause:

The Enterprise invoice review process is inadequate to eliminate unnecessary or questionable charges. Additionally, the contract lists examples of vehicles in each class, but no comprehensive list of vehicles and related classes is available to the State. Furthermore, there is inadequate guidance from administration, Statewide or Agency-based, on Enterprise vehicle rentals, particularly relating to the suitability of vehicle class selection.

Recommendation:

The Department of Administrative Services should obtain from Enterprise a list of all vehicles that are part of the Enterprise fleet,

along with the vehicle class designation for each vehicle, to be updated anytime a new vehicle is added to the fleet. This information should be shared with each agency for reference and review. The Agencies should re-evaluate their review processes, and include comparisons of rental requests with rental invoicing, as well as a review of additional Enterprise charges. Each agency should identify an acceptable range of vehicle classes for its transportation needs, and ensure that employees adhere to these requirements when renting vehicles. (See Recommendation 2.)

Agency Response: “The amount of unauthorized and unverified charges is admittedly small. Invoice review is the responsibility of each agency that uses any DAS contract. Only the agencies have the resources, information, and authority to determine if what was ordered was received and if the right amount was charged. DAS will ask agency fiscal officers [to] identify automobiles that are authorized for use by their agency employees and make certain that employees adhere to that authorization upon renting vehicles.”

Auditors’ Concluding Comments:

There is no dispute that agencies themselves are responsible for reviewing their vehicle rental invoices, just as they should be reviewing all their invoices prior to payment. One thing they seem to be lacking, however, is information. We reiterate the need for DAS to obtain from Enterprise, and distribute to the agencies, a list of all vehicles that are part of the Enterprise fleet, along with the vehicle class designation for each vehicle, to be updated anytime a new vehicle is added to the fleet.

Item No. 3 – Enterprise Reports:

Criteria: Accurate feedback on contract utilization, though not currently required by the terms of the contract, would provide useful information on managing the contract.

Condition: Enterprise currently provides a monthly report of contract utilization. The report includes data on the renter/driver, Agency code, rental period, rental location, and year, make and model of the rented vehicle, as well as other information. However, we found that some of the information is not strictly accurate or relevant. There were several instances of personal rentals by State employees on the State report. The State did not request the vehicles in question and did not pay for these rentals.

The reports are submitted to personnel in Fleet Operations and Procurement Services. Although personnel in these units may review the information, it is not systematically analyzed; there are no criteria for using the information to monitor or manage the State's contract utilization.

Effect: Monitoring and management of the State's vehicle rental contract are not adequate. Because a responsible party has not been designated and criteria for review established, identification and resolution of problems, such as those discussed in Items No. 1 and No. 2, have not been consistent.

Cause: The State has not identified its information needs, nor has it designated a responsible party for reviewing the information. Furthermore, there are no criteria for putting the information to use.

Recommendation: The State should identify its vehicle rental contract information needs, and endeavor to negotiate with the contractor to supply these information needs, eliminating extraneous rental information. A responsible party should be designated to review the information in light of relevant criteria. (See Recommendation 3.)

Agency Response: "We agree that better designed reports can be useful and will work with Enterprise to make that happen. However, DAS has no authority to monitor the utilization of this contract. The agencies that utilize the contract have sole ability to make certain that it is managed and used correctly. Agencies are empowered to review utilization and control the use of the Enterprise contract.

If an agency needs additional vehicles demonstrated by utilization reports, they can and should request them from DAS. Appropriate vehicles will be purchased for any such agency and the resultant cost savings will enure to the benefit of that agency. "

Auditors' Concluding Comments:

The Agency makes an excellent point regarding its role in monitoring contract utilization. We note that DAS generally has no responsibility to monitor utilization for other contracts used by other State agencies. Furthermore, DAS does not have the authority to control other agencies' use of the Enterprise contract. However, we make a distinction here. This contract replaces a recent program, the Daily Motor Pool, that was specifically the responsibility of DAS. Furthermore, DAS reports that it has already been monitoring the Enterprise Rent-A-Car reports (see page 5), which provide information on contract utilization.

Therefore, we maintain that DAS should take steps to obtain accurate and relevant reports from the contractor, and that a responsible party should be designated to review this information. At a minimum, once suitable reports are available, DAS should distribute them to the relevant agencies.

RECOMMENDATIONS

- 1. The Department of Administrative Services should develop a plan to utilize transportation resources in the most efficient and economical manner. Such a plan should include identifying over-use of the Enterprise contract and periodic analysis of Fleet Operations' vehicle utilization to determine if State vehicles should be reassigned. The Department should also determine if purchasing new fleet vehicles is the most economical option for meeting transportation needs.**

Comment:

State Agencies have used the Enterprise Rent-A-Car contract for long-term rentals, defined for the purpose of this review as any rental of a month or more. This was not the intent of the contract. However, there are times when a vehicle is needed for long-term use, and the Department of Administrative Services cannot supply a vehicle from Fleet Operations. In certain circumstances, it is more economical to rent a vehicle from the contractor than for the State to purchase a new vehicle, when it is not possible to reassign an existing, underutilized vehicle.

- 2. The Department of Administrative Services should obtain from Enterprise a list of all vehicles that are part of the Enterprise fleet, along with the vehicle class designation for each vehicle, to be updated anytime a new vehicle is added to the fleet. This information should be shared with each agency for reference and review. The Agencies should re-evaluate their review processes, and include comparisons of rental requests with rental invoicing, as well as a review of additional Enterprise charges. Each agency should identify an acceptable range of vehicle classes for its transportation needs, and ensure that employees adhere to these requirements when renting vehicles.**

Comment:

We found payments for sales tax and insurance and for rentals charged at higher vehicle class rates than the class requested and/or supplied. These errors were not detected in the course of invoice review, the process for which varies from agency to agency.

3. **The State should identify its vehicle rental contract information needs, and endeavor to negotiate with the contractor to supply these information needs, eliminating extraneous rental information. A responsible party should be designated to review the information in light of relevant criteria.**

Comment:

The contractor supplies a monthly utilization report. However, the report sometimes contains extraneous and/or inaccurate information. In addition, the reports are not subject to systematic review.

CONCLUSION

In conclusion, we wish to express our appreciation for the cooperation and courtesies extended to our representatives by the officials and staff of the Department of Administrative Services, the Department of Education, the Department of Mental Health and Addiction Services, and the Agricultural Experiment Station.

Laura Rogers
Associate Auditor

Approved:

Kevin P. Johnston
Auditor of Public Accounts

Robert G. Jaekle
Auditor of Public Accounts

Appendix 1
Comparison of 2004 and 2005 Enterprise Vehicle Rental Expenditures

<u>Agency</u>	<u>Total CY 2004 Expenditures</u>	<u>Total CY 2005 Expenditures</u>	<u>Increase (Decrease) Amount</u>	<u>Increase (Decrease) Percentage</u>
Department of Mental Health and Addiction Services	\$ 68,701.88	\$ 218,427.72	\$149,725.84	217.9%
Agricultural Experiment Station	\$ -	\$ 24,283.81	\$ 24,283.81	NA
Department of Education	\$ 6,006.42	\$ 27,071.14	\$ 21,064.72	350.7%
Department of Correction	\$ 558.96	\$ 7,533.23	\$ 6,974.27	1247.7%
Department of Revenue Services	\$ 4,293.92	\$ 8,473.09	\$ 4,179.17	97.3%
Division of Criminal Justice	\$ -	\$ 3,960.00	\$ 3,960.00	NA
Department of Public Health	\$ 11,264.00	\$ 14,249.01	\$ 2,985.01	26.5%
Department of Information Technology	\$ 3,057.09	\$ 4,398.09	\$ 1,341.00	43.9%
Department of Veterans Affairs	\$ 733.88	\$ 1,439.80	\$ 705.92	96.2%
Office of the State Treasurer	\$ 3,901.32	\$ 4,606.92	\$ 705.60	18.1%
Office of the State Comptroller	\$ -	\$ 581.88	\$ 581.88	NA
Department of Economic and Community Development	\$ -	\$ 275.96	\$ 275.96	NA
Commission on Culture and Tourism	\$ 142.88	\$ 405.68	\$ 262.80	183.9%
Department of Agriculture	\$ 790.08	\$ 860.25	\$ 70.17	8.9%
Commission on African American Affairs	\$ 63.84	\$ 131.97	\$ 68.13	106.7%
Office of Legislative Management	\$ 292.95	\$ 330.99	\$ 38.04	13.0%
Commission on Human Rights and Opportunities	\$ 664.33	\$ 692.54	\$ 28.21	4.2%
Commission on the Deaf and Hearing Impaired	\$ 559.84	\$ 570.72	\$ 10.88	1.9%
Department of Motor Vehicles	\$ 207.08	\$ 173.10	\$ (33.98)	-16.4%
Workers' Compensation Commission	\$ 42.95	\$ -	\$ (42.95)	-100.0%
Department of Public Works	\$ 43.99	\$ -	\$ (43.99)	-100.0%
Division of Special Revenue	\$ 288.16	\$ 171.98	\$ (116.18)	-40.3%
Department of Administrative Services	\$ 137.98	\$ -	\$ (137.98)	-100.0%
Department of Mental Retardation	\$ 186.39	\$ -	\$ (186.39)	-100.0%
Department of Insurance	\$ 580.91	\$ 365.46	\$ (215.45)	-37.1%
Military Department	\$ 332.86	\$ 71.98	\$ (260.88)	-78.4%
Board of Education and Services for the Blind	\$ 23,215.73	\$ 22,776.22	\$ (439.51)	-1.9%
Department of Agriculture	\$ 1,633.63	\$ 1,180.43	\$ (453.20)	-27.7%
Department of Transportation	\$ 498.09	\$ -	\$ (498.09)	-100.0%
Office of Protection and Advocacy for Persons with Disabilities	\$ 1,363.65	\$ 755.59	\$ (608.06)	-44.6%
Department of Environmental Protection	\$ 7,802.69	\$ 7,053.20	\$ (749.49)	-9.6%
Judicial Branch	\$ 1,503.28	\$ 520.93	\$ (982.35)	-65.3%
Elections Enforcement Commission	\$ 1,560.86	\$ 504.15	\$ (1,056.71)	-67.7%
Office of Policy and Management	\$ 1,955.12	\$ 811.70	\$ (1,143.42)	-58.5%
Department of Children and Families	\$ 4,932.31	\$ 3,735.07	\$ (1,197.24)	-24.3%
Office of the Claims Commissioner	\$ 1,258.58	\$ -	\$ (1,258.58)	-100.0%
Office of Consumer Counsel	\$ 2,866.36	\$ 1,154.57	\$ (1,711.79)	-59.7%
Department of Public Safety	\$ 2,013.30	\$ -	\$ (2,013.30)	-100.0%
Department of Social Services	\$ 67,576.76	\$ 64,451.00	\$ (3,125.76)	-4.6%
Totals:	\$ 221,032.07	\$ 422,018.18	\$200,986.11	90.9%

Appendix 2

Excerpt from the Departmental Audit Report of the Department of Administrative Services
Fiscal Years Ended June 30, 2002, and June 30, 2003; Issued January 25, 2006

“Department of Administrative Services Revolving Fund:

The Department’s Revolving Fund is used to account for the financing of goods or services provided by one department or agency of a governmental unit to other departments or agencies of the same governmental unit on a cost-reimbursement basis. The most significant of those services is the maintenance of the State’s fleet of vehicles.

Receipt of Mileage Reports:

- Criteria:* In order to efficiently manage the vehicles in the State of Connecticut fleet, DAS needs to be aware of the levels of usage of each vehicle. To obtain this information, DAS requests monthly mileage reports to be completed for each vehicle. DAS General Letter 115 specifies that monthly usage reports are to be certified by the operator and agency head and forwarded to the Director of Fleet Operations by the 15th of the following month. Lack of submittal of two or more monthly usage reports may result in the immediate recall of the vehicle by the Director of Fleet Operations.
- Condition:* Our review of the Department’s “Missing Mileage Report” for the month of June 30, 2002, found 173 or 5 percent missing reports out of approximately 3,776 fleet vehicles. For June 30, 2003, there were 276 or 8 percent missing reports, out of approximately 3,614 fleet vehicles. The missing report rate increased to 22 percent in June 2004.
- Effect:* The failure to submit the required reports prevents efficient and effective management of the vehicles. In the absence of monthly mileage reports, it is possible for State vehicles to be used for unauthorized purposes and not be detected and/or be underutilized.
- Cause:* While DAS had been monitoring the affected agencies, DAS never acted on its right to recall the vehicles for failure to submit mileage reports.
- Recommendation:* DAS should take the necessary steps to gather the mileage information necessary to effectively monitor the vehicles within Fleet Operations. (See Recommendation 11.)
- Agency Response:* ‘We agree with the Auditors Findings for the period of review. DAS Fleet Operations currently sends a memorandum to an

agency's vehicle liaison when mileage reports are missing or overdue. DAS is implementing a policy where the Director of Fleet Operations will send a notice to the agency head of the delinquent or missing mileage reports for the respective agency. Such notice will restate the agency's obligations under DAS General Letter 115 and inform the agency that failure to submit two or more monthly mileage reports may result in immediate recall of the vehicle.'

State Vehicle Utilization:

Criteria:

The Department's Fleet Services Division maintains records that document the utilization of vehicles distributed to other State agencies. Those agencies compensate the Department based upon prescribed rates for the usage of the vehicles. Agencies must submit to the Department mileage reports verifying the usage of their State vehicles.

Regarding the use of vehicles leased from State Fleet Operations for Department business, it is generally more cost-effective to rent a vehicle from the State motor pool on a monthly basis if the vehicle is used more than 1,000 miles per month. If use is less than 1,000 miles per month, the agency will incur less expense by obtaining vehicles, as needed, on a daily rental basis.

This benchmark figure is advisory in nature and does not take into account rate variations due to vehicle size. Also, some cars are assigned based upon a designated purpose and should not be evaluated strictly on miles used. Therefore, our testing benchmark was set at a conservative 500 miles per month.

Condition:

We obtained from the Department a report entitled, "Average Monthly Utilization Less Than 500 Miles Summary." The report accumulated data from January 2002 to approximately January 2005. That report and our follow-up revealed:

- There were 468 (13 percent) vehicles from an active fleet of approximately 3,709 vehicles that were utilized below 500 miles per month.
- The Department has not conducted a recent periodic reassessment of assigned vehicles to ensure their proper use and full utilization.
- Accountability reports are limited to miles driven. There is no reporting mechanism for utilization criteria related to the mission of a vehicle.

Effect: An indeterminate number of assigned fleet vehicles may be underutilized and/or not used for their intended purpose. The State may incur avoidable operating costs associated with maintaining vehicles that are not properly utilized. Capital costs for new fleet vehicle purchases may be reduced or avoided by recalling and reassigning underutilized or improperly utilized vehicles.

Cause: The Department has not performed a recent reassessment of assigned fleet vehicles to ensure that they are being utilized as intended by State agencies. Utilization criteria related to the mission of the vehicles have not been established.

Staff reductions and transfers in this operational area of the Department have contributed to the conditions described above.

Recommendation: DAS should develop an ongoing process to evaluate fleet size and composition to ensure that it is properly used and fully utilized. Utilization criteria should be developed that relates to the mission of the vehicles for those vehicles that are mission sensitive. (See Recommendation 12.)

Agency Response: ‘We agree with the Auditors recommendations. It should be noted that DAS Fleet Operations performed a utilization assessment in FY 2004 on the State Fleet. As a result of this assessment, Fleet Operations was able to recall 642 vehicles, or 24 percent of the total fleet, from State agencies. However, during this review, DAS found the need for State agencies to possess vehicles that perform specialty tasks. These vehicles do not meet the industry mileage benchmarks for vehicle usage, but we feel are justified in their usage by the agencies.’”

Appendix 3
Changes in Fleet Inventory

<u>Month</u>	<u>Net Inventory</u>	<u>Change #</u>	<u>Change %</u>
October-02	4850	NA	NA
November-02	4808	-42	-0.87%
December-02	4743	-65	-1.35%
January-03	4699	-109	-2.27%
February-03	4630	-69	-1.47%
March-03	4627	-3	-0.06%
April-03	4587	-40	-0.86%
May-03	4452	-135	-2.94%
June-03	4359	-93	-2.09%
July-03	4311	-48	-1.10%
August-03	4249	-62	-1.44%
September-03	4220	-29	-0.68%
October-03	4145	-75	-1.78%
November-03	4121	-24	-0.58%
December-03	4087	-34	-0.83%
January-04	4078	-9	-0.22%
February-04	4071	-7	-0.17%
March-04	4065	-6	-0.15%
April-04	4096	31	0.76%
May-04	4085	-11	-0.27%
June-04	4081	-4	-0.10%
July-04	4077	-4	-0.10%
August-04	4069	-8	-0.20%
September-04	4075	6	0.15%
October-04	4166	91	2.23%
November-04	4141	-25	-0.60%
December-04	4141	0	0.00%
January-05	4123	-18	-0.43%
February-05	4128	5	0.12%
March-05	4111	-17	-0.41%
April-05	4082	-29	-0.71%
May-05	4074	-8	-0.20%
June-05	4072	-2	-0.05%
July-05	4071	-1	-0.02%
August-05	4142	71	1.74%
September-05	4087	-55	-1.33%
October-05	4212	125	3.06%
November-05	4372	160	3.80%
December-05	4440	68	1.56%

Appendix 4
Summary of Rates by Vehicle Class

<u>Vehicle Class</u>	<u>Daily Rate</u>	<u>Weekly Rate</u>	<u>Monthly Rate</u>
Economy	\$28.99	\$225.00	\$810.00
Compact	\$32.99	\$255.00	\$860.00
Intermediate	\$35.99	\$275.00	\$910.00
Standard	\$41.99	\$285.00	\$960.00
Full Size	\$43.99	\$305.00	\$990.00
Premium	\$53.99	\$345.00	\$1,110.00
Luxury	\$71.99	\$435.00	\$1,285.00
Mini-Vans/Small Sport Utility	\$68.99	\$405.00	\$1,260.00
Large Sport Utility	\$78.99	\$480.00	\$1,660.00
Cargo Van/Pick-Up Truck	\$64.99	\$365.00	\$1,210.00

NOTE: Rates include Collision Damage Wavier, Supplemental Liability Protection and Comprehensive/Physical damage