



Florida Department of TRANSPORTATION

Office of Inspector General
Kristofer B. Sullivan, Inspector General

A handwritten signature in black ink, appearing to read "KSullivan".

Audit Report No. 19P-1003
Department Fleet Management Program

February 14, 2020

What We Did

The Office of Inspector General conducted an audit of the Department of Transportation's (Department) Fleet Management Program. The purpose of this engagement was to determine the potential risks of the new fleet management system on the Department; if the funding allocation and vehicle replacement process complies with applicable laws, policies, and procedures; and if the Department adheres to the fleet quality assurance process. We conducted the audit as part of the fiscal year 2018-19 work plan.

What We Found

We determined:

- the Department's fleet management program manager has addressed known inherent risks associated with the new fleet management system;
- the Department's funding allocation and replacement process complies with applicable laws, policies and procedures; and
- the Department is adhering to the fleet quality assurance process.

What We Recommend

We do not have any recommendations; however, we identified an opportunity for improvement concerning which budget categories should be used to pay for fleet options, which is further detailed in the report.

**Office of Inspector General
Florida Department of Transportation**

TABLE OF CONTENTS

BACKGROUND AND INTRODUCTION	3
RESULTS OF REVIEW	5
Fleet Management System	5
Replacement Vehicles and Funds	5
Fleet Quality Assurance	7
APPENDIX A – Purpose, Scope, and Methodology	8
APPENDIX B – Management Response	9
DISTRIBUTION	10
PROJECT TEAM	11
STATEMENT OF ACCORDANCE	11

BACKGROUND AND INTRODUCTION

The Florida Department of Transportation (Department) owns over 4,500 units,¹ valued at \$43.5 million,² in mobile equipment assets which are dispersed between seven Districts, Florida's Turnpike Enterprise, and a State Materials office. Similar to other state agencies, the Department receives various support from the Department of Management Services (DMS) and uses the same statewide contract to purchase its fleet.

Fleet Management System

During the course of our audit, the Department switched from using the Florida Equipment Electronic Tracking system (FLEET) to the Fleet Information Management System (FIMS), both of which are provided through DMS. The new FIMS system was officially implemented by the Department on June 10, 2019.

As a result of a 2013 comprehensive study conducted by Mercury Associates, Inc. for DMS regarding the FLEET system, \$1,761,243 of DMS general revenue funds for fiscal year (FY) 2015-16 were appropriated for DMS fleet management to procure a commercially available solution to support a centralized fleet information management system with the capacity to manage all state-owned and leased equipment. Additionally, all state agencies utilizing the existing fleet management application were required to transition to the new fleet system.³

Summary of "Fleet Management – Passenger Vehicles" White Paper

In March 2018, the Department's Office of Maintenance published a white paper on the Department's passenger vehicles. It addressed the issue that, "there is insufficient budget to replace passenger vehicles as these vehicles meet trade-in criteria." The following information in this section summarizes what is written in the white paper.

The number of vehicles eligible for trade-in will continue to accumulate each year and the Department cannot replace the number of vehicles meeting trade-in criteria with the available budget. "This will result in higher maintenance costs, higher travel costs, and less reliable travel."

DMS has established trade-in criteria for passenger vehicles based on mileage or age with specific mileage or age depending on the vehicle type such as sedan, van, or pickup truck. In general, the trade-in criteria are 120,000 miles or 12 years old.

¹ This includes passenger vehicles and heavy equipment vehicles.

² This represents a snapshot of a period in time (March 15, 2019) and does not account for depreciation cost of vehicles.

³ Florida Department of Management Services, Long-Range Program Plan fiscal years 2019-20 through 2023-24.

**Office of Inspector General
Florida Department of Transportation**

This trade-in criteria exceeds the industry standards for vehicle replacement. A 2007 analysis of the Department's fleet performed by Mercury Associates, Inc. stated, "Our work with hundreds of fleet organizations (including 35 states) has shown that the average age of a mixed vocational public sector fleet should be between 3.5 and 4.5 years. The average age of FDOT's fleet is 8.5 years, indicating the fleet is old by industry standards."

The Department's budget for all vehicle acquisition for the past seven years has been \$4.2 million. The Office of Maintenance allocates this budget to the Districts based on the replacement value of passenger and heavy equipment vehicles meeting trade-in criteria in each District. However, based on the rate the Department was able to replace vehicles under this model, the Department would be unable to improve the average age and mileage of the passenger vehicle fleet. Even after the Department decreased the number of vehicles in response to reductions in staff to improve vehicle utilization, the future trend is still expected to be an older and higher mileage fleet resulting in higher maintenance costs, travel costs, and less reliable travel.

On June 30, 2017, the Department documented 859 vehicles meeting DMS trade-in criteria or 38 percent of the passenger vehicle fleet. Of the 859 vehicles, 250 exceeded the mileage criteria, 301 exceeded the age criteria, and 308 exceeded both.

Therefore, in 2018 the Department made the decision to use Transportation Material and Equipment (TME) budget to lease heavy equipment and use all the Motor Vehicle Acquisition (MVA) budget to purchase passenger vehicles. The Department started a five-year plan, starting FY 2018-19 continuing through FY 2022-23, for each District to achieve an average passenger fleet age of six years by July 1, 2023.

RESULTS OF REVIEW

We performed an operational review of the Florida Department of Transportation's Fleet Management Program to determine compliance with applicable laws, policies, and procedures.

Fleet Management System

We determined the Department has addressed known risks⁴ associated with the new fleet management system.

During the course of our audit, the Department switched from using the fleet management system known as FLEET to another known as FIMS.

Prior to switching to FIMS, the Department was paying \$1.75 per record or \$4,201.75 per month to use FLEET. Once switching to FIMS, the Department will still pay \$1.75 per record per month; however, this price will now include heavy equipment vehicles, where as it did not before. This equates to roughly \$8,025.50 per month. Therefore, with the new FIMS system the Department will pay an additional \$3,823.75 per month or \$45,885 a year.⁵

Additionally, the Department had 163 authorized users in FLEET but was only given 68 user licenses by DMS for the new system; therefore, 95 (58 percent) less people have access to FIMS. The Department researched the possibility of purchasing additional user licenses from DMS in the future; however, no options are currently available.

In order to reduce the effects of losing 95 licenses, the Department originally planned to use generic multi-user licenses so multiple users could access FIMS under one license. We conveyed to the Office of Maintenance that using generic multi-user licenses would increase access control risks to the Department. The Office of Maintenance met with the Department's Office of Information Technology (OIT) and it was jointly decided the Department would not use generic multi-user licenses due to security reasons and would only assign one user per license. The OIT is currently working on a FIMS Security Plan.

Replacement Vehicles and Funds

We determined the Department's passenger vehicle replacement process complies with applicable laws, policies, and procedures.

The Office of Maintenance annually compiles a list of all Department passenger vehicles that are eligible for trade by meeting DMS set criteria standards. If a vehicle

⁴ The sharing of generic multi-user licenses for access to FIMS.

⁵ As of March 15, 2019.

**Office of Inspector General
Florida Department of Transportation**

meets trade criteria and the Department decides to replace it, the Mobile Equipment Manual requires the following documents for the new vehicle to be sent to the Office of Maintenance:

- a copy of the procurement requisition;
- a copy of the direct order;
- a copy of the invoice;
- a copy of form No. 400-030-02, Request for Purchase of Mobile Equipment (completed by the District);
- an original manufacturer's statement of origin; and
- an original form DHSMV 82040, Application of Certificate of Title With/Without Registration (completed by the dealer).

We reviewed a random sample of 15 out of 149 (10 percent) passenger vehicles purchased during FY 2017-18 and determined all 15 vehicles met trade criteria and all vehicles purchased to replace them had proper documentation submitted as required.

Opportunity for Improvement:

The Department's fleet management program uses two main budget categories when making purchases for mobile equipment, Motor Vehicle Acquisition and Transportation Material and Equipment. Based on the Department of Financial Services, Florida Statutes, and the Department's category description of MVA, it should be used for the purchase of passenger vehicles, heavy equipment replacement, and utility trailers. Likewise, the TME budget should be used for funding fuel costs and any expenditures directly related to the maintenance of the roads and highways in the state of Florida.

We reviewed voucher packets for our sample of the 15 purchased vehicles and compared them to reports pulled from FLAIR⁶ Information Delivery Options (FIDO).⁷ By comparing the vouchers to the FIDO report, we were able to determine which funds were used to purchase the vehicles as well as verify if the funds were paid to the appropriate vendor.

We found one instance where a passenger vehicle was purchased using both the MVA and TME budgets. The base price of the vehicle was purchased using the MVA budget while additional Original Equipment Manufacturer (OEM) options were added on and purchased using the TME budget. Based on the category description of the TME budget, this purchase should not be allowable.

There is an opportunity for improvement with this process. The Director of the Office of Maintenance could require written documentation and approval from the Department's budget office if this type of purchase using the TME budget is allowed. Otherwise, the

⁶ Florida Accounting Information Resource (FLAIR)

⁷ FIDO is an in-house application created by the Department to pull data and extract reports from FLAIR.

**Office of Inspector General
Florida Department of Transportation**

Office of Maintenance should only use the MVA budget to purchase passenger vehicles, including OEM options that do not meet the category description of the TME budget. Prior to releasing this report, the Office of Maintenance addressed this issue.

Fleet Quality Assurance

We reviewed a judgmental sample of 20 of the 39 (51 percent) vehicles assigned to the Central Office to determine compliance with the Department's Mobile Equipment Manual procedure. **We determined** the sampled vehicles are in compliance with Department policies.

We also reviewed eight (100 percent) FY 2017-18 Quality Assurance Reports for each District and Florida's Turnpike Enterprise. **We determined** all are in compliance with the Department's quality assurance program requirements and compliance indicators.

The Department's online application, FLEETCOMMANDER, allows employees to make reservations for motor pool vehicles and outlines the Department's motor pool policies which every operator of a motor pool vehicle is required to follow. It also states that every policy listed in the application can be found in a binder inside of every motor pool vehicle. These policies include:

- vehicle registration;
- vehicle crash/incident report form 500-000-15;
- fleet automobile liability certificate coverage;
- roadside assistance information;
- fuel card roadside assistance; and
- vehicle fuel card.

The Department's Mobile Equipment Manual and FLEETCOMMANDER application also provide directions on how the physical state of the Department's fleet should be when returned after employee use, where official FDOT logos should be installed if the vehicle has optical warning devices, where conspicuity markings should go on a vehicle if it has optical warning devices and is larger than a sedan, and what levels of window tinting are allowable.

Initially during our review, 3 of the 20 (15 percent) vehicles sampled were missing their vehicle registration or did not have the correct vehicle registration, and 2 of the 20 (10 percent) vehicles were missing Department shop and fuel card roadside assistance documents. These missing documents were immediately corrected, and all 20 vehicles are now in compliance with the Department's fleet management program policies and procedures.

APPENDIX A – Purpose, Scope, and Methodology

The **purpose** of this engagement was to evaluate the Department's fleet management program and adherence to applicable laws, policies, and procedures.

The **scope** of this audit included records, reports, and documentation related to the Department's fleet management program for the FY 2017-18.

The **methodology** included:

- reviewing applicable federal and state laws, and Department manuals, policies and procedures;
- interviewing appropriate Department employees;
- reviewing Department fleet inventory records;
- reviewing Department fleet acquisition records;
- reviewing fleet trade-in criteria and processes;
- reviewing fleet vouchers and FIDO reports;
- reviewing fleet management program quality assurance reviews; and
- observing passenger vehicles in the field.

APPENDIX B – Management Response

On February 12, 2020, Rudy Powell, Office of Maintenance Director, responded he has reviewed the report and an exit conference and a written response from the Office of Maintenance are not needed.

**Office of Inspector General
Florida Department of Transportation**

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PROJECT TEAM

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STATEMENT OF ACCORDANCE

The Department's mission is to provide a safe transportation system that ensures the mobility of people and goods, enhances economic prosperity, and preserves the quality of our environment and communities.

The Office of Inspector General's mission is to promote integrity, accountability, and process improvement in the Department of Transportation by providing objective, fact-based assessments to the DOT team.

This work product was prepared pursuant to section 20.055, Florida Statutes, in accordance with the Association of Inspectors General *Principles and Standards for Offices of Inspector General*, and conforms with The Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

Please address inquiries regarding this report to the Department's Office of Inspector General at (850) 410-5800.