



STATE OF ILLINOIS
OFFICE OF THE
AUDITOR GENERAL

William G. Holland, Auditor General

SUMMARY REPORT DIGEST

DEPARTMENT OF CENTRAL MANAGEMENT SERVICES'
OPERATION OF THE STATE VEHICLE FLEET

PERFORMANCE AUDIT

Release Date: November 2011

SYNOPSIS

House Resolution Number 658 directed the Office of the Auditor General (OAG) to audit the Department of Central Management Services' (CMS) operation of the fleet of passenger cars used by State executive agencies. The Resolution called for the audit to address the total number of cars; number of take-home cars; necessity of take-home vehicles; cost of vehicles in Fiscal Year 2009; and the adequacy of CMS' system to record their use and maintenance and to check for official use, including whether it is possible to implement a system to track vehicles for business only.

CMS is statutorily responsible for administering the operation of passenger cars under the Governor's jurisdiction along with any agencies that desire to use CMS vehicle services: ". . . to acquire, maintain, and administer the operation of the passenger cars reasonably necessary to the operations of the executive department of the State government . . ." (20 ILCS 405/405-280) CMS said it is responsible for developing vehicle policies while monitoring vehicle use and maintenance is up to each individual State agency.

The audit identified areas where the administration of the vehicle fleet could be made more efficient and effective:

1. **Vehicles.** A total of 65 State executive agencies had nearly 16,600 vehicles in Fiscal Year 2010.
 - Almost 75 percent of the vehicles were at agencies under the jurisdiction of CMS (12,000 of 16,600).
 - A total of 5,375 vehicles were assigned to individual employees.
 - Approximately 5,150 vehicles were authorized to be taken home.
 - Approximately \$129 million was the total spent in Fiscal Year 2009 to acquire, repair, maintain, and operate vehicles. In Fiscal Year 2010, approximately \$121 million was spent on vehicles.
2. **Breakeven Miles.** CMS calculated that if vehicles were not driven between 7,000 and 12,000 miles per year (depending on type of car) it would be more cost-effective for the State to reimburse the employee for use of a personal vehicle. Some vehicles were driven less than 7,000 miles per year.
3. **Logs.** Agencies did not always keep daily or complete vehicle logs, and/or used different types of logs.
4. **Data.** Agencies' annual reports to CMS on individually assigned vehicles (IAV) contained errors.
5. **Coordinators.** Vehicle coordinators, who are responsible for monitoring vehicles at agencies, were not properly checking logs, monitoring commuting miles, or submitting accurate reports to CMS.
6. **Commuting.** Some vehicles were used extensively (over 30% of total miles driven) for commuting.
7. **Purchasing.** Vehicles are expected to be driven 18,000 miles per year but one-half were driven fewer miles.
8. **Tax.** Agencies for 9 employees sampled did not provide documentation to show they paid commuting taxes.
9. **License Plates.** A total of 218 vehicles at 20 agencies had conventional (non-U) license plates.
10. **Policy.** Most agencies had policies that address the purpose of State vehicles, restrictions on take-home vehicles, procedures for using motor pool vehicles, credit card use, etc. but over 20 agencies did not.

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**AUDIT CONCLUSIONS AND
RECOMMENDATIONS**

The State of Illinois' vehicle fleet is not overseen by any one agency with complete responsibility and authority. The Department of Central Management Services (CMS) has the statutory responsibility to administer the operation of passenger cars under the Governor's executive departments, along with those agencies that desire to use CMS vehicle services. The remaining executive branch agencies operate and control their own vehicles. (report pages 1-3)

AUDIT RESOLUTION

A total of 65 executive branch agencies operated State-owned vehicles in Fiscal Year 2010.

- **16,592 total vehicles**
- **Almost 75% of the vehicles were under the jurisdiction of CMS (12,000 of 16,592).**
- **5,375 vehicles individually assigned**
- **5,144 vehicles could be taken home**

House Resolution Number 658 asked for the total number of passenger cars at executive branch agencies. The Office of the Auditor General (OAG) surveyed 82 agencies; 65 agencies reported that they had State-owned vehicles while 17 agencies reported that they did not have any State vehicles.

Total Vehicles

The 65 agencies had nearly 16,600 vehicles in Fiscal Year 2010 (see Digest Exhibit 1).

- Almost 75 percent of the total State-owned vehicles were at agencies under the jurisdiction of CMS (12,000 of 16,592).
- Over two-thirds of the vehicles (11,142 of 16,592) were at five agencies, as shown in Digest Exhibit 2. (pages 62-63)

Take-Home Vehicles

The 65 State agencies had 5,375 vehicles that were personally or individually assigned to employees and 5,144 vehicles were authorized to be taken home on June 30, 2010. Digest Exhibit 3 shows agencies with more than 100 take-home vehicles. (pages 65-67)

Digest Exhibit 1 TYPES OF VEHICLES Fiscal Year 2010	
Vehicle Class	Number
Passenger Cars	5,489
Trucks up to 1½ Tons	3,884
Other Size Trucks	3,099
Minivans	1,115
Vans – Passenger	983
SUV's	939
Vans – Other	813
All Other Vehicles	270
Total	16,592
Source: Illinois Auditor General's survey of State executive branch agencies.	

Digest Exhibit 2 MOST VEHICLES Fiscal Year 2010	
Transportation	4,599
Illinois State Police	2,371
University of Illinois	1,572
Corrections	1,554
Natural Resources	1,046
Toll Highway	724
SIU	677
Human Services	548
Secretary of State	475
Agriculture	312
Illinois State University	310
All Other Agencies	2,404
Total Vehicles	16,592
Source: Illinois Auditor General's survey of State executive agencies.	

Digest Exhibit 3 TAKE-HOME VEHICLES Fiscal Year 2010			
Name	Total Vehicles	Individually Assigned Vehicles	Take-Home
Illinois State Police	2,371	1,830	1,830
Department of Transportation	4,599	1,419	1,281
Department of Corrections	1,554	640	640
Illinois State Toll Highway Authority	724	314	*252
Secretary of State	475	240	240
Department of Natural Resources	1,046	235	226
Department of Revenue	160	144	144
Department of Agriculture	312	139	136
All Other Agencies	5,351	414	395
Total	16,592	5,375	5,144
* Tollway said its take-home vehicles included 200 State Police District 15 vehicles.			
Source: Illinois Auditor General's survey of State executive branch agencies.			

Necessity

Agencies said it was necessary for their employees to take vehicles home to save the State time and money and for public safety reasons. Some employees routinely traveled throughout a geographic territory; some were law enforcement personnel; and some were on call 24 hours a day, 7 days a week (e.g., emergency responders).

Based on our sample of 100 take-home vehicles and information maintained by CMS, we questioned the necessity for certain take-home vehicles, such as those with extensive commuting miles or those where the purported need, such as responding to emergencies, was not readily apparent. (pages 1-3 and 61-70)

Fiscal Year 2009 Cost

The total cost to acquire, repair, maintain, and operate State vehicles at the 65 State executive branch agencies was approximately \$129 million in Fiscal Year 2009 (including \$3 million for insurance): vehicle acquisition or purchase (\$45 million), fuel (\$40 million), and repairs, maintenance, and other expenses (\$41 million).

The total cost for vehicles at the 65 agencies was \$129 million in Fiscal Year 2009 and \$121 million in Fiscal Year 2010.

- The cost of passenger vehicles (e.g., vehicles up to 1½ tons) was over \$55 million.
- Digest Exhibit 4 shows agencies that expended more than \$1 million on vehicles in Fiscal Year 2009.
- In Fiscal Year 2010, agencies reported spending approximately \$121 million on their vehicles (including over \$3.5 million for insurance). (pages 71-72)

Digest Exhibit 4 TOTAL COST OF STATE VEHICLES Fiscal Year 2009								
Agency	Vehicles	Acquisitions	Gas	Main- tenance	Insurance ¹	Other (e.g., Repairs)	Total ¹	Passenger Vehicles' Total Cost ²
IDOT	4,635	\$28,290,000	\$16,340,585	\$19,417,207	\$1,060	\$0	\$64,048,852	\$8,355,580
Toll Highway	730	\$8,134,956	\$2,971,782	\$2,200,554	\$535,020	\$0	\$13,842,312	\$2,867,737
State Police	2,354	\$745,874	\$5,977,040	\$582,254	\$0	\$4,832,075	\$12,137,243	\$11,639,590
Corrections	1,573	\$588,168	\$3,679,456	\$4,590,801	\$0	\$1,516,073	\$10,374,498	*\$10,222,805
Univ. of ILL.	1,577	\$1,885,546	\$2,093,445	\$1,352,439	\$62,646	\$0	\$5,394,076	*\$4,641,174
Natural Res.	1,060	\$925,599	\$1,733,572	\$819,040	\$0	\$0	\$3,478,211	*\$2,991,261
SIU	672	\$1,289,448	\$883,041	\$725,591	\$35,602	\$90,744	\$3,024,425	\$1,982,499
Human Serv.	539	\$59,042	\$770,084	\$757,150	\$0	\$3,958	\$1,590,234	*\$1,372,592
Sec. of State	476	\$526,864	\$563,284	\$292,177	\$0	\$6,833	\$1,389,157	\$1,285,303
NIU	245	\$238,925	\$507,155	\$303,408	\$51,065	\$0	\$1,100,553	\$1,001,471
All Other Agencies	2,486	\$2,284,750	\$3,600,563	\$2,204,972	\$193,363	\$699,136	\$8,982,787	\$8,525,934
Total ³	16,658	\$45,086,760	\$39,747,763	\$33,560,657	\$888,040 ¹	\$7,184,974	\$126,468,195 ¹	\$55,736,694

Notes:
* Estimate/approximate.
¹ The \$888,040 amount reported by agencies for insurance does not include approximately \$3 million paid from the State's self-insurance program in FY2009 but some agencies may have included claims paid.
² Passenger vehicles up to 1½ tons.
³ Totals may not add due to rounding.

Source: Illinois Auditor General's survey of State executive branch agencies.

System to Record Use and Maintenance

CMS is responsible for ensuring that vehicles necessary for the operation of State government are acquired, maintained, and used in the most efficient and least costly manner according to CMS administrative rules.

Audit Recommendation: *The CMS Division of Vehicles should determine the feasibility of putting all vehicle cost data online.*

- The Division of Vehicles has some information on vehicles under its jurisdiction but DOV said vehicle use and maintenance is up to each agency. DOV said its role is to oversee the fleet of State vehicles.
- Agencies said CMS could provide reports on vehicle maintenance, repairs, and annual inspections and have one system for both the CMS and Wright Express credit cards. (pages 74-77)

Tracking Vehicles

The Division of Vehicles does not track vehicles to ensure that they are used for official business but leaves it to individual agencies. The DOV said that agency logs, management oversight, and regular review of fleet expenditures are tools to ensure appropriate use of fleet vehicles.

Audit Recommendation: *The CMS Division of Vehicles should formally evaluate the availability and cost of GPS systems that State agencies may be able to use to track their State-owned vehicles.*

- Global Positioning Systems (GPS) can be used to track the location of vehicles. Two agencies, the Illinois State Toll Highway Authority and Illinois Workers' Compensation Commission, are currently using GPS on vehicles.
- DOV said that a GPS system could be expensive but would reduce the cost of managing the fleet. Other agencies also noted that GPS may be costly but could ensure vehicles were used for State business.
- GPS systems are becoming more common and being used more as their prices have dropped. (pages 77-80)

VEHICLE ADMINISTRATION

Agencies lacked adequate controls over the use of State-owned vehicles. Specific daily vehicle logs were not kept by all the agencies, making it difficult to determine (1) if vehicles were used for State business only and (2) if it was cost effective to provide a State vehicle (e.g., annual miles driven, excessive commuting). (page 35)

Operations

Monitoring is an important responsibility since information on miles driven, commuting miles, and fuel consumption could indicate if the vehicle is necessary or if the vehicle is being driven for official business only.

CMS has established administrative rules to govern State vehicles. The rules state that CMS should ensure that State vehicles are used in *“the most efficient and least costly manner.”*

The CMS Division of Vehicles said vehicle operations are the responsibility of individual agencies and that it is not charged with monitoring vehicles. Monitoring is an important responsibility since information on miles driven, commuting miles, and fuel consumption could indicate if the vehicle is necessary or if the vehicle is being driven for official business only.

Audit Recommendation: *The Division of Vehicles should become more actively involved in the operation and oversight of State vehicles.*

We recommended that the Division of Vehicles should become more actively involved in the operation and oversight of State vehicles to ensure they are maintained and used in the most efficient and least costly manner. (pages 17-25)

Vehicle Information

CMS maintains some information on State-owned vehicles under its jurisdiction in two spreadsheets. One has information on the entire State fleet under its jurisdiction while a second has information on vehicles that are individually assigned (IAV); see criteria in Digest Exhibit 5. However, this annual IAV report contained errors which limited its reliability, accuracy, and usefulness. (pages 4, 18-22)

Coordinators

Vehicle coordinators at each agency are responsible for monitoring vehicle efficiency and providing oversight, per the CMS Vehicle Guide.

Agency vehicle coordinators are responsible for oversight but were not properly checking logs, commuting miles, or submitting accurate reports.

- Vehicle coordinators were not properly checking vehicle logs, monitoring commuting miles, or submitting accurate reports.
- Having accurate vehicle information is important so the agency knows what the State vehicle is costing, whether a vehicle is necessary, whether the vehicle is being used for State business, and whether federal taxes are being paid. (pages 25-27)

Digest Exhibit 5 VEHICLE ASSIGNMENT CRITERIA 44 Ill. Adm. Code 5040.340	
A.	The vehicle is specially equipped to perform <u>law enforcement services</u> and the law enforcement employee is on call 24 hours a day.
B.	The employee's work assignment requires <u>traveling to numerous locations</u> over a considerable territory with infrequent stops at the employee's headquarters as defined in the regulations concerning State employee travel.
C.	When the employee is a <u>State official</u> confirmed by the State Senate or acting in the capacity of such a State official.
D.	When the employee is regularly subject to <u>special or emergency calls from his/her residence</u> during non-duty hours.

License Plates

A total of 218 State vehicles at 20 agencies under the jurisdiction of CMS used conventional (or "straight") license plates in 2010, rather than "U" plates. DOV did not keep a public record of the non U-plates approved as required by statute (30 ILCS 610). DOV did not require that the agency head certify that the vehicle with conventional plates would be used for functions requiring conventional plates, as required by CMS administrative rules (44 Ill. Adm. Code 5040.320(c)(2)): "*The agency head must certify that the vehicle bearing the conventional plate will be used substantially full-time in functions requiring the conventional plate.*" [emphasis added] (pages 29-33)

Audit Recommendation: *The CMS Division of Vehicles should perform a breakeven analysis, with costs updated annually, and provide it to all State agencies with the recommendation to use it to determine if it is cost-effective to provide employees with State vehicles for official use.*

Breakeven Miles

In January 2011, the CMS Division of Vehicles performed a calculation on the number of miles that a vehicle would need to be driven to break even (or be cost-effective for the State). This analysis shows how much a State vehicle costs and may be considered by an agency to determine if it should provide a vehicle for official business or reimburse the employee for using his/her own vehicle. Costs are not the only consideration in providing a State vehicle as some vehicles are necessary due to lights, equipment, tools, and off-road (4-wheel drive) capability.

If State vehicles are not used sufficiently, it would cost the State less to reimburse employees than to provide a State-owned vehicle.

- Based on the breakeven calculations provided by CMS, if vehicles are not driven a minimum number of miles – between 7,000 and 12,000 miles per year depending on the type of car – it would be more cost-effective for the State to reimburse the employee for use of a personal vehicle.
- One-fourth of the 100 vehicles in our sample were not driven at least 1,150 miles in the two months sampled, or nearly 7,000 miles per year. (pages 36-41)

Purchasing

According to CMS administrative rules, agencies may purchase a passenger vehicle if it is expected to be used 18,000 miles per year (see Digest Exhibit 6); otherwise, it may still be purchased if the agency’s operational needs are explained by the agency head.

- The Fiscal Year 2010 reports filed by agencies with CMS listed over 1,000 of the 1,800 IAVs that were not driven an average of 18,000 miles per year; some were not even driven 7,000 miles per year.
- In Fiscal Year 2010, agencies requested purchasing 900 passenger vehicles. All requests were approved by the Division of Vehicles. Over 250 of the vehicle requests said their new vehicle was expected to be driven *exactly* 18,000 miles per year. (pages 40-42)

<p>Digest Exhibit 6 EXPECTED USAGE 18,000 MILES 44 Ill. Adm. Code 5040.270</p>
<p><i>“Expected usage. New and leased general purpose passenger vehicles are to be used a minimum of 1,500 miles per month [18,000 miles per year]”</i></p>

Vehicle Logs and Commuting

The Governor issued a policy on April 12, 2010 which stated that if a vehicle is used to commute between home and office (work headquarters) more than 30 percent of the total miles, it should be “*carefully evaluated*” by agency heads (see Digest Exhibit 7).

State vehicles were used extensively (greater than 30% of total miles driven) for commuting, according to the 2010 annual IAV report prepared by the CMS Division of Vehicles.

<p>Digest Exhibit 7 GOVERNOR'S POLICY Assignment of State Vehicles April 12, 2010</p>
<p><i>Vehicles may not be assigned as a form of compensation, as a benefit, or based solely on an employee's title As a general matter, unless it is in the best interests of the State, <u>commuting miles should not exceed 30% of miles driven</u>. Commuting miles over 30% of total annual miles should be <u>carefully evaluated</u> by agency heads.”</i> <i>[emphasis added]</i></p>

- We sampled 100 vehicles from 32 agencies for September and October 2010: 76 vehicles were under the jurisdiction of CMS

In our sample, 20 of 50 vehicles which had logs (40%) were used to commute more than 30% of the miles. This percent may be even higher as agencies did not always require daily vehicle logs.

and the remaining 24 vehicles were under the jurisdiction of other executive branch agencies.

- Of the 76 vehicles under CMS, which were required to keep logs, 50 vehicles had logs (see Digest Exhibit 8). The logs showed that 20 vehicles (40%) were used to commute more than 30 percent of total miles, including 10 vehicles that were used to commute over 50 percent of the total miles.
- The number of vehicles used for commuting over 30 percent of the total miles may be even higher as agencies did not always keep daily vehicle logs.

**Digest Exhibit 8
CMS DIVISION OF VEHICLES
June 10, 2010 Letter to Agencies**

"Agency drivers and agencies are responsible to ensure individually assigned vehicle drivers maintain a vehicle log that includes date, travel destination, beginning and ending mileage, commuting miles, and commuting trips . . ." [emphasis added]

Agencies kept different types of logs which limited our analysis of the need for take home vehicles.

Agencies kept different types of logs, including logs which were just monthly or lacked destinations and commuting miles. The lack of complete and accurate data on number of days traveled, destinations, total miles, and commuting miles limited our analysis of the need for take home vehicles.

Daily logs can help agency management monitor the purpose for which the vehicle is used and determine if it is cost effective for the State to provide a vehicle. (pages 4-5, 43-47)

Federal Taxes

The Internal Revenue Service requires employers to tax the value of vehicles provided to employees for commuting between home and work headquarters (with exceptions such as law enforcement, public safety). Taxes are due on all employees who commute in an employer's vehicle.

- For the 100 employees we sampled, 55 employees paid the federal commuting taxes. Agencies for nine employees did not provide documentation to show they paid commuting taxes. The remaining 36 employees either did not use their State vehicles to commute, or did not have specific vehicle logs, or were exempted from paying this tax (by 2011 IRS Publication 15-B) due to the nature of their work (e.g., vehicles used for police, fire, public safety, cargo, delivery, etc.).
- The Governor's April 12, 2010 policy on individual assignment of vehicles states that, "*Employees' failure to report their commuting properly can result in additional amounts included in their income.*" (pages 55-56)

Monitoring Miles

State agencies generally monitor the miles driven on State-owned vehicles by using the vehicle's mileage logs. Agencies said they used in-house estimates or a CMS tool called a trip cost calculator for comparing the cost of a vehicle with reimbursing an employee for using a personal vehicle. (pages 57-60)

Vehicle Policy

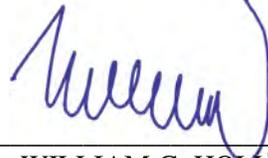
Over 20 agencies did not have a vehicle policy.

The 43 agencies with most of the State-owned vehicles had established a vehicle policy; however, 22 agencies with State-owned vehicles did not have a policy, including agencies with as many as 81 vehicles.

- These agencies had a combined total of over 350 State-owned vehicles and included 9 agencies with at least 10 vehicles each.
- A vehicle policy could address the purpose of the vehicle, procedures for using pool vehicle(s), records that need to be kept (e.g., total and commuting miles), reports that need to be filed, taxes that need to be paid if used for commuting or personal use, employees who review the reports (e.g., supervisor, vehicle coordinator), supporting documents that employees need to provide (e.g., vehicle log, credit card receipts), disciplinary action that may be taken if vehicle is improperly used, etc. (pages 81-83)

RECOMMENDATIONS

The audit made 14 recommendations to CMS which it generally agreed to implement. CMS' entire response is in Appendix G and also after each audit recommendation.



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