

LEGISLATIVE AUDIT REPORT

SPECIAL REPORT ON

STATEWIDE FLEET

SUMMARY

1. The State of West Virginia is Unable to Fully Account For the Total Number of State-Owned Passenger Vehicles in the State's Fleet
2. Changes in the Division of Motor Vehicles Practices for Titling and Registering State-Owned Vehicles Would Come at a Minimal Cost to the State and Greatly Improve the Agency's Ability to Account for the State's Fleet
3. State Spending Units Are Not Complying With the West Virginia Code Provisions Governing the Issuance of Class A License Plates and Are Not Properly Reporting Each Vehicle to the Board of Risk and Insurance Management
4. Six Spending Units Exceed the Statutory Maximum Number of Class A License Plates



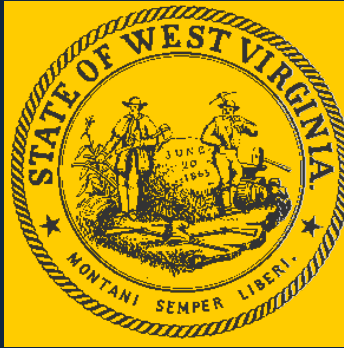
WEST VIRGINIA LEGISLATIVE AUDITOR

POST AUDIT DIVISION



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**A REPORT TO THE
WEST VIRGINIA
LEGISLATURE**
December 5, 2016

**SPECIAL REPORT ON
STATEWIDE FLEET**

**Joint Committee on
Government Operations**

**Joint Committee on
Government Organization**

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Denny Rhodes
Director

The Honorable William P. Cole III, President
West Virginia State Senate
Post Audits Subcommittee, Co-Chair
Room 229 M, Building 1
State Capitol Complex
Charleston, WV 25306

The Honorable Timothy Armstead, Speaker
West Virginia House of Delegates
Post Audits Subcommittee, Co-Chair
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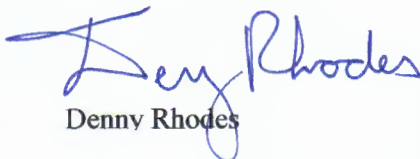
Dear Mr. President and Mr. Speaker:

In compliance with the provisions of the *West Virginia Code, Chapter 4, Article 2*, as amended, the Legislative Auditor conducted a performance audit of statewide fleet management for all state spending units and all information pertaining to each spending unit's total fleet of state-owned or leased vehicles.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The audit disclosed certain findings, which are detailed in this report. Management responses from the Department of Administration and the Division of Motor Vehicles to the audit findings are included at the end of the report.

Respectfully submitted,


Denny Rhodes

Joint Committee on Government and Finance

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Issue 1: The State of West Virginia is Unable to Fully Account For the Total Number of State-Owned Passenger Vehicles in the State’s Fleet.

The Legislative Auditor requested and received inventory data from the three principal state agencies that deal with state-owned fleet vehicles: The Fleet Management Office, the Division of Motor Vehicles (DMV), and the Board of Risk and Insurance Management (BRIM). As Table 1 demonstrates, the total size of the State’s fleet varies significantly according to the inventories of the three agencies.

Table 1	
Reported Number of State-Owned Vehicles in the West Virginia Fleet	
Agency	Reported Number of State-Owned Vehicles
Fleet Management Office	7,648
Board of Risk and Insurance Management	12,609
Division of Motor Vehicles	10,504*
*Inventory only includes vehicles with a green state license plate. <i>Source: Reported inventories of state-owned vehicles</i>	

In 2009, the Legislative Auditor’s Post Audit Division released a special report entitled “Statewide Vehicle Use.” In the report, auditors noted that, “The State, as a whole, does not maintain an accurate/updated record of the number of vehicles currently owned.” The Legislative Auditor has determined that there is still no single source which can accurately and fully account for the total number of vehicles in the State’s fleet.

The Fleet Management Office’s Ability to Account For All State-Owned Vehicles is Limited.

The Fleet Management Office provided the Legislative Auditor with an inventory of state-owned vehicles which includes 7,648 passenger vehicles (defined as having a payload capacity of one-ton and under). According to W. Va. Code §5A-1-2(f)(1), the Fleet Management Office was established in 2010 to, “manage **all** motor vehicles and aircraft[s] owned or possessed by the State of West Virginia or any of its departments, divisions, agencies, bureaus, boards, commissions, offices or authorities.” (Emphasis added).

Fleet Management informed the Legislative Auditor that it has two ways of receiving fleet information regarding vehicles that are owned or leased by state agencies. Fleet Management has a record of all vehicles that are purchased through the Purchasing Division’s statewide contracts. In addition, Fleet Management has a record of agencies that use its fueling and maintenance management services. However, Fleet Management stated:

Agencies that are exempt from the requirements of the Purchasing Division often do not use the statewide contract for purchases of vehicles. Additionally, those agencies may or may not be using the

fueling and maintenance management services that [Fleet Management Office] provides. Although some of those agencies do provide vehicle info to [Fleet Management Office] when the vehicle is acquired by other means, not all do.

Currently, there are 37 agencies that are exempt from the requirements of the Purchasing Division, which includes all of higher education and the Parkways Authority. While Fleet Management's reported inventory includes vehicles from some of the exempt agencies, there is currently no way to ensure that Fleet Management's inventory includes all state-owned vehicles.

Fleet Management indicated that it attempts to maintain complete and up-to-date information about exempt agencies' vehicles, but "there is no mechanism to independently verify the information." **Therefore, the Legislative Auditor recommends that the Legislature require each state spending unit to report its fleet holdings to Fleet Management at least annually. Further, the Legislative Auditor recommends that the Legislature require Fleet Management to produce an annual report for the Governor and the Joint Committee on Government and Finance on the State's fleet.**

The Board of Risk and Insurance Management is Not Designed to Maintain a Complete and Up-To-Date Inventory of State-Owned Passenger Vehicles.

While BRIM's inventory dataset is the largest, encompassing over 12,600 vehicles, it cannot serve as a complete and accurate central inventory of state-owned passenger vehicles because, as BRIM states, "the vehicle counts that we have are a 'snapshot' of the number of vehicles at a given point in time. The numbers change throughout the year as vehicles are added or removed." In addition, BRIM includes heavy equipment and heavy duty vehicles used by state agencies such as the Division of Highways, Department of Agriculture, and the Parkways Authority, which may be only partially captured, if at all, by the DMV and Fleet Management data.

Further, BRIM has indicated the possibility that it is insuring vehicles no longer in state service, particularly if agencies have decommissioned or surplus a vehicle without notifying BRIM of the change. In addition, the Legislative Auditor has found a number of examples in which state agencies are not properly notifying BRIM of all vehicles in their total fleet. As evidence of these types of discrepancies, it was reported to the Legislative Auditor by the Department of Environmental Protection that the Department currently operates a state fleet of 405 vehicles. However, BRIM's report currently lists the Department as having a state-owned fleet of 418 vehicles.

The Division of Motor Vehicles Inventory Data Does Not Capture All State-Owned Passenger Vehicles and Includes Many Non-State Vehicles.

When the Legislative Auditor requested that the DMV provide its inventory of all state-owned vehicles, the DMV was only able to provide an inventory of each vehicle bearing a green state license plate. The inventory includes 10,504 vehicles, but does not capture state vehicles with a Class A license plate. The DMV indicated that it has no way of tracking these vehicles.

Further, the Legislative Auditor's review of the DMV's inventory finds that as many as 1,680 (16 percent) of the vehicles listed as having a green state license plate are non-state-owned, including 564 county public service district (PSDs) vehicles and various non-governmental organizations (NGOs), non-profits, community action programs, cities, towns, county commissions, etc. Therefore, the Legislative Auditor concludes that the DMV does not maintain a complete and accurate inventory of state-owned passenger vehicles.

Issues within the DMV's inventory file make it difficult to even determine the exact number of vehicles with a green state license plate that are assigned to each state agency, in part because there is no uniform syntax by which an agency titles each of its vehicles. Alternative spellings and/or abbreviations within an agency's name lead to its fleet of passenger vehicles being registered under numerous different iterations. As Table 2 demonstrates, some agencies with green state license plates have vehicles titled at the DMV under more than 30 alternate spellings (including misspellings)¹.

¹ The Legislative Auditor finds that the Division of Highways has **over 850 iterations** to which its fleet of state-owned vehicles have been titled, according to the DMV's inventory data.

Table 2
Example of Multiple Motor Vehicle Title Names

Registration Name*	Number of Vehicles
DEPART OF ADMINISTRATION TRAVEL MANAGEMENT	1
DEPART OF ADMIN TRAVEL MANAGEMENT	1
DEPARTMENT OF ADMIMISTRATION TRAVEL MANAGEMENT	2
DEPARTMENT OF ADMINISTRION TRAVEL MANAGEMENT	1
DEPARTMENT OF ADMINISTRATION TRAVEL MANAGEMENT	233
DEPARTMENT OF ADMINISTRATION TRAVEL MANAGEMENT	1
DEPARTMENT OF ADMINISTRATION TRAVEL MANAGEMENT	1
DEPARTMENT OF ADMINISTRATION TRAVEL MANAGEMENT	1
DEPARTMENT OF ADMINISTRATION TRAVEL MANGAMENT	1
DEPARTMENT OF ADMINISTRATION TRAVEL MGNT	13
DEPARTMENT OF ADMINISTRATION TRAVEL MGT	1
DEPARTMENT OF ADMINISTRATION TRAVEL MGT OFFICE DEP	1
DEPARTMENT OF ADMINISTRATIONTRAVEL MANAGEMENT	1
DEPT FO ADMIN TRAVEL MGMT OFFICE	2
DEPT OF ADMIN TRAVEL MAN	1
DEPT OF ADMIN TRAVEL MANAGAMENT	1
DEPT OF ADMIN TRAVEL MANAGEMENT	35
DEPT OF ADMIN TRAVEL MANGAGEMENT	1
DEPT OF ADMIN TRAVEL MGMT	10
DEPT OF ADMIN TRAVEL MGMT OFFICE	24
DEPT OF ADMIN TRAVEL MNGMT	10
DEPT OF ADMIN TRAVEL MNGMT %GOEO	1
DEPT OF ADMIN TRAVEL MNGMT OFF	4
DEPT OF ADMINISTRATION TRAVEL MAN	1
DEPT OF ADMINISTRATION TRAVEL MANAGEMENT	13
DEPT OF ADMINISTRATION TRAVEL MANAGEMENT OFF	1
DEPT OF ADMINISTRATION TRAVEL MGMT	7
DEPT OF ADMINISTRATION TRAVEL MGMT OFFICE	7
DEPT OF ADMINISTRATION TRAVEL MGMT TRAVEL	1
DEPT OF ADMINISTRATION TRAVEL MGT	1
DEPT OF ADMINSTRATION TRAVEL MANAGEMENT	1
DEPT OF ADMINSTRATION TRAVEL MGT	1
DEPT OF AMINISTRATION TRAVEL MANAGEMENT	1

*Names appear in this table exactly as they are listed in the DMV inventory (misspellings included).
Source: DMV inventory report, queried on June 15, 2016.

As a result, the only way to provide a total count for all vehicles registered to each agency within the DMV’s inventory would be to query and count the number of vehicles listed under each

unique spelling. In addition, some vehicles with green state license plates are titled to private individuals within an agency.

Changes in the Division of Motor Vehicles Practices for Titling and Registering State-Owned Vehicles Would Come at a Minimal Cost to the State and Greatly Improve the Agency's Ability to Account for the State's Fleet.

It is the opinion of the Legislative Auditor that the DMV should establish and implement a uniform syntax by which all state agencies title and register their state-owned vehicles. **Therefore, the Legislative Auditor recommends that the DMV should reissue titles and vehicle registration cards for all state-owned vehicles under a uniform syntax.** Issuing new titles and registration cards for all of an agency's vehicles under a uniform name will allow the DMV to provide an up-to-date, and complete inventory of all state-owned vehicles assigned to the agency, and prevent state-owned vehicles from being titled to state employees.

The DMV was asked to provide an estimate for the total cost of labor and materials to reissue titles and registration cards for all of the 10,504 vehicles in its inventory of vehicles with a green state license plate. The DMV was able to provide an exact cost for the materials at \$2,000. The estimated labor cost was approximated at \$5,425, for a total cost of \$7,425. Appendix D provides a full breakdown of the DMV's cost calculations.

The DMV also indicates that it has difficulties tracking the green state license plates once they are issued to state or private entities. Specifically, the DMV stated that while it has some written record of license plates that are returned to it, including state plates, it has no way of assuring that **all** green state plates are returned when a vehicle is decommissioned. The DMV indicated to the Joint Standing Committee on Finance that agencies may keep the plates, discard them, or even apply them to new vehicles. As evidence of this, one agency indicated to the House Government Organization Committee staff that it had stored a green state license plate in a filing cabinet for more than eight years.

The DMV informed the Legislative Auditor that it has recently developed an electronic tracking system that will allow it to keep record of all returned plates. However, there is no mechanism in place that requires an agency to return a license plate once a vehicle is decommissioned. **Therefore, the Legislative Auditor recommends that the Surplus Property Division require each agency to certify that it has returned its state license plate to the DMV, if applicable, and properly notified BRIM before accepting a vehicle for surplus.**

It was requested that the Legislative Auditor obtain cost estimates from the DMV to determine the cost of issuing new license plates to each of the 10,504 vehicles on DMV's current list of vehicles with green plates. In its response, the DMV was able to provide an exact cost for the materials at \$35,188. Since the license plates are manufactured as a function of Correctional Industries within the West Virginia Division of Corrections, there is no associated labor cost for replacing the license plates. Appendix D provides a full breakdown of the DMV's cost calculations.

In addition, the DMV indicates in its response that there would be no additional costs associated with issuing different colored license plates to distinguish state-owned vehicles from PSDs, NGOs, or vehicles owned and operated by any other non-state entity which currently has a green state license plate.

It is the opinion of the Legislative Auditor that issuing new license plates for state-owned vehicles provides the State a cost-effective opportunity to provide greater transparency and accountability of state-owned vehicles. **The Legislative Auditor recommends that the Legislature should require the Division of Motor Vehicles to issue new license plates to each vehicle that has a green state license plate with a new color every two years.**

Conclusion

The Legislative Auditor concludes that effective fleet management should include, at a minimum, a complete and accurate inventory of each state-owned vehicle in the State’s fleet. Currently, as Table 3 demonstrates, the reported size of an agency’s state-owned fleet can vary greatly across the inventory datasets of Fleet Management, DMV, and BRIM. There is no definitive and reliable inventory source for state agency fleet data. **As a result, the Legislative Auditor is unable to say with confidence exactly how many state-owned vehicles are currently operating within the State’s fleet.**

Table 3 Department of Education & the Arts Fleet Data				
Division	Reported by Agency	DMV	Fleet Management	BRIM
Secretary's Office	0	0	0	0
Volunteer West Virginia	0	0	0	0
Division of Culture and History	0	1	1	1
Library Commission	3	0	3	2
Educational Broadcasting Authority	16	1	16	16
Center for Professional Development	1	0	1	1
Division of Rehabilitation Services	23	12	24	24
Total	43	14	45	44
<i>Source: Analysis of the Dept. of Education and the Arts reported fleet compared to Fleet Management, DMV, and BRIM.</i>				

The Legislative Audit staff met with wvOASIS to determine whether the system could provide a centralized hub that would enable each agency to report fleet data and facilitate data sharing between agencies that use fleet data. The agency indicated that the Financial Asset reporting system within wvOASIS could accomplish both goals, but that not all agencies currently enter their fleet assets into the system. **Therefore, the Legislative Auditor recommends that the Legislature should establish a set of uniform reporting requirements and require all state spending units to report fleet data to the wvOASIS Financial Asset reporting system.** By requiring that all agencies report uniform data into the wvOASIS system, the Legislature can

ensure that each of the principal agencies that deal with state-owned vehicles have access to the same data.

Recommendations

- 1.1 The Legislative Auditor recommends that the Legislature require each state spending unit to report its fleet holdings to the Fleet Management Office, at least annually.
- 1.2 The Legislative Auditor recommends that the Legislature require the Fleet Management Office to produce an annual report for the Governor and the Joint Committee on Government and Finance on the State's fleet.
- 1.3 The Legislative Auditor recommends that the Legislature require the Division of Motor Vehicles to reissue titles and vehicle registration cards for all state-owned vehicles under a uniform syntax.
- 1.4 The Legislative Auditor recommends that the Surplus Property Division require each agency to certify that it has returned its state license plate to the Division of Motor Vehicles, if applicable, and properly notified the Board of Risk and Insurance Management before accepting a vehicle for surplus.
- 1.5 The Legislative Auditor recommends that the Legislature should require the Division of Motor Vehicles to issue new license plates to each vehicle that has a green state license plate with a new color every two years.
- 1.6 The Legislative Auditor recommends that the Legislature should establish a set of uniform reporting requirements and require **all** state spending units to report fleet data to the wvOASIS Financial Asset reporting system.

Issue 2: State Spending Units Are Not Complying With the West Virginia Code Provisions Governing the Issuance of Class A License Plates and Are Not Properly Reporting Each Vehicle to the Board of Risk and Insurance Management.

The provisions of West Virginia Code §17A-3-23 govern the issuance of Class A license plates for vehicles owned or leased by the State of West Virginia, establishing which spending units are authorized to possess Class A plates and the maximum number of Class A plates that can be issued to each agency (The Class A license plate is a plate that a private citizen has on their personal vehicle).

According to the data submitted by each state spending unit, West Virginia’s fleet of state-owned vehicles includes 293 vehicles with a Class A license plate. Of these, 182 (62 percent) are assigned to the West Virginia State Police, to whom the DMV is statutorily authorized to issue an unlimited number of Class A license plates. A full listing of the number of Class A license plates issued to each state agency can be found in Appendix E of this report.

Six Spending Units Exceed the Statutory Maximum Number of Class A License Plates

The Legislative Auditor analyzed the Class A license plate data submitted by each agency to determine if each agency is in compliance with the provisions of West Virginia Code. As Table 4 below indicates, six agencies (the Division of Protective Services, the Alcohol Beverage Control Administration, the Attorney General’s Office, the State Auditor’s Office, the Regional Jail and Correctional Facility Authority, and the Division of Corrections) are in possession of more Class A plates than are authorized by statute.

Table 4 State-Owned Vehicles with Class A License Plates			
Agency	# of Class A Plates	Statutory Maximum	Statutory Authority
Division of Protective Services	3	2	§17A-3-23(m)
Alcohol Beverage Control Administration	17	16	§17A-3-23(a)
Attorney General’s Office	5	3	§17A-3-23(a)
State Auditor’s Office	8	3	§17A-3-23(a)
Regional Jail & Correctional Facility Authority	1*	0	None
Division of Corrections	2	0	None

*Regional Jails Authority removed the Class A license plate on 7/25/16
Source: Post Audit analysis of each agency’s submitted Class A data.

The State Auditor’s Office stated that five of the vehicles with Class A license plates “were on vehicles used by former Auditor Gainer and the former Director in P-card. We will only have the need for two Class A plates in the future on vehicles driven by our investigators.”

While the Class A license plate issued to the Regional Jail and Correctional Facility Authority was replaced on July 25, 2016, the state-owned vehicles operated by the Commissioner and Deputy Commissioner of the Division of Corrections (DOC) were reported as having Class A plates. Neither the Cabinet Secretary for the Department of Military Affairs and Public Safety nor Legislative Services is able to find any statutory authority for DOC to be issued Class A license plates. Therefore, the Legislative Auditor concludes that DOC has been issued Class A plates in violation of Code. **The Legislative Auditor recommends that each spending unit limit its number of Class A license plates to comply with W. Va. Code §17A-3-23 and report back its compliance to the Post Audits Subcommittee.**

Agencies Are Not Reporting All Vehicles to the Board of Risk and Insurance Management.

The Legislative Auditor requested that BRIM provide a full inventory of all state-owned or leased vehicles that are insured by the State. Cross-referencing the Vehicle Identification Numbers (VINs) provided by each agency for vehicles with a Class A license plate, the Legislative Auditor was able to determine whether BRIM's inventory of covered vehicles included all of the vehicles reported by state agencies².

According to BRIM's inventory, 14 of the state-owned vehicles reported to the Legislative Auditor have not been reported to BRIM as required by W. Va. Code. The Department of Revenue has not reported any vehicles with a model year of 2016 or 2017 to BRIM, including 2 vehicles used by the Alcohol Beverage Control Administration and 4 vehicles used by investigators with the Office of the Insurance Commissioner. In addition:

- Two vehicles operated by the Attorney General's Office are not listed in BRIM. Both of these vehicles are leased by the State of West Virginia.
- Two vehicles operated by the State Auditor's Office are not listed in BRIM. Both of these vehicles are used for commuting purposes.
- Two vehicles operated by the Division of Natural Resources are not listed in BRIM.
- Two vehicles operated by the State Police are not listed in BRIM.

Failure to Properly Notify the Board of Risk and Insurance Management of State-Owned Vehicles Leads to Incorrect Premium Payments.

According to W. Va. Code §29-12-6, each state agency is required to report all state-owned vehicles in its custody to BRIM. In addition, agencies are required to report new acquisitions or decommissions to BRIM within 30 days of the date of purchase or date of disposition.

² The Legislative Auditor did not request VINs for the Bureau on Criminal Investigations under the West Virginia State Police.

BRIM was asked to explain how it calculates each agency's annual policy premium, to which it responded, in part, "The agency reports the number and type of vehicles it owns at the time of reporting (exposures). An agency with a small number of vehicles would see a much smaller premium than an agency which has a larger number of vehicles." Therefore, agencies that are over or under reporting the number of state-owned vehicles in their fleets may be over or under charged, respectively, for their annual BRIM policy premium. **The Legislative Auditor recommends that all state spending units properly report vehicle acquisitions and decommissions to BRIM within the statutorily required 30-day timeframe.**

Conclusion

The Legislative Auditor concludes that state spending units are not giving full and proper consideration to Code when requesting that the DMV issue Class A license plates. The Division of Protective Services, the Alcohol Beverage Control Administration, the Attorney General's Office, the State Auditor's Office, the Regional Jail and Correctional Facility Authority, and the Division of Corrections, should reduce their respective number of Class A license plates to the appropriate numbers. Further, it is the opinion of the Legislative Auditor that spending units must do a better job of notifying BRIM of their state-owned vehicles so that they may be listed as a covered vehicle under the State's insurance policy and to assure that agencies are being properly charged for BRIM insurance coverage.

Statute grants the commissioner of the DMV very specific authorization to issue Class A license plates, in most cases up to a specifically enumerated maximum number of plates. Unless the DMV maintains some record of the number of Class A license plates it issues to each spending unit, it cannot ensure that the appropriate number of plates are issued. **Therefore, the Legislative Auditor recommends that the Division of Motor Vehicles keep track of the number of Class A license plates that are issued to various spending units, and ensure that it is not issuing Class A license plates in excess of statutory maximums.** Requiring that the DMV keep record of the number of Class A license plates issued by the agency will also help ensure that the DMV has a complete inventory of all state-owned vehicles in the State's fleet.

Recommendations

- 2.1 The Legislative Auditor recommends each spending unit reduce its number of Class A license plates to comply with W. Va. Code §17A-3-23 and report back its compliance to the Post Audits Subcommittee.
- 2.2 The Legislative Auditor recommends that all state spending units properly report vehicle acquisitions and decommissions to BRIM within the statutorily required 30-day timeframe.
- 2.3 The Legislative Auditor recommends that the Division of Motor Vehicles keep track of the number of Class A license plates that are issued to various spending units, and ensure that it is not issuing Class A license plates in excess of statutory maximums.

Appendix A

WEST VIRGINIA LEGISLATURE *Legislative Post Audit Division*

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Denny Rhodes
Director

November 3, 2016

Mary Jane Pickens, Acting Cabinet Secretary
Department of Administration
State Capitol Complex, Room E-119

Dear Acting Cabinet Secretary Pickens:

This is to transmit a draft copy of the Special Report on Statewide Fleet Management. This report is tentatively scheduled to be presented during the December interim meetings of the Joint Committee of Government Organization and Government Operations. We will inform you of the exact date, time, and location once the information becomes available. We will also inform you if this report will be presented to other committees. It is expected that a representative from the Fleet Management Office and BRIM be present at the meeting to respond to the report and answer any questions committee members may have during or after the meeting.

If you would like to schedule an exit conference to discuss any concerns you may have with the report, please notify us by November 16, 2016. In addition, we need your written response by noon on November 18, 2016 in order for it to be included in the final report.

We request that your personnel not disclose the report to anyone not affiliated with your agency. Thank you for your cooperation.

Sincerely,

A handwritten signature in blue ink that reads "Denny Rhodes".

Denny Rhodes

cc: Kenny Yoakum, Executive Director, Fleet Management Office

WEST VIRGINIA LEGISLATURE
Legislative Post Audit Division

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Denny Rhodes
Director

November 3, 2016

Michael L. Maggard, Director, Vehicle Services
West Virginia Division of Motor Vehicles
5707 MacCorkle Ave. S.E.
P. O. Box 17110
Charleston, WV 25317

Dear Director Maggard:

This is to transmit a draft copy of the Special Report on Statewide Fleet Management. This report is tentatively scheduled to be presented during the December interim meetings of the Joint Committee of Government Organization and Government Operations. We will inform you of the exact date, time, and location once the information becomes available. We will also inform you if this report will be presented to other committees. It is expected that a representative from Division of Motor Vehicles be present at the meeting to respond to the report and answer any questions committee members may have during or after the meeting.

If you would like to schedule an exit conference to discuss any concerns you may have with the report, please notify us by November 16, 2016. In addition, we need your written response by noon on November 18, 2016 in order for it to be included in the final report.

We request that your personnel not disclose the report to anyone not affiliated with your agency. Thank you for your cooperation.

Sincerely,

A handwritten signature in blue ink that reads "Denny Rhodes".

Denny Rhodes

cc: Paul Mattox, Cabinet Secretary, Department of Transportation

Appendix B



STATE OF WEST VIRGINIA DEPARTMENT OF ADMINISTRATION

EARL RAY TOMBLIN
GOVERNOR

MARY JANE PICKENS
ACTING CABINET SECRETARY

November 18, 2016

Mr. Denny Rhodes
West Virginia Legislature
Legislative Post Audit Division
Building 1, Room W-329
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Re: Special Report on Statewide Fleet Management

Dear Mr. Rhodes:

Thank you for the opportunity to respond to the Special Report on Statewide Fleet Management compiled by the Post Audit Division. I appreciate the extensive work done by your audit staff in researching this issue. In the past few years, much progress has been made in reporting and tracking the state's fleet, and we are looking forward to this report being received by the Legislature. Below are the responses to the recommendations in the report of both the Fleet Management Office (FMO) and the Board of Risk and Insurance Management (BRIM).

In response to the report generally, it should be noted that FMO and the Division of Motor Vehicles have different definitions for "vehicle", therefore a request for the number of state-owned vehicles could yield different results. This is also true for BRIM, which tracks different and additional vehicles than FMO. FMO is required to track all vehicles one-ton and under, which is different than "passenger vehicles" or "vehicles" generally, that BRIM tracks, and also different from what the Division of Motor Vehicles may issue a state license plate for. To request an account of "total number of state-owned passenger vehicles in the state's fleet" would not produce the same number depending on the agency asked.

Issue 1: The State of West Virginia is Unable to Fully Account For the Total Number of State-Owned Passenger Vehicles in the State's Fleet.

Recommendation 1.1: The Legislative Auditor recommends that the Legislature require each state spending unit to report its fleet holdings to the Fleet Management Office, at least annually.

Response: FMO agrees with the recommendation. FMO's legislative rule, §148-3 of the Code of State Rules, requires all state spending units report vehicle information

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regularly to the FMO. "Vehicle" is defined by the rule as any state or agency-owned, leased or acquired vehicle with a vehicle rating of one ton or less, and excludes ATVs or vehicles requiring a commercial drivers' license to operate.

Recommendation 1.2: The Legislative Auditor recommends that the Legislature require the Fleet Management Office to produce an annual report to for the Governor and the Joint Committee on Government and Finance on the State's fleet.

Response: FMO agrees with this recommendation. Data on vehicles is kept by the FMO in real time in a database that allows for reports to be generated based on various attributes. A comprehensive report on state vehicles can be produced by FMO at any time upon request and annually for the Governor and Legislature.

Recommendation 1.3: The Legislative Auditor recommends that the Legislature require the Division of Motor Vehicles to reissue titles and vehicle registration cards for all state-owned vehicles under a uniform syntax.

Response: FMO agrees with this recommendation, and rather than developing a new syntax for vehicle titles, suggests using the already-established convention used in the wvOASIS Fixed Assets platform to further achieve uniformity across all records.

Recommendation 1.4: The Legislative Auditor recommends that the Surplus Property Division require each agency to certify that it has returned its state license plate to the Division of Motor Vehicles, if applicable, and properly notify the Board of Risk and Insurance Management before accepting a vehicle for surplus.

Response: A number of issues exist with this recommendation, and it is the opinion of the Department of Administration that the requirement for an agency to certify to Surplus that it has returned the plate will not achieve the goal of enabling the state to more effectively track state vehicles.

First, it is not necessary for agencies to notify BRIM that they have returned a plate to DMV because BRIM tracks vehicles by ownership, not license plate. Agencies are already statutorily required to report within 30 days new acquisitions and dispositions of insured property to BRIM.

Additionally, many agencies that are not exempt from the Purchasing Division do not surrender their vehicles at Surplus's vehicle lot, namely, the Division of Highways handles all its own disposition of vehicles at its Buckhannon equipment

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facility. Many others, particularly outside the Kanawha Valley, surrender to Surplus and accept delivery of the replacement vehicle on site. Additionally, a number of both state agencies and spending units are exempt from the requirements of acquiring or surrendering a vehicle through the Surplus Division. Requiring those agencies that use Surplus to certify they have returned the plate before Surplus can accept the vehicle would capture only a small portion of state-owned vehicles.

The Department of Administration is working between its own agencies and with wvOASIS and the Division of Motor Vehicles to improve the tracking of vehicles as they move between all these entities.

Recommendation 1.5: The Legislative Auditor recommends that the Legislature should require the Division of Motor Vehicles to issue new license plates to each vehicle that has a green state license plate with a new color every two years.

Response: FMO agrees with the recommendation to the extent that a new license plate *number* will not be issued every two years, but that the license plate number remain the same as long as the vehicle has the same owner, regardless of how many times the license plate is changed. Generating a new license plate number every two years could result in additional time spent on data entry, and increases the risk of inaccuracies in the record keeping.

Recommendation 1.6: The Legislative Auditor recommends that the Legislature should establish a set of uniform reporting requirements and require all state spending units to report fleet data to the wvOASIS Financial Asset reporting system.

Response: FMO agrees with the recommendation, and suggests that the uniform reporting requirements required be those that are currently being used by wvOASIS.

Issue 2: State Spending Units Are Not Complying With the West Virginia Code Provisions Governing the Issuance of Class A License Plates and Are Not Properly Reporting Each Vehicle to BRIM.

Recommendation 2.1: The Legislative Auditor recommends each spending unit reduce its number of Class A license plates to comply with W.Va. Code §17A-3-23 and report back its compliance to the Post Audits Subcommittee.

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Response: The recommendation does not affect the Department of Administration.

Recommendation 2.2: The Legislative Auditor recommends that all state spending units properly report vehicle acquisitions and decommissions to BRIM within the statutorily required 30-day timeframe.

Response: BRIM agrees with the recommendation, generally, however, the meaning of the term “decommissions” is unclear. Statute requires notification to BRIM that insured property has been “sold, destroyed, or otherwise disposed of.” As long as the property is a state asset, it must remain insured, even if it is no longer being driven or used by an agency. Additionally, agencies are also statutorily required to provide an annual report to BRIM of all the agency’s insured assets. FMO suggests requiring agencies to also provide FMO with a copy of the statutorily-required notification sent to BRIM of new acquisitions and dispositions.

Recommendation 2.3: The Legislative Auditor recommends that the Division of Motor Vehicles keep track of the number of Class A license plates that are issued to various spending units, and ensure that it is not issuing Class A license plates in excess of statutory maximums.

Response: This recommendation does not affect the Department of Administration.

The Department of Administration began looking at the issues raised by the special audit when it was announced last spring, and appreciates the work that the legislative staff has put in researching and identifying the issues. We continue to work toward solutions to improve tracking and reporting state-owned vehicles as new tools such as the BRIM’s risk management software, the FMO database and wvOASIS Fixed Assets platform have become available. Please do not hesitate to call me if I may be of further assistance.

Sincerely,

Mary Jane Pickens

MJP/JHJ:cjn



WEST VIRGINIA DEPARTMENT OF TRANSPORTATION

Division of Motor Vehicles

5707 MacCorkle Avenue, Southeast

Post Office Box 17110

Charleston, West Virginia 25317-0010 • (304) 558-3900

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Earl Ray Tomblin
Governor

Paul A. Mattox, Jr., P. E.
Cabinet Secretary

November 16, 2016

Denny Rhodes, Director
West Virginia Legislation Post Audit Division
Building 1, Room W-329
1900 Kanawha Boulevard, East
Charleston, WV 25305-0610

Joint Committee

NOV 21 2016

Post Audit Committee

RE: 2016 State Vehicle Draft Audit

Dear Mr. Rhodes:

This is in regards to your letter, dated November 3, 2016, to the Division of Motor Vehicles (DMV) concerning the Legislative Audit on state government vehicles.

I would like to thank you for the opportunity to allow the DMV to respond to the questions concerning the issues related to state-owned vehicles and the other issues related to the titling and registering of all other vehicles that may have been issued a state license plate.

The suggestions listed in your audit concerning the change in the way state vehicles are processed and recorded would benefit not only the DMV, but all agencies concerned.

The DMV Inventory Data Does Not Capture All State-Owned Passenger Vehicles and Includes Many Non-State Vehicles.

“On this matter concerning the report in which the DMV number of vehicles of 10,504 did not show any state vehicle with a Class A license plate”. The DMV does capture these types of vehicles with Class A license plates. They are handled in a different process since these vehicles are used for the most as undercover vehicles. The DMV does keep record of which agency has these Class A plates and to which vehicle it is assigned.

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Concerning the issue on the approximate 1680 vehicles that have state green plates that are not state owned.

The DMV only issues a state plate to the various organizations that complete the Political Subdivision Affidavit. The affidavit must be completed by an official from a state agency who can attest that the political subdivision is entitled to a state license plate. (form attached).

On the issue concerning the uniform spelling and or abbreviations:

The DMV would agree that if all state agencies who submit documents to the division be consistent in the correct spelling of each agency, this would eliminate the various ways in which vehicles searches are done and eliminate all of the 30 different alternate spellings. The DMV records the documents as received.

Changes in the Division of Motor Vehicles Practices for Titling and Registering State-Owned Vehicles:

The DMV would agree that in order to provide a more accurate accountability of state owned vehicles the DMV could assist in the re-title and register with a uniform name.

The DMV had provided an approximate cost of \$35,309.00 to reissue all 10,504 state plates, plus an additional cost of \$7,417.76 to reproduce the titles, registration cards and labor cost associated with the re-issuance. These figures are an estimate and at the time in which was presented the labor cost only included the average hourly wage and did not include an employee's benefit package.

Furthermore, it would be beneficial if all agencies would notify and return the license plate to the DMV whenever they decommission a vehicle from their inventory. Currently, Surplus Property does send the DMV the vehicle information to transfer the vehicle out of the agency's name and into Surplus Property. The Division does receive state plates back and they are inventoried and indicated in our mainframe system that they have been returned.

Should you have any questions or concerns about this matter please contact my office at 304-926-3919.

Sincerely,



Michael L. Maggard
Director II



WEST VIRGINIA DEPARTMENT OF TRANSPORTATION
Division of Motor Vehicles

5707 MacCorkle Avenue, SE
Charleston, WV 25317

POLITICAL SUBDIVISION AFFIDAVIT

I hereby certify that the _____ is an agency or
(Name of organization - please print)
department of the following political subdivision:

Please check the appropriate box that applies:

- State of West Virginia - must be signed by the agency director or designee. Vehicle will be issued green and white state plates.
- West Virginia County - must be signed by the president or designee of the county commission. Vehicle will be issued red and white county plates.
- West Virginia Municipality - must be signed by the Mayor or designee of the city. Vehicle will be issued blue and white city plates.

Name of Insurance Company _____

I, _____
(Name of official - please print)

do hereby swear under penalty of perjury that the above entity is an agency or department of the indicated political subdivision and entitled to the exemption of privilege tax under chapter 17-A-3-4 of the West Virginia Motor Vehicle Code.

Signature of Official _____

Printed name _____

Department or agency _____ Title _____

Date _____

Phone number _____

Subscribed and sworn to before me this _____ day of _____, 20_____

Notary Public My commission expires _____

Appendix C

Objective, Scope, and Methodology

The Post Audit Division within the Office of the Legislative Auditor conducted this review as authorized by Chapter 4, Article 2, Section 5 of the *West Virginia Code*, as amended.

Objectives

The objective of this review is to examine the State of West Virginia's practices for overseeing and accounting for its total fleet of state-owned vehicles, and to determine if the State can provide a complete and accurate inventory of all state-owned vehicles.

Scope

The scope of this review consists of all state spending units, and all information pertaining to each spending units' total fleet of state-owned or leased vehicles. This information includes all inventories, policies, and rules. This objective did not evaluate the appropriate use or ownership of any vehicle, nor did this objective seek to determine appropriate fleet sizes for any spending unit.

Methodology

Post Audit staff gathered and analyzed several sources of information and assessed the sufficiency and appropriateness of the information used as evidence. Testimonial evidence was gathered through interviews with various agencies that oversee, collect, or maintain fleet information. The purpose for testimonial evidence was to gain a better understanding or clarification of certain issues, to confirm the existence or non-existence of a condition, or to understand the respective agency's position on an issue. Such testimonial evidence was confirmed by either written statements or the receipt of corroborating or physical evidence.

Auditors requested inventories of all state-owned vehicles from the Division of Motor Vehicles, the Fleet Management Office, and the Board of Risk and Insurance Management to determine if any agency of state government is able to provide a full account of the State's fleet of passenger vehicles. In order to obtain cost estimates for the reissuance of license plates, registration cards, and titles for all state-owned vehicles, Post Audit staff coordinated with the Division of Motor Vehicles and Correctional Industries to obtain detailed estimates for raw material and labor.

In order to determine the number of Class A license plates possessed by each spending unit, Post Audit staff sent a formal letter to each spending unit and requested information regarding vehicles with Class A plates.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix D
Detailed Division of Motor Vehicles Cost Estimates

		Total
Materials:		\$37,188.36
Cost Per Title	\$0.1749	\$1837.15
Cost Per Registration Card	\$0.0155	\$162.81
Cost Per Plate	\$3.35	\$35,188.40
Labor (Titles and Registration Cards):		\$5,425.32
Estimated Total Hours	525.2	
Hourly Wage	\$10.33	
Total		\$42,613.68

Appendix E

Class A License Plates by Agency

Spending Unit	Response	Response Date	# of Class A	# Authorized by Statute
Dept. of Veterans Assistance	✓	7/28/2016	0	0
Dept. of Health and Human Resources	✓		0	0
	OIG**	7/28/2016	7	∞
Dept. of Commerce	✓			
Division of Natural Resources	✓	8/4/2016	8	10
Dept. of Military Affairs and Public Safety	✓	8/1/2016		
Office of the Secretary	✓	8/1/2016	1	A5
Homeland Security	✓	8/1/2016	0	A5
Office of the State Fire Marshal	✓	8/1/2016	4	A10
Division of Protective Services	✓	8/1/2016	3	A2
Division of Corrections	✓	8/1/2016	2	0
Regional Jails Authority****	✓	8/1/2016	1	0
West Virginia State Police	✓	8/3/2016	95	∞
Bureau on Criminal Investigations	✓	8/3/2016	87	∞
Dept. of Education and the Arts	✓	7/18/2016	0	0
Dept. of Environmental Protection	✓	7/22/2016	0	0
Dept. of Revenue	✓			
Criminal Investigations Division	✓		11	20
Insurance Fraud Unit	✓		31	∞
ABCA	✓		17	A16
Dept. of Education	✓	7/20/2016	0	3*
Dept. of Administration	✓	7/29/2016	0	0
Dept. of Transportation	✓	7/20/2016		
Division of Motor Vehicles	✓	7/20/2016	0	5
Governor's Office	✓	7/20/2016	2	∞
West Virginia Supreme Court of Appeals	✓	7/15/2016	0	∞
Dept. of Agriculture	✓	7/28/2016	2	3
Office of the Attorney General	✓	7/28/2016	5	3
Office of the State Auditor	✓	7/29/2016	8	3
Office of the Secretary of State	✓	7/27/2016	3	3
Office of the Treasurer	✓	7/21/2016	5	∞
Board of Acupuncture	✓	7/22/2016	0	0
Board of Architects	✓	7/22/2016	0	0
Board of Chiropractic Examiners	✓	7/21/2016	0	0
Board of Dentistry	✓	7/25/2016	0	0
Board of Exam Psychologists	✓	7/21/2016	0	0
Board of Examiners for Licensed Practical Nurses	-	-	-	0
Board of Examiners for Med Imaging&Radiation Therapy Tech	✓	7/22/2016	0	0
Board of Examiners in Counseling	✓	7/29/2016	0	0
Board of Funeral Service Examiners	✓	7/22/2016	0	0
Board of Investment Management	✓	7/21/2016	0	0
Board of Landscape Architects	✓	8/5/2016	0	0
Board of Licensed Dietitians	✓	7/22/2016	0	0
Board of Massage Therapy	✓	7/22/2016	0	0
Board of Medicine	✓	7/20/2016	0	0
Board of Occupational Therapy	✓	7/25/2016	0	0
Board of Osteopathic Medicine	✓	7/21/2016	0	0
Board of Optometry	✓	7/30/2016	0	0
Board of Pharmacy	✓	7/28/2016	0	0
Board of Physical Therapy	✓	7/25/2016	0	0
Board of Professional Engineers	✓	7/22/2016	0	0
Board of Professional Surveyors	✓	7/27/2016	0	0
Board of Real Estate Appraisers	✓	7/21/2016	0	0
Real Estate Commission	-	-	-	0
Board of Registered Nurses	✓	7/21/2016	0	0
Board of Respiratory Care	✓	7/20/2016	0	0
Board of Sanitarians	-	-	-	0
Board of Social Work	✓	7/22/2016	0	0
Board of Speech-Language Pathology & Audiology	✓	7/21/2016	0	0
Board of Veterinary Medicine	✓	7/21/2016	0	0
Coal Heritage Highway Authority	✓	7/21/2016	0	0
Community and Technical College System	✓	7/29/2016	0	0
Higher Education Policy Commission	✓	7/29/2016	1	0***

*State Superintendent of Schools is authorized for 3 Class A tags by virtue of being a member of the Board of Public Works

**OIG Report includes all Class A tags for all of DHHR

***Class A tag in the possession of HEPC is authorized under W.Va. Code 17A-3-23(i)

****RJA Class A Tag eliminated on 7/25/16