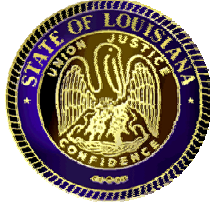


# Report Highlights

## Louisiana Property Assistance Agency (LPAA) Fleet Management Program

### Louisiana Legislative Auditor



State law (R.S. 39:361) directs the Division of Administration to establish, develop, and administer a program for managing motor vehicles. The LPAA within the Division of Administration is responsible for operating the state's Fleet Management Program. LPAA is to manage state transportation to reduce its cost and increase its benefit to state government.

The LPAA provides oversight for approximately 12,000 vehicles in the state's fleet. These vehicles have an original acquisition cost of nearly \$222 million. The model year vehicles in the state's fleet range from 1955 to 2005. The average age of a fleet vehicle is approximately seven years old.

According to state law, the state fleet contains vehicles owned or leased by any agencies, boards, commissions, councils, departments or other executive branch entities, state colleges, and the judicial and legislative branches. To be considered a fleet vehicle, all must be motorized and licensed. These vehicles must have four or more wheels and their primary usage must be transporting passengers or delivering small equipment and supplies. Fleet vehicles include the following:

- All automobiles
- All light duty pickup trucks (under two tons)
- Special use passenger vehicles such as limousines and ambulances
- All cargo and passenger minivans and maxivans
- All buses
- Utility trucks and carryalls (under two tons)
- Aircraft

## Audit Results

### LPAA's Oversight of State Vehicles

- ✓ LPAA has not met its statutory reporting responsibilities.
- ✓ LPAA's new information system may help correct deficiencies in its annual reporting.
- ✓ Conducting required operational audits will help LPAA to identify inefficient fleet processes in state agencies.
- ✓ Conducting the required break-even analysis would help LPAA to ensure state vehicles are used efficiently.
- ✓ LPAA's information system contains inaccurate data, but some improvements have been made.

Steve J. Theriot,  
CPA  
Legislative  
Auditor

## Does LPAA Management Provide Adequate Oversight of State Vehicles?

### What We Found

LPAA Has Not Met Its Statutory Reporting Responsibilities.

More specifically, LPAA did not provide an annual report to the legislature for fiscal year 2003. In addition, LPAA does not submit quarterly reports to the legislature.

### RECOMMENDATION

- ✓ LPAA should ensure the timely delivery of its quarterly and annual reports to the legislature.

LPAA's New Information System May Help Correct Deficiencies in Its Annual Reporting.

Information in the fiscal year 2002 annual report to the legislature was of questionable accuracy. For example, we found over 100 cases where the annual report presented mileage reimbursement figures but listed the number of employees receiving reimbursements as zero.

### RECOMMENDATIONS

- ✓ LPAA should ensure the completeness and accuracy of its annual report to the legislature.
- ✓ LPAA should communicate with the appropriate parties (e.g., legislators and agency personnel) to determine what data and reports would be of value to them. These should then be made available in the new Protégé database as well as in quarterly and annual reports.

Conducting Required Operational Audits Will Help LPAA Identify Inefficient Fleet Processes in State Agencies.

LPAA understands the importance of such audits and plans to conduct them in the future. LPAA stated that limited qualified staff is a major reason for not meeting this requirement.

### RECOMMENDATION

- ✓ To promote effective evaluation of the fleet management program, the LPAA should carry out its operational audit responsibility required by the Louisiana Administrative Code.

Conducting the Required Break-Even Analysis

Would Help LPAA to Ensure State Vehicles Are Used Efficiently.

Break-even mileage is the number of miles that a state vehicle should be driven for it to be more economical than reimbursing state employees to drive their personal vehicles.

LPAA is charged with reducing the number of fleet vehicles determined to be underutilized. LPAA currently produces a break-even report, but nothing is done with it.

### RECOMMENDATION

- ✓ The LPAA should use break-even reports, in consultation with individual agencies, to determine which vehicles in the state fleet are not needed as required by state law.

LPAA's Information System (Protégé) Contains Inaccurate Data, But Some Improvements Have Been Made.

The state fleet information system contained data with errors in it.

Since our initial analysis of LPAA's data, officials have built input controls into the system to prevent such errors from occurring.

### RECOMMENDATIONS

- ✓ LPAA management officials should implement automated controls to help ensure the data on fleet vehicles and their maintenance records are accurate, reliable, and complete (e.g., input edits and/or exception reports).
- ✓ LPAA management should ensure that all agencies are reporting required maintenance information on their fleet and report those who are not complying.

## Summary of Available Vehicle Data by Agency

The following tables represent a compilation of data only and do not contain findings, conclusions, or

### State of Louisiana Fleet Vehicles, by Departments and Other Entities as of April 16, 2004

	Passenger Vehicles				Special Purpose Vehicles			Buses & Tractor/Trailers		
	Vehicles	Cost	Avg. Cost Per Vehicle	Home Stored	Vehicles	Cost	Home Stored	Vehicles	Cost	Home Stored
Agriculture and Forestry	774	\$10,986,950	\$14,195	0	141	\$2,579,045	0	129	\$6,087,511	0
Boards and Commissions	50	\$791,294	\$15,826	16	3	\$64,561	0	0	\$0	0
Technical & Community Colleges	97	\$1,286,195	\$13,260	3	48	\$721,021	0	34	\$956,523	0
Patient's Compensation Fund	1	\$10,100	\$10,100	0	0	\$0	0	0	\$0	0
Office of Lieutenant Governor/CRT	112	\$1,594,488	\$14,236	2	53	\$911,451	0	14	\$330,058	0
Civil Service	4	\$60,620	\$15,155	0	1	\$17,359	0	0	\$0	0
Economic Development	7	\$108,134	\$15,448	0	2	\$28,618	0	0	\$0	0
Environmental Quality	215	\$3,512,371	\$16,337	1	53	\$1,193,332	3	0	\$0	0
Health and Hospitals	314	\$4,572,331	\$14,562	3	258	\$4,916,392	0	58	\$2,046,052	0
Natural Resources	55	\$1,043,534	\$18,973	16	18	\$467,617	0	0	\$0	0
Division of Administration	153	\$2,375,740	\$15,528	3	39	\$609,056	1	17	\$598,000	0
Department of Insurance	3	\$49,531	\$16,510	0	1	\$39,735	0	0	\$0	0
Department of Justice	46	\$835,516	\$18,163	9	7	\$187,711	2	0	\$0	0
Department of Labor	15	\$264,598	\$17,640	0	5	\$97,734	0	3	\$105,383	0
Department of Revenue	45	\$890,954	\$19,799	6	8	\$232,916	1	1	\$37,095	0
Transportation and Development	1,369	\$19,087,483	\$13,943	81	464	\$9,086,968	36	775	\$25,764,010	0
Public Safety and Corrections	2,792	\$50,825,539	\$18,204	939	397	\$7,782,339	18	138	\$4,944,392	0
Social Services	391	\$6,132,522	\$15,684	0	8	\$149,199	0	2	\$73,504	0
Education	36	\$510,002	\$14,167	0	31	\$673,740	0	14	\$697,005	0
Elections and Registration	12	\$228,513	\$19,043	7	3	\$47,142	0	0	\$0	0
Governor's Office	53	\$761,531	\$14,369	0	13	\$306,200	0	3	\$116,287	0
Judicial Offices	4	\$82,734	\$20,684	0	0	\$0	0	0	\$0	0
Wildlife and Fisheries	380	\$7,022,907	\$18,481	208	140	\$2,747,317	64	12	\$490,923	1
Legislative Offices	2	\$27,266	\$13,633	0	6	\$139,063	0	0	\$0	0
LSU Health Services Centers	63	\$809,996	\$12,857	0	30	\$622,474	0	9	\$536,359	0
Military Department	109	\$1,477,640	\$13,556	3	47	\$709,425	0	15	\$333,390	0
New Orleans City Park	34	\$291,801	\$8,582	2	4	\$50,784	0	6	\$81,018	0
Public Service Commission	34	\$577,177	\$16,976	4	0	\$0	0	0	\$0	0
Retirement Systems	9	\$162,847	\$18,094	0	1	\$26,554	0	0	\$0	0
Secretary of State	1	\$15,313	\$15,313	0	6	\$152,097	0	2	\$20,000	0
Surplus Vehicles	55	\$704,874	\$12,816	0	14	\$212,369	0	1	\$12,374	0
Treasury	1	\$16,741	\$16,741	0	2	\$52,337	0	0	\$0	0
Universities	1,044	\$12,590,745	\$12,060	5	503	\$8,096,051	5	95	\$5,871,661	0
Levee Districts	1	\$20,345	\$20,345	0	6	\$80,666	0	2	\$67,759	0
<b>TOTAL</b>	<b>8,281*</b>	<b>\$129,728,332</b>	<b>\$15,666</b>	<b>1,308</b>	<b>2,312</b>	<b>\$43,001,273</b>	<b>130</b>	<b>1,330</b>	<b>\$49,169,304</b>	<b>1</b>

\* We found that a Ford-150 was classified as a passenger vehicle and had an acquisition cost of over \$3 million recorded in the database. Since this vehicle appeared to be an outlier that could potentially skew the cost analysis, we treated this outlier as a data entry error and excluded it from our analysis.

**State Fleet Passenger Vehicles Compared to Authorized Positions**

State Department and Other Entities	State Fleet Passenger Vehicles as of 4/16/2004	ACT 14 T.O. FY 2004 (authorized positions)	% of Authorized Positions with Passenger Vehicles
Governor's Office	53	922	5.75%
Military Department	109	702	15.53%
Division of Administration	153	664	23.04%
Patient's Compensation	1	35	2.86%
Civil Service	4	174	2.30%
Economic Development	7	101	6.93%
Department of Education	36	1,019	3.53%
Lieutenant Governor/CRT	112	699	16.02%
Secretary of State	1	184	0.54%
Justice	46	458	10.04%
Environmental Quality	215	1,010	21.29%
Health and Hospitals	314	12,850	2.44%
Labor	15	1,208	1.24%
Public Safety and Corrections	2,792	10,806	25.85%
Natural Resources	55	505	10.89%
Revenue	45	942	4.78%
Treasury	1	54	1.85%
Agriculture and Forestry	774	831	93.14%
Social Services	391	5,324	7.34%
Transportation and Development	1,369	5,271	25.97%
Wildlife and Fisheries	380	792	47.98%
Insurance	3	273	1.10%
Elections and Registration	12	91	13.19%
Public Service	34	122	27.87%
<b>TOTAL</b>	<b>6,922</b>	<b>45,037</b>	<b>15%</b>

**Classification of Vehicles by Cost**

Original Acquisition Cost	Vehicles	Total Cost
\$19,999 and under	7,787	\$119,410,851
\$20,000 - \$29,999	2,017	\$44,645,387
\$30,000 - \$39,999	255	\$8,750,199
\$40,000 and over	504	\$29,987,569
<b>TOTAL</b>	<b>10,563</b>	<b>\$202,794,006</b>

This exhibit only includes vehicles that were defined as original acquisitions in the LPAA database. Vehicles obtained by agency transfers, surplus acquisition, donations, and seizures were excluded from the exhibit.

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**Questions?  
Call  
Steve Theriot  
at  
225-339-3800.**

# LEGISLATIVE AUDITOR

## STATE OF LOUISIANA

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### LOUISIANA PROPERTY ASSISTANCE AGENCY

### FLEET MANAGEMENT PROGRAM

AUDIT REPORT  
ISSUED JULY 7, 2004

**LEGISLATIVE AUDITOR  
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DAVID K. GREER, CPA

Under the provisions of state law, this report is a public document. A copy of this report has been submitted to the Governor, to the Attorney General, and to other public officials as required by state law. A copy of this report has been made available for public inspection at the Baton Rouge office of the Legislative Auditor.

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July 7, 2004

The Honorable Donald Hines,  
President of the Senate  
The Honorable Joe R. Salter,  
Speaker of the House of Representatives

Dear Senator Hines and Representative Salter:

This report gives the results of our performance audit of the Fleet Management Program within the Louisiana Property Assistance Agency (LPAA). The audit was conducted under the provisions of Title 24 of the Louisiana Revised Statutes of 1950, as amended.

The report contains our findings, conclusions, and recommendations. Page 21 contains LPAA's response. I hope this report will benefit you in your legislative decision-making process.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Steve J. Theriot", is written over a circular stamp or seal.

Steve J. Theriot, CPA  
Legislative Auditor

SJT/dl

[LPAA04]





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LOUISIANA PROPERTY ASSISTANCE AGENCY  
FLEET MANAGEMENT PROGRAM

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**EXECUTIVE SUMMARY**

State law (R.S. 39:361) directs the Division of Administration to establish, develop, and administer a program for managing motor vehicles. The Louisiana Property Assistance Agency (LPAA) within the Division of Administration is responsible for operating the state’s Fleet Management Program.

**Performance Audit Findings**

- LPAA has not met its statutory reporting responsibilities. *See page 7.*
- LPAA’s new information system may help correct deficiencies in its annual reporting. *See page 7.*
- Conducting required operational audits will help LPAA to identify inefficient fleet processes in state agencies. *See page 8.*
- Conducting the required break-even analysis would help LPAA to ensure state vehicles are used efficiently. *See page 9.*
- LPAA’s information system contains inaccurate data but some improvements have been made. *See page 10.*



LOUISIANA PROPERTY ASSISTANCE AGENCY  
FLEET MANAGEMENT PROGRAM

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## AUDIT INITIATION AND INTRODUCTION

This performance audit was conducted under the provisions of Title 24 of the Louisiana Revised Statutes of 1950, as amended. This audit was approved by the Legislative Audit Advisory Council in July 2003 as part of a series of audits on state asset management in Louisiana. We are completing these audits to provide the legislature with information on a proactive basis that will assist them with funding and programmatic decisions. The recommendations in this report are intended to allow the Louisiana Property Assistance Agency (LPAA) to make necessary adjustments to increase management efficiency and effectiveness.

The objective of this audit answers the question:

- Does LPAA management provide adequate oversight of state vehicles?

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### BACKGROUND

**Purpose.** State law (R.S. 39:361) directs the Division of Administration to establish, develop, and administer a program for managing motor vehicles. The LPAA within the Division of Administration is responsible for operating the state's Fleet Management Program. LPAA is to manage state transportation to reduce its cost and increase its benefit to state government. Basically, the LPAA provides oversight for approximately 12,000 vehicles in the state's fleet. LPAA's primary responsibilities include the following:

- Establishing, reviewing, and revising statewide policies and standards
- Monitoring agency and vendor compliance with policies and standards
- Planning
- Adopting policies to maximize cost-effectiveness
- Receiving, investigating, and resolving all reports of abuse of vehicles
- Evaluating programs and auditing
- Reporting

**Fleet Size and Content.** According to the data obtained from LPAA, 11,924 vehicles are active in the state's fleet with an original acquisition cost of nearly \$222 million. The model year vehicles in the state's fleet range from 1955 to 2005. The average age of a fleet vehicle is approximately seven years old.

According to state law, the state fleet contains vehicles owned or leased by any agencies, boards, commissions, councils, departments or other executive branch entities, state colleges, and the judicial and legislative branches. To be considered a fleet vehicle, all must be motorized and licensed.

These vehicles must have four or more wheels and their primary usage must be transporting passengers or delivering small equipment and supplies. Fleet vehicles include the following:



## LOUISIANA PROPERTY ASSISTANCE AGENCY FLEET MANAGEMENT PROGRAM

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- All automobiles
- All light duty pickup trucks (under two tons)
- Special use passenger vehicles such as limousines and ambulances
- All cargo and passenger minivans and maxivans
- All buses
- Utility trucks and carryalls (under two tons)
- Aircraft

**Comparison With Other States.** We reviewed the fleet management programs of other Southern Regional Education Board (SREB) states, including Louisiana. After reviewing program purposes for half of the SREB states (including Louisiana), we found that the purpose of Louisiana's Fleet Management Program is similar to all other states that we studied. In addition, we obtained the number of vehicles in the fleets for 10 SREB states including Louisiana. Louisiana ranked in the middle in terms of fleet size. However, it must be noted that vehicle scope (type of vehicle) is somewhat different from state to state. Thus, we could not draw concrete conclusions regarding fleet size.



## DOES LPAA MANAGEMENT PROVIDE ADEQUATE OVERSIGHT OF STATE VEHICLES?

We focused on management's compliance with statutory and regulatory monitoring, reporting responsibilities, and usefulness of available fleet data. We found that LPAA management is not providing adequate oversight of state vehicles. More specifically, LPAA is not complying fully with monitoring and reporting statutes and regulations. In addition, LPAA management is not ensuring that data for the state's fleet of vehicles are readily available, complete, and accurate. If management does not fully monitor and evaluate the status of the state's vehicle fleet and report this status to the legislature, management and policy makers will have difficulty ensuring that fleet operations are being conducted in the most efficient and effective manner. If LPAA management and other policy makers do not have timely access to necessary information, their ability to make the most sound policy and funding decisions may be hindered.

### LPAA Has Not Met Its Statutory Reporting Responsibilities

The LPAA did not provide an annual report to the legislature for the 2003 fiscal year or submit quarterly reports to the legislature. State law and regulations require the LPAA to provide the legislature with quarterly and annual reports on operating the fleet management program. Management of the LPAA stated it was unaware of the quarterly reporting responsibility.

LPAA's annual and quarterly responsibilities are provided in state law [R.S. 39:362(B)(5)], Louisiana Administrative Code (LAC) 34.XI.103(A)(2)(h), and the LPAA Fleet Management Regulations. The LPAA informed us that its conversion to Protégé (a new database) will allow the agency to report on a quarterly basis. The agency is also planning to post quarterly reports on its Web site. Officials informed us that a loss of data during transition to Protégé prevented them from submitting the fiscal year 2002-03 annual report to the legislature, but LPAA plans to submit a report for fiscal year 2003-04.

**Recommendation 1:** LPAA should ensure the timely delivery of its quarterly and annual reports to the legislature.

**Management's Response:** LPAA management agrees with this recommendation. Management stated that this finding resulted from an oversight of the reporting requirements resulting from a staffing transition. Managers have reviewed the quarterly and annual reporting requirements and plan to meet these requirements using reports from their asset management software (Protégé).

### LPAA's New Information System May Help Correct Deficiencies in Its Annual Reporting

Information in the 2001-02 annual report was of questionable accuracy. On 21 occasions, the annual report presented vehicle mileage data for agencies without costs for operating and maintaining the agency vehicle fleets. In one example, an agency was reported to have 13 vehicles that traveled more than 1.1 million miles (an annual mileage of more than 87,000 miles per vehicle). Yet, this agency was reported to have no operating or maintenance



# LOUISIANA PROPERTY ASSISTANCE AGENCY

## FLEET MANAGEMENT PROGRAM

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costs for its vehicle fleet. Also, in more than 100 cases, the annual report included data on mileage reimbursement for private vehicles, but gave the number of employees being reimbursed as zero. In addition, LPAA personnel informed us that the Department of Agriculture and Forestry did not fully comply with annual reporting requirements. Therefore, there is limited data on this agency.

The annual report was 145 pages in length. The LPAA did not format this report to ensure a user-friendly format. In addition, LPAA has not met with stakeholders such as legislators and agency personnel to determine what data would be most beneficial to include in the annual and quarterly reports to assist in decision-making.

LPAA officials informed us that they are training agencies to make sure that accurate data are entered into the new database. Staff members at LPAA have recently implemented controls in the Protégé database to ensure that data are entered correctly. We tested 18 of their input controls/edit checks and they worked as intended. Also, the LPAA plans to implement additional controls in the database to help prevent the entry of inaccurate data and identify questionable entries.

**Recommendation 2:** LPAA should ensure the completeness and accuracy of its annual report to the legislature.

**Management's Response:** LPAA management agrees with this recommendation. Management plans on using Protégé to generate required annual reports and submit them to the Chair of the Legislative Committee on the Budget.

**Recommendation 3:** LPAA should communicate with the appropriate parties (e.g., legislators and agency personnel) to determine what data and reports would be of value to them. These should then be made available in the new Protégé database as well as in quarterly and annual reports.

**Management's Response:** LPAA management agrees with this recommendation.

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### **Conducting Required Operational Audits Will Help LPAA to Identify Inefficient Fleet Processes in State Agencies**

State regulation [(LAC 34.XI.103(4)(b))] requires the LPAA to plan and conduct operational audits of agency fleet management programs. However, LPAA officials stated that they do not conduct individual operational audits. According to LPAA staff members, this responsibility is met by the compliance audits they conduct.

An LPAA official informed us that LPAA wants to do operational audits, but it does not have the necessary number of staff to do so. In addition, this official stated that LPAA does not have staff trained to carry out such audits. However, LPAA plans to conduct some “operational audits” in the future.

**Recommendation 4:** To promote effective evaluation of the fleet management program, the LPAA should carry out its operational audit responsibility required by the Louisiana Administrative Code.





**Management's Response:** LPAA management agrees with this recommendation. Management recognizes that it is required to perform operational audits. However, management stated that it does not have the necessary staff required to do such audits. In addition, management informed us that the prior administration believed the over 450 state agencies should be responsible for managing their own fleets.

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### **Conducting Required Break-Even Analysis Would Help LPAA to Ensure State Vehicles Are Used Efficiently**

The LPAA is not using break-even mileage to promote efficiency in the use of fleet vehicles or to dispose of surplus vehicles. Break-even mileage is the number of miles that a state vehicle should be driven for it to be more economical than reimbursing state employees to drive their personal vehicles.

The LPAA is responsible for establishing rules and regulations to reduce the number of fleet vehicles determined to be underutilized. State law (R.S. 39:363) directs the Division of Administration to determine how many vehicles to be surplus based on the break-even mileage and assume title to all such vehicles. The Division of Administration is required to initiate motor pools with these vehicles in areas where state employees could benefit.

The LPAA currently prints a report of all state vehicles that traveled less than 15,000 miles. However, nothing is done with this report. LPAA management informed us that the last reduction of state vehicles occurred 10 years ago.

An LPAA official informed us that LPAA has relied on the agencies to police themselves. However, it has added a new "vehicle purpose" field to its database that will allow LPAA to review this type of information and address necessary problems. This official stressed that many different factors must be considered when addressing the issue of break-even calculations. For example, an agency may have high utilization of a vehicle for many short trips but not reach 15,000 miles in a year (such as university campus vehicles). However, this analysis is required by state law and the break-even analysis should be a starting point to determine efficient fleet size.

**Recommendation 5:** The LPAA should use break-even reports, in consultation with individual agencies, to determine which vehicles in the state fleet are not needed as required by state law.

**Management's Response:** LPAA management partially agrees with this recommendation. Although management recognizes the usefulness of the break-even report, it stated that the break-even analysis does not provide enough information to make informed decisions. In addition, management informed us that it was previously instructed to allow individual agencies to control their own fleets. However, management plans to enhance the Protégé database to assist LPAA's compliance auditors and agency management to more easily identify vehicles that may need to be repaired, replaced, or eliminated.

**Additional Comments:** As stated above, the LPAA is responsible for establishing rules and regulations to reduce the number of fleet vehicles determined to be underutilized. As mentioned previously, state law directs the Division of Administration to determine how many vehicles to be surplus based on the break-even mileage and assume title to all such vehicles. If management does not consider the break-even analysis and report to be an effective tool to carry out these statutory responsibilities, it may want to petition the legislature with a more effective process and have the current law amended. In addition, if management concluded that determining the



## LOUISIANA PROPERTY ASSISTANCE AGENCY FLEET MANAGEMENT PROGRAM

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number of vehicles to be surplus should be a responsibility of individual state agencies, it may want to approach the legislature with this issue as well.

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### **LPAA's Information System Contains Inaccurate Data But Some Improvements Have Been Made**

The state fleet information system contained data with errors in it. Specifically, a high rate of errors were in vehicle utilization and records such as odometer readings and miles per gallon.

The data errors for the period of July 1, 2003, to November 21, 2003, are as follows:

- A total of 587 records show vehicles achieving over 100 miles per gallon.
- A total of 1,518 records show negative miles per gallon and 1,808 records show vehicles traveling negative miles for the five-month period.
- A total of 966 records show vehicles driven over 500 miles without any recorded fuel costs.
- There are lower current readings for the odometer than the previous reading.
- There are instances of exceptionally high number of miles driven or amount of fuel used (e.g., vehicle traveled over 159,000 miles in one month).

Some data that are questionable include the following:

- Thirty-five records show maintenance costs were over \$2,000 for the period.
- Sixty-one records show fuel costs over \$3 per gallon.

LPAA officials informed us that the questionable data are due to the transition from its old information system to a new one, which is still in the process of being refined. The new system was implemented with weak or no input controls. For example, a state fleet manager could enter negative miles traveled without receiving an error notification.

Since our initial analysis of LPAA's data, officials have built input controls into the system to prevent such errors from occurring. We tested 18 of LPAA's edit checks and they all functioned properly. In addition, some of the problems mentioned above have been improved. For example, after an analysis of 2004 data, we found no negative miles traveled in the database. LPAA said that it is also providing continuous training to agency staff to help reduce such problems. Once all of the final revisions to the asset management system are completed, the fleet manager and an information systems consultant plan to develop exception reports, error messages, and e-mail notifications for deficiencies as preventative maintenance measures. If designed and implemented correctly, these exception reports will work to further alleviate questionable data that still exist in the system.

Although LPAA has made improvements to data in the system, it should be noted that nearly 7,000 fleet vehicles have no maintenance or fuel costs recorded in the Protégé database as of April 16, 2004. In addition, erroneous data are still in the database.



**Recommendation 6:** LPAA management officials should implement automated controls to help ensure the data on fleet vehicles and their maintenance records are accurate, reliable, and complete. More specifically, they should implement input edits and/or exception reports into the system. These automated controls should help fleet management staff monitor and correct data.

**Management's Response:** LPAA management partially agrees with this recommendation. Management responded that it is ultimately the user's responsibility for entering inaccurate data into the system. In addition, it concluded that business rule changes cannot be written to prevent every data-entry error that may arise, nor should they be. One argument is that defining narrow parameters may actually hinder auditors from identifying real abuse or theft issues that would otherwise be evident. Furthermore, management stated that several months of data had to be accumulated before it could identify errors, their causes, and useful trends. LPAA responded that it will continue to refine processes, reduce the number of data-entry errors, and improve Protégé's user-friendliness. In addition, LPAA plans to work with individual agency staff to educate them about recurring data-entry errors.

**Additional Comments:** LPAA management should ensure that business rules, edit checks, and exception reports are used to maintain the most accurate data as practically possible.

**Recommendation 7:** LPAA management should ensure that all agencies are reporting the required maintenance information on their fleets. LPAA should include a listing of agencies not reporting all required fleet data in its annual and quarterly reports.

**Management's Response:** LPAA management agrees with this recommendation.



LOUISIANA PROPERTY ASSISTANCE AGENCY  
FLEET MANAGEMENT PROGRAM

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**SUMMARY OF AVAILABLE VEHICLE DATA BY AGENCY**

This section of the report summarizes data obtained from LPAA. The summary represents a compilation of data only and does not contain findings, conclusions, or recommendations. As previously mentioned, the LPAA information system contains inaccurate data. Therefore, the compiled information also contains inaccuracies. According to LPAA’s database, 11,924 vehicles (8,282 passenger, 2,312 special purpose, and 1,330 buses and tractor trailers) are in the state’s fleet. The total original acquisition cost is nearly \$222 million. As can be seen in Exhibit 1, the average original acquisition cost of passenger vehicles by agency range from \$8,582 to \$20,684. In addition, 1,439 vehicles are authorized for home storage. This table also includes surplus vehicles that are no longer needed by state agencies and are currently waiting for disposal through public auction or donation to nonprofit organizations.

**Exhibit 1**  
**State of Louisiana Fleet Vehicles,**  
**by Departments and Other Entities as of April 16, 2004**

	<b>Passenger Vehicles</b>			
	Vehicles	Cost	Average Cost Per Vehicle	Home Stored
Department of Agriculture and Forestry	774	\$10,986,950	\$14,195	0
Boards and Commissions	50	\$791,294	\$15,826	16
Technical and Community Colleges	97	\$1,286,195	\$13,260	3
Patient's Compensation Fund	1	\$10,100	\$10,100	0
Office of Lieutenant Governor/CRT	112	\$1,594,488	\$14,236	2
Department of Civil Service	4	\$60,620	\$15,155	0
Department of Economic Development	7	\$108,134	\$15,448	0
Department of Environmental Quality	215	\$3,512,371	\$16,337	1
Department of Health and Hospitals	314	\$4,572,331	\$14,562	3
Department of Natural Resources	55	\$1,043,534	\$18,973	16
Division of Administration	153	\$2,375,740	\$15,528	3
Department of Insurance	3	\$49,531	\$16,510	0
Department of Justice	46	\$835,516	\$18,163	9
Department of Labor	15	\$264,598	\$17,640	0
Department of Revenue	45	\$890,954	\$19,799	6
Department of Transportation and Development	1,369	\$19,087,483	\$13,943	81
Department of Public Safety and Corrections	2,792	\$50,825,539	\$18,204	939
Department of Social Services	391	\$6,132,522	\$15,684	0
Department of Education	36	\$510,002	\$14,167	0
Department of Elections and Registration	12	\$228,513	\$19,043	7
Governor's Office	53	\$761,531	\$14,369	0
Judicial Offices	4	\$82,734	\$20,684	0
Department of Wildlife and Fisheries	380	\$7,022,907	\$18,481	208



LOUISIANA PROPERTY ASSISTANCE AGENCY  
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Exhibit 1 (Continued)

State of Louisiana Fleet Vehicles  
 by Departments and Other Entities as of 4/16/04

	Passenger Vehicles			
	Vehicles	Cost	Average Cost Per Vehicle	Home Stored
Legislative Offices	2	\$27,266	\$13,633	0
LSU Health Services Centers	63	\$809,996	\$12,857	0
Military Department	109	\$1,477,640	\$13,556	3
New Orleans City Park	34	\$291,801	\$8,582	2
Public Service Commission	34	\$577,177	\$16,976	4
Retirement Systems	9	\$162,847	\$18,094	0
Secretary of State	1	\$15,313	\$15,313	0
Surplus Vehicles	55	\$704,874	\$12,816	0
Department of the Treasury	1	\$16,741	\$16,741	0
Universities	1,044	\$12,590,745	\$12,060	5
Levee Districts	1	\$20,345	\$20,345	0
<b>TOTAL</b>	<b>8,281*</b>	<b>\$129,728,332</b>	<b>\$15,666</b>	<b>1,308</b>

\* We found that a Ford-150 was classified as a passenger vehicle and had an acquisition cost of over \$3 million recorded in the database. Since this vehicle appeared to be an outlier that could potentially skew the cost analysis, we treated this outlier as a data entry error and excluded it from our analysis.

Source: Prepared by legislative auditor's staff using data obtained from LPAA.

	Special Purpose Vehicles			Buses & Tractor/Trailers		
	Vehicles	Cost	Home Stored	Vehicles	Cost	Home Stored
Department of Agriculture and Forestry	141	\$2,579,045	0	129	\$6,087,511	0
Boards and Commissions	3	\$64,561	0	0	\$0	0
Technical and Community Colleges	48	\$721,021	0	34	\$956,523	0
Patient's Compensation Fund	0	\$0	0	0	\$0	0
Office of Lieutenant Governor/CRT	53	\$911,451	0	14	\$330,058	0
Department of Civil Service	1	\$17,359	0	0	\$0	0
Department of Economic Development	2	\$28,618	0	0	\$0	0
Department of Environmental Quality	53	\$1,193,332	3	0	\$0	0
Department of Health and Hospitals	258	\$4,916,392	0	58	\$2,046,052	0
Department of Natural Resources	18	\$467,617	0	0	\$0	0
Division of Administration	39	\$609,056	1	17	\$598,000	0
Department of Insurance	1	\$39,735	0	0	\$0	0
Department of Justice	7	\$187,711	2	0	\$0	0
Department of Labor	5	\$97,734	0	3	\$105,383	0
Department of Revenue	8	\$232,916	1	1	\$37,095	0



## SUMMARY OF AVAILABLE VEHICLE DATA BY AGENCY

(Continued)	Special Purpose Vehicles			Buses & Tractor/Trailers		
	Vehicles	Cost	Home Stored	Vehicles	Cost	Home Stored
Department of Transportation and Development	464	\$9,086,968	36	775	\$25,764,010	0
Department of Public Safety and Corrections	397	\$7,782,339	18	138	\$4,944,392	0
Department of Social Services	8	\$149,199	0	2	\$73,504	0
Department of Education	31	\$673,740	0	14	\$697,005	0
Department of Elections and Registration	3	\$47,142	0	0	\$0	0
Governor's Office	13	\$306,200	0	3	\$116,287	0
Judicial Offices	0	\$0	0	0	\$0	0
Department of Wildlife and Fisheries	140	\$2,747,317	64	12	\$490,923	1
Legislative Offices	6	\$139,063	0	0	\$0	0
LSU Health Services Centers	30	\$622,474	0	9	\$536,359	0
Military Department	47	\$709,425	0	15	\$333,390	0
New Orleans City Park	4	\$50,784	0	6	\$81,018	0
Public Service Commission	0	\$0	0	0	\$0	0
Retirement Systems	1	\$26,554	0	0	\$0	0
Secretary of State	6	\$152,097	0	2	\$20,000	0
Surplus Vehicles	14	\$212,369	0	1	\$12,374	0
Department of the Treasury	2	\$52,337	0	0	\$0	0
Universities	503	\$8,096,051	5	95	\$5,871,661	0
Levee Districts	6	\$80,666	0	2	\$67,759	0
<b>TOTAL</b>	<b>2,312</b>	<b>\$43,001,273</b>	<b>130</b>	<b>1,330</b>	<b>\$49,169,304</b>	<b>1</b>

**Source:** Prepared by legislative auditor's staff using data obtained from LPAA.

Of the 8,282 passenger vehicles in the state's fleet (including law enforcement vehicles), we were able to compare 6,923 of them to state employment figures obtained from the Office of Planning and Budget (see Exhibit 2). We could not match employees to the remaining 1,359 vehicles because of different reporting structures for LPAA and the Office of Planning and Budget. Passenger vehicles include passenger carrying cars, light trucks, and minivans. Special purpose vehicles are large multiple passenger vans (e.g., 12 or more passengers), trucks over three-quarters of a ton, and other vehicles designed for special needs. Buses, tractors, and trailers include heavy road equipment such as school buses.

The percentage of passenger vehicles compared to the number of positions authorized and filled ranged from under 1% to just over 93%. In other words, in some agencies it is possible that less than 1% of employees had vehicles available to use at any given time while over 90% of employees at another agency had passenger vehicles available to use. Also, half of the state agencies that we reviewed had vehicles for 10% or more of their employees.



LOUISIANA PROPERTY ASSISTANCE AGENCY  
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Exhibit 2

State Fleet Passenger Vehicles Compared to Authorized Positions

State Departments and Other Entities	State Fleet Passenger Vehicles, as of April 16, 2004	ACT 14 T.O. Fiscal Year 2004 (Authorized Positions)	Percentage of Authorized Positions With Passenger Vehicles
Governor's Office	53	922	5.75%
Military Department	109	702	15.53%
Division of Administration	153	664	23.04%
Patient's Compensation Fund	1	35	2.86%
Department of Civil Service	4	174	2.30%
Department of Economic Development	7	101	6.93%
Department of Education	36	1,019	3.53%
Office of Lieutenant Governor/CRT	112	699	16.02%
Secretary of State	1	184	0.54%
Department of Justice	46	458	10.04%
Department of Environmental Quality	215	1,010	21.29%
Department of Health and Hospitals	314	12,850	2.44%
Department of Labor	15	1,208	1.24%
Department of Public Safety and Corrections	2,792	10,806	25.85%
Department of Natural Resources	55	505	10.89%
Department of Revenue	45	942	4.78%
Department of the Treasury	1	54	1.85%
Department of Agriculture and Forestry	774	831	93.14%
Department of Social Services	391	5,324	7.34%
Department of Transportation and Development	1,369	5,271	25.97%
Department of Wildlife and Fisheries	380	792	47.98%
Department of Insurance	3	273	1.10%
Department of Elections and Registration	12	91	13.19%
Public Service Commission	34	122	27.87%
<b>TOTAL</b>	<b>6,922</b>	<b>45,037</b>	<b>15%</b>

**Source:** Prepared by legislative auditor's staff using data obtained from LPAA and the Office of Planning and Budget.

**Note:** We subtracted 1,359 vehicles from the total number of passenger vehicles (8,282) because we could not link these to positions. The 1,359 includes 55 surplus passenger vehicles that could not be linked to employees of a specific agency.

Exhibit 3 classifies vehicles by cost. This exhibit shows that 2,776 vehicles have been purchased for \$20,000 or more. This accounts for 26% of the fleet.





## SUMMARY OF AVAILABLE VEHICLE DATA BY AGENCY

### Exhibit 3

#### Classification of Vehicles by Cost

Original Acquisition Cost	Vehicles	Total Cost	Examples of Models in Range
\$19,999 and under	7,787	\$119,410,851	Lasabre, Cherokee, Malibu, Impala, pick-up trucks, minivans, Intrepid, Crown Victoria, Taurus, Jeep Liberty, Gran Prix
\$20,000 - \$29,999	2,017	\$44,645,387	Pick-up trucks, minivans, Camero, Suburban, Tahoe, Durango, Bronco, Crown Victoria, LTD, Mustang, Excursions, Expeditions
\$30,000 - \$39,999	255	\$8,750,199	Suburban, Tahoe, Expedition, Excursion, Park Avenue, 15-Passenger Vans, Mini-Buses
\$40,000 and over	504	\$29,987,569	Blue Bird Buses, Ambulances, Ford 350's, Freightliners, Internationals, and Winnebago
<b>TOTAL</b>	<b>10,563</b>	<b>\$202,794,006</b>	

**Note:** We found that a Ford-150 was classified as a passenger vehicle and had an acquisition cost of over \$3 million recorded in the database. Since this vehicle appeared to be an outlier that could potentially skew the cost analysis, we treated this outlier as a data entry error and excluded it from our analysis.

This exhibit only includes vehicles that were defined as original acquisitions in the LPAA database. Vehicles obtained by agency transfers, surplus acquisition, donations, and seizures were excluded from the exhibit.

**Source:** Prepared by legislative auditor's staff using data obtained from LPAA.



LOUISIANA PROPERTY ASSISTANCE AGENCY  
FLEET MANAGEMENT PROGRAM

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## AUDIT METHODOLOGY

This report contains information about the functions of the LPAA's Fleet Management Program. We have identified deficiencies with management's oversight functions and have provided recommendations to assist LPAA in improving program management. In addition, we have presented basic data such as the total number of vehicles in the state's fleet and the number of vehicles by state agency.

To answer the audit objective, we performed several tasks, which include the following:

- Conducted background research on Fleet Management in Louisiana and other states
- Held an entrance conference with Fleet Management staff on November 18, 2003
- Participated in other meetings, phone interviews, and conversations with LPAA and Fleet Management officials throughout the audit
- Identified and reviewed Fleet Management's oversight responsibilities and determined compliance with laws and regulations
- Analyzed two sets of LPAA data from different time periods to determine if the data were accurate, reliable, and complete



LOUISIANA PROPERTY ASSISTANCE AGENCY  
FLEET MANAGEMENT PROGRAM

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**Kathleen Babineaux Blanco**  
GOVERNOR

**State of Louisiana**  
DIVISION OF ADMINISTRATION

**LOUISIANA PROPERTY ASSISTANCE AGENCY**

**Jerry Luke LeBlanc**  
COMMISSIONER OF ADMINISTRATION

**A-04-88**

Mr. Steve Theriot  
Legislative Auditor  
Office of the Legislative Auditor  
P.O. Box 94397  
Baton Rouge, LA 70804-9397

Dear Mr. Theriot:

Attached, please find Louisiana Property Assistance Agency's (LPAA) written response to the Legislative Auditor's performance audit report of LPAA's Fleet Management program. The documentation also includes a Checklist for the Audit Recommendation.

If we may be of further assistance, please contact Steve Bice at (225) 342-6890.

Sincerely,

Irene Babin  
Director

IB:SB:pw

**Office of the Legislative Auditor – Performance Audit Division  
Checklist for Audit Recommendations**

**Instructions to audited agency:** Please check the appropriate box below for each recommendation. A summary of your response for each recommendation will be included in the body of the report. The entire text of your response will be included as an appendix to the audit report.

RECOMMENDATION(S)	AGREE	PARTIALLY AGREE	DISAGREE
<b>Recommendation 1:</b> LPAA should ensure the timely delivery of its quarterly and annual reports to the legislature.	X		
<b>Recommendation 2:</b> LPAA should ensure the completeness and accuracy of its annual report to the legislature.	X		
<b>Recommendation 3:</b> LPAA should communicate with the appropriate parties (e.g., Legislators and agency personnel) to determine what data and reports would be of value to them. These should then be made available in the new Protégé database as well as in quarterly and annual reports.	X		
<b>Recommendation 4:</b> In order to promote effective evaluation of the fleet management program, the LPAA should carry out its operational audit responsibility required by the Louisiana Administrative Code.	X		
<b>Recommendation 5:</b> The LPAA should use break-even reports, in consultation with individual agencies, to determine which vehicles in the state fleet are not needed as required by state law.		X	
<b>Recommendation 6:</b> LPAA management officials should implement automated controls to help ensure the data on fleet vehicles and their maintenance records are accurate, reliable, and complete. More specifically, they should implement input edits and/or exception reports into the system. These automated controls should help fleet management staff monitor and correct data.		X	
<b>Recommendation 7:</b> LPAA management should ensure that all agencies are reporting the required maintenance information on their fleet. LPAA should include a listing of agencies not reporting all required fleet data in its annual and quarterly reports.	X		



## Findings' Response

1. **Finding:** LPAA has not met its statutory reporting responsibilities.

**Response:** LPAA concurs with this finding. The finding resulted from an oversight of the reporting requirements. An assistant director responsible for reporting functions vacated his position on January 3, 2003. The State Fleet Manager assumed those responsibilities when he was hired on November 25, 2002. He was still learning the job when the FY 2002-03 annual report was due. In addition, to fleet management duties, this employee also performs purchasing functions, and he supervises LPAA's truck drivers. During the past two years, LPAA's workload increased substantially as a result of the relocation of numerous agencies into the Capital Complex. These moves generated tremendous amounts of surplus office equipment that required LPAA to quickly pick it up and dispose of it. Supervision of these drivers and their work schedules took up an inordinate amount of his time.

**Corrective Actions:** LPAA's managers have reviewed the quarterly and annual reporting requirements mandated by R.S. 39:362(B)(5) and LAC34.XI.103(A)(2), and reports from our new asset management software, Protégé, will soon allow the section to meet these requirements. The Fleet Manager will supply hardcopies of quarterly and annual reports to the chairperson of the Joint Legislative Committee on the Budget as required by the statutes, and we will post quarterly and annual reports to our website beginning with the FY 2003-04 annual report.

2. **Finding:** LPAA's new information system may help correct deficiencies in its annual reporting.

**Response:** LPAA concurs with this finding.

**Corrective Action:** In the future, LPAA will use Protégé to generate required fiscal year annual reports each year, and we will submit them to the chairperson of the Legislative Committee on the Budget by January 31 of the next year.

3. **Finding:** Conducting required operational audits will help LPAA to identify inefficient fleet processes in state agencies.

**Response:** LPAA concurs with this finding. Regrettably, we must inform you that the section is unable to begin conducting operational audits due to insufficient staffing.

**Explanation:** LPAA recognizes its statutory requirement to perform operational audits. However, the section lacks the necessary manpower required to perform operational audits for more than 450 state agencies. Increasing our TO for the sole purpose of performing compliance audits has never been a focal point of any administration, and the past administration believed the agencies should be responsible for managing their own fleets.

While we do not have the manpower required to perform operational audits, Protégé's flexibility provides us with the ability to run more meaningful exception reports than were available in AM15. Our Compliance Auditors will review MV3 fleet issues and exception report results with agency officials.

4. **Finding:** Conducting break-even analysis would help LPAA to ensure state vehicles are used efficiently.

**Response:** LPAA partially concurs with this finding.

**Explanation:** Two factors are involved in this finding. First, the Breakeven Exception Report does not provide enough information to make informed decisions. Second, we previously have been instructed to allow each agency to control their own fleets. Each factor is discussed below.

- While recognizing the usefulness of the Breakeven Exception Report, LPAA wishes to emphasize that this report is only a tool. In fact, there are other tools and factors that should be considered when attempting to determine the appropriate fleet size for an agency.
  - Prisons, hospitals, universities, colleges, community colleges, and technical colleges have vehicles that will not meet break-even criteria. Many of their vehicles rarely leave assigned locations because staff uses them onsite to provide maintenance, patient/client transportation, and grounds-keeping services. Employees may also use some of these vehicles to run local errands. While these vehicles may routinely drive less than 15,000 miles annually, forced reductions based solely upon the fact that these vehicles failed to meet a minimum mileage threshold would prove to be detrimental to the agency.
  - Vehicle maintenance costs should also be considered. A vehicle meeting the minimum mileage threshold could also be one with a history of excessive repair costs. The Breakeven Mileage report would not indicate that a vehicle like this should be replaced.
  - Another consideration would be the type of vehicle. LPAA has created an additional field that allows us to identify vehicle type. One classification for this field is vehicles that are designated as special use vehicles. Examples of special use vehicles are vans that carry 10 or more passengers, cargo vans, and panel delivery trucks. Many of these vehicles fulfill functions discussed earlier.
  - Finally, some "under-utilized" vehicles are assigned to remote locations. The need for them to be quickly available to staff could overrule any arbitrary target mileage threshold that LPAA might establish.

In late 2004, LPAA intends to enhance the fleet module of Protégé. This enhancement includes making improved exception reports available to agency fleet managers. These reports will assist LPAA's Compliance Audit staff and

management within each agency to more easily identify vehicles that may need to be repaired, replaced, or eliminated. In addition, Protégé's reports currently list each vehicle and the grand total for each agency. LPAA will instruct InCircuit (Protégé's vendor) to create a more concise report that summarizes the data for each executive branch with grand totals beginning with FY 03-04's fourth quarter report. LPAA believes these efforts will make Protégé's reports more accurate, complete, and concise. The ability to use all of these improved exception reports will provide a much clearer picture of an agency's fleet than one report alone could provide. The multi-faceted types of information that these reports will provide will allow agencies, LPAA, and legislators to better manage the state's fleet of vehicles.

- Second, the commissioners of previous administrations directed LPAA to allow the heads of the various agencies to manage their own fleets reasoning that agency heads were better qualified to manage these resources. LPAA used AM15 to run annual exception reports for Cost per Mile, Miles Per Gallon, and Breakeven Mileage. We forwarded these reports to the agencies with vehicles that failed to meet minimum qualifications expecting agency personnel to use them as tools to manage their fleet resources.

**5. Finding:** LPAA's information system contains inaccurate data, but some improvements have been made.

**Response:** LPAA concurs with this finding; however, LPAA maintains that Protégé's users are ultimately responsible for entering accurate data. Consequently, while Protégé's flexibility improves our ability to provide accurate, meaningful data, business rule changes cannot be written to prevent every data-entry error that may arise, nor should they be.

**Explanation:** This finding arose from a November 2003 Protégé report that covered the period from July 7, 2003 through November 21, 2003. LPAA began monitoring the data at the time Protégé was implemented (June 2, 2003) and was already aware of the existence of data inaccuracies in Protégé prior to the Legislative Auditor's review of the report. In fact, LPAA's Compliance Audit staff had already begun working with agency personnel to correct erroneous mileage information prior to the Legislative Auditor's audit of the data.

One of our goals for this system is for it to provide users with meaningful, valid, and reliable data that they can use to make sound business decisions. Accomplishing this goal required that several months of data be accumulated before errors, their causes, and useful trends could be identified. For example, the mileage accumulation problems occurred when agencies' fleet management staff entered an odometer reading with less mileage than the previous month's reading. Protégé's business rules had been changed prior to LPAA's receipt of the Legislative Auditor's report to prevent this error from recurring. The system was also modified to alert users with an error message whenever they attempted to enter a reading that meets that criterion.

In addition, safeguards have been implemented for other problems. These changes have also allowed LPAA's Compliance Audit staff and agency fleet personnel to monitor and improve the quality of historical data already in the system. Ongoing efforts continue to refine the processes, reduce the number of data-entry errors, and improve Protégé's user-friendliness; however, there are sound business reasons for us to not write new rules that force entries to fall in narrow ranges. For example, LPAA does not want to attempt to define extremely narrow parameters for certain fields (i.e., the quantities of fuel purchased versus the mileage driven) because this restriction may actually hinder auditors from identifying real abuse or theft issues that would otherwise be evident.

LPAA maintains that it is the agencies' responsibility to enter valid and reliable data. LPAA's Compliance Audit staff will continue to review vehicle data and work with agency personnel to educate them about recurring data-entry errors. An encouragement for agencies to enter accurate data is that Protégé will soon notify them when it is time to change the oil, replace filters, rotate tires, or inspect the vehicle. LPAA's Compliance Audit staff's audit reports include findings for agencies that refuse to comply.