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Details: Audit Report 05-7, An Evaluation: State Fleet Management

(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

2005-06

(session year)

Joint

(Assembly, Senate or Joint)

Committee on Audit...

COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
(**ab** = Assembly Bill) (**ar** = Assembly Resolution) (**ajr** = Assembly Joint Resolution)
(**sb** = Senate Bill) (**sr** = Senate Resolution) (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

Record of Committee Proceedings

Joint Legislative Audit Committee

Audit Report 05-7

An Evaluation: State Fleet Management

May 17, 2005

PUBLIC HEARING HELD

Present: (10) Senators Roessler, Cowles, S. Fitzgerald, Miller and Lassa; Representatives Jeskewitz, Kaufert, Kerkman, Travis and Cullen.

Absent: (0) None.

Appearances For

- None.

Appearances Against

- None.

Appearances for Information Only

- Janice Mueller, Madison — State Auditor, Legislative Audit Bureau
- Jim Zylstra, Madison — Legislative Audit Bureau
- Marc Marotta, Madison — Secretary, Department of Administration
- Pat Farley, Madison — Administrator, Division of Enterprise Operations, Department of Administration
- Don Mash, Madison — Senior Executive Vice President, University of Wisconsin-System
- David Walsh, Madison — Vice-President, University of Wisconsin Board of Regents
- Matt Frank, Madison — Secretary, Department of Corrections
- Rick Raemisch, Madison — Deputy Secretary, Department of Corrections
- Martin Beil, Madison — Executive Director, Wisconsin State Employees Union

Registrations For

- None.

Registrations Against

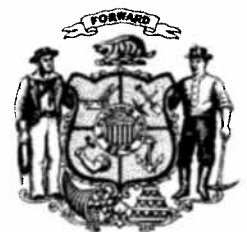
- None.



Karen Asbjornson
Committee Clerk



WISCONSIN STATE LEGISLATURE





WISCONSIN STATE LEGISLATURE

Joint Legislative Audit Committee

Committee Co-Chairs:
State Senator Carol Roessler
State Representative Suzanne Jeskewitz

For Immediate Release

May 4, 2005

For More Information Contact:

Senator Carol Roessler

(608) 266-5300

Representative Suzanne Jeskewitz

(608) 266-3796

Audit Paves The Way For Better Management Of State Vehicle Fleet

(Madison) Joint Legislative Audit Committee co-chairs, Senator Carol Roessler (R-Oshkosh) and Representative Suzanne Jeskewitz (R-Menomonee Falls), responded today to the release of the nonpartisan Legislative Audit Bureau's (LAB's) audit of State Fleet Management. The audit offers 16 recommendations and a number of legislative options for better management of the State's fleet by improving the vehicle purchasing process, enforcing minimum driving standards, and better monitoring fleet costs, vehicle leases, rentals, and state employees' mileage reimbursements.

The Department of Administration (DOA) has primary responsibility for managing the State's fleet, which, as of December 31, 2004, consisted of 6,669 vehicles. The audit found that 48 state agencies either own these vehicles or lease them from DOA. The departments of Administration, Natural Resources, Transportation, Corrections, and the University of Wisconsin-Madison, are assigned nearly 75 percent of the State's vehicle fleet.

"I find the UW System Administration's decision to give chancellors a \$700 monthly vehicle allowance excessive," remarked Jeskewitz. As of December 31, 2004, 1,128 fleet vehicles were personally assigned to state employees. However, UW System chancellors are no longer eligible to receive a fleet vehicle. Instead, UW System reassigned these vehicles to other state employees in August 2004 and gave chancellors a vehicle allowance of \$700 per month and the authority to claim reimbursement for their business mileage at the same rate as other state employees.

Although DOA has established minimum driving standards for state employees and others driving a fleet vehicle, the audit found inadequate monitoring and enforcement of these standards by state agencies. Roessler stated, "The Department of Corrections does not uniformly verify employee driving records and does not apply the minimum driving standards to its employees nor to the minimum-security inmates who drive fleet vehicles. Allowing a correctional employee to drive a fleet vehicle until convicted of a fourth alcohol-related driving offense is an egregious lack of responsibility within Department of Corrections policy."

"Further cause for concern is the use of state fleet vehicles for some correctional employees to commute to and from correctional facilities. Why is the state paying employees to drive to and from a work site over 50 miles from their home?" Roessler added. Several of the 23 correctional wardens and superintendents live more than 50 miles away from the facility they oversee.

SENATOR ROESSLER
P.O. Box 7882 • Madison, WI 53707-7882
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REPRESENTATIVE JESKEWITZ
P.O. Box 8952 • Madison, WI 53708-8952
(608) 266-3796 • Fax (608) 282-3624

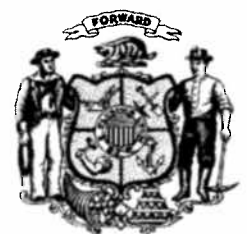
The audit noted inconsistent monitoring and reporting by agencies on employees' reimbursement for personal use of state vehicles. "Due to non-compliance with an IRS policy, the State is going to have to pay a \$35,000 forfeiture because DOA's mileage reimbursement rate does not reflect current federal policy," explained Jeskewitz. "DOA has still not resolved this issue despite knowing that the use of an out-dated rate puts the State in jeopardy of further forfeitures." With few exceptions, employees are required to reimburse the State for personal use of fleet vehicles at the rate of \$0.325 per mile, including the miles commuted from their homes. The Internal Revenue Service (IRS) initiated its own investigation in 2004 and identified more than 500 employees whose 2003 reimbursements for personal miles were paid at the rate of \$0.325 per mile, rather than the \$0.375 per mile required by the IRS.

In May, co-chairs Roessler and Jeskewitz expect the Joint Legislative Audit Committee to hold a public hearing to explore carefully the audit findings and recommendations. The full text of the audit report is available on the Legislative Audit Bureau's website at <http://www.legis.state.wi.us/lab> or by calling (608) 266-2818 to request a copy of report 05-7.

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WISCONSIN STATE LEGISLATURE





PRESS RELEASE

WISCONSIN DEPARTMENT of ADMINISTRATION

May 4, 2005

For Further Information Contact:

Patrick J. Farley, Administrator
Division of Enterprise Operations

Phone: (608) 266-0779 E-Mail: Patrick.Farley@doa.state.wi.us

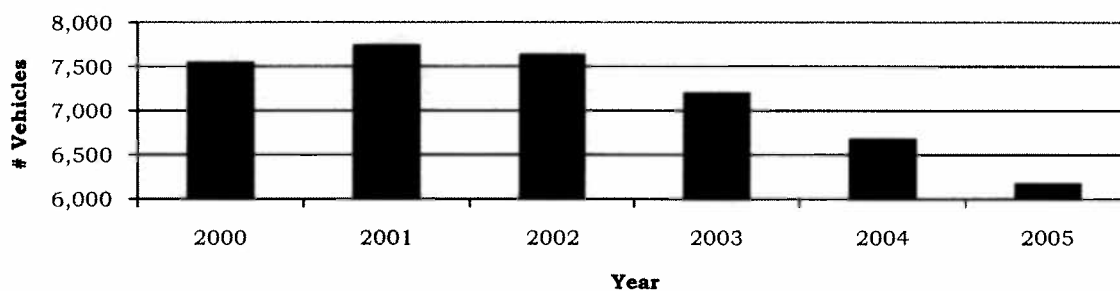
Report Recognizes Progress in Managing State Fleet

A report released today by the Legislative Audit Bureau (LAB) confirms that the state-owned vehicle fleet has been cut dramatically by the Doyle Administration. The report also identifies the implementation of policies to severely curtail the personal use of state vehicles and improve accountability.

"Governor Doyle directed that the state fleet should reflect his vision that state government should be smaller and operate more efficiently," said Department of Administration (DOA) Secretary Marc Marotta. "We are succeeding in reducing the fleet, strengthening driver policies, and managing the fleet in a more professional manner."

State Fleet Back to 1994 Levels. The LAB reports that the size of the state fleet dropped from 7,734 in 2001 to 6,669 at the end of 2004. Through a series of auctions, vehicle salvages and interagency transfers, the number of vehicles used for State business now stands at 6,179, fewer than the 6,187 vehicles in the fleet in 1994.

Fleet Size



(more)

Improved Accountability. In 2004, the State vehicle fleet came under heightened scrutiny due to its size and misuse by a handful of drivers. DOA implemented new oversight measures that revoked underutilized personally assigned vehicles, strengthened policies for employees and fleet managers, severely restricted personal use of state vehicles and improved management of fleet vehicles.

Better Fleet Management. DOA is implementing FleetAnywhere management software to better track vehicle assignments, maintenance and utilization. Additionally, DOA and the Department of Transportation have developed a system to regularly check State employee driver records.

"Effective management of fleet resources requires state government to make decisions using the best available data," said Secretary Marotta.

Reduced Dependence on Vehicles to Conduct State Business. Wisconsinites alive during World War II may remember a slogan from that era intended to promote resource conservation: "Is this trip necessary?" Likewise, Wisconsin government today asks its employees to consider whether vehicle travel is the most efficient means of conducting state business.

State government provides a diverse array of tools—including telecommunications and e-mail—to help its employees do their jobs.

"Government services need not suffer because the State owns fewer vehicles," said Secretary Marotta. "State agencies and the University of Wisconsin must reevaluate business practices and consider how public services can be offered with less reliance on State cars."

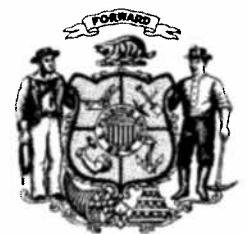
The LAB report includes several suggestions intended to improve management of fleet resources.

"We believe the LAB's recommendations—along with the initiatives currently underway—will further strengthen the State vehicle fleet program," said Secretary Marotta.

DOA's full response to the LAB report is available online at http://www.doa.state.wi.us/docs_view2.asp?docid=4781.



WISCONSIN STATE LEGISLATURE



Jim Doyle
Governor

Matthew J. Frank
Secretary



State of Wisconsin
Department of Corrections

Mailing Address

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May 6, 2005

Senator Carol Roessler
8 South
State Capitol
Madison, WI 53707

Representative Suzanne Jeskewitz
314 North
State Capitol
Madison, WI 53707

Dear Senator Roessler and Representative Jeskewitz:

The Department of Corrections (DOC) appreciates the work of the Legislative Audit Bureau (LAB) in its recent audit of state fleet policies and welcomes its recommendations. We are aware of many of the issues raised by the LAB, and we have been working both internally and with the Department of Administration (DOA) to address them. We would like to take this opportunity to clarify some of the issues raised within this audit specific to DOC.

First and foremost, I assure you that DOC is currently following the DOA fleet policy and will continue to follow the policy. All individuals authorized by DOC to operate fleet vehicles must meet the minimum driving standards and eligibility criteria established by DOA. Unless an exemption is granted, as allowed under the policy, anyone who has failed to meet the minimum driving standards and eligibility criteria (i.e. anyone who has received a citation for operating while intoxicated or driving under the influence in the previous year, who has received three or more moving or at-fault accidents in the previous two years, or who has a suspended or revoked driver's license) is not eligible to drive a state car.

The audit states "Since August 2001, the Department of Corrections has required only that an individual have a valid driver's license, including an occupational license for an individual whose regular license has been suspended or revoked." (pg. 46). DOC does have a policy in place that requires most of its employees to maintain a valid driver's license, which can include an occupational license under certain conditions. However, DOC requires this as a condition of employment for most of its employees, including all correctional officers and sergeants, probation and parole agents, youth counselors, administrators, wardens, and superintendents. This is an internal DOC policy governing employment status. An employee who has an occupational license may drive a state vehicle only if the employee is not otherwise disqualified under the DOA fleet policy and the employee is able to drive during working hours.

The audit further notes, "In addition, Corrections policy allows an individual to drive a fleet vehicle until convicted of a fourth alcohol-related driving offense, after which employment may be terminated." (pg. 46). DOC policy allows an individual who is required to have a valid driver's license as a condition of his/her employment to *maintain employment status* up until a fourth alcohol-related driving offense. Employees are discharged after a fourth OWI conviction, and disciplined for the first three on a graduated scale. **DOC does not allow these individuals, or any other ineligible drivers, to operate a state vehicle in violation of DOA fleet policy.** This clarification is an important one because not only does DOC follow the DOA fleet policy, but our own employment conditions are on top of and distinct from DOA policy in this area. Unless an exemption is granted, employees with fewer than four OWI/DUI convictions and who do not meet the DOC or DOA-set minimum standards to operate a fleet car can be re-deployed to other posts until such a time when they could resume their duties, or they can be placed on administrative leave.

Further, the audit references a complaint that was filed by the Wisconsin State Employees Union (WSEU) with the Wisconsin Employment Relations Commission in August 2004 regarding the fleet policy. The report states that, in January 2005, DOA and the WSEU "reached an agreement under which DOA agreed that Corrections would continue to require only a valid driver's license, including an occupational license, for all union members – which includes most Corrections employees- and Corrections agreed that it would discuss with the union the need to continue the policy." (pg. 47). This complaint and the subsequent agreements made between the DOA Office of State Employment Relations, the WSEU, and DOC deal with issues relating to our agency's employment policies that require a person to have a valid driver's license, including an occupational license, for purposes of continued employment. **It does not exempt union members or any other DOC staff who are permitted to access the state fleet from following DOA fleet policy.** DOC is reviewing its internal policies to ensure that they are consistent in every way with both the DOA fleet policy and DOC's current collective bargaining agreements.

In addition, the audit specified DOC as one of the agencies that had not entered information from Vehicle Use Agreements into a new electronic program to manage and monitor the state fleet, thus weakening the statewide effort for monitoring compliance with the fleet policy's minimum driving standards and eligibility criteria. However, DOC has been entering this information into the State's fleet management computer program since November 2004, and receives monthly reports for our internal compliance review process. DOC is part of this important and useful program and looks forward to continuing to work with DOT and DOA to monitor compliance with the fleet policy.

Finally, the audit notes that DOC lacks a uniform policy for inmate drivers and states that, at one facility, inmates driving records are not reviewed and that inmates are not required to meet DOA's minimum driving standards. The audit goes on to note that other facilities' rules relating to inmate drivers do not include other important criteria. **At this time, all individuals who are authorized by DOC to operate a fleet vehicle, including inmates, must meet the criteria set forth in DOA's fleet policy.** To be considered eligible to operate a vehicle, inmates must be in minimum-security status, and must clear a full criminal and DOT background check, and must pass the State's Van Driver Program. DOC has a uniform vehicle policy in place for all minimum security inmates housed in the state's 16 work release centers, which covers the vast majority of inmates permitted to operate vehicles. However, this policy does not govern the much smaller number of inmate drivers who are housed at two of the state's minimum-security institutions, Oakhill Correctional Institution and Fox Lake Correctional Institution, which have separate policies. DOC is actively reviewing and revising these policies and will be updating and standardizing the policy across all minimum-security institutions. This updated policy will be in place by July 1, 2005.

In conclusion, I would like to thank you for this opportunity to address these issues. DOC has been working closely with DOA to implement sound fleet policies, and we will continue to work internally, with DOA, and with the Legislature to improve fleet management within DOC. We look forward to working with you in this process.

Sincerely,

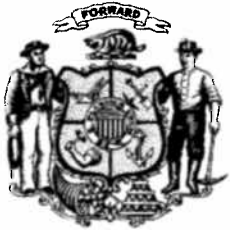


Matthew Frank
Secretary

CC: Members, Joint Audit Committee



WISCONSIN STATE LEGISLATURE





**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

JIM DOYLE
GOVERNOR
MARC J. MAROTTA
SECRETARY

Office of the Secretary
Post Office Box 7864
Madison, WI 53707-7864
Voice (608) 266-1741
Fax (608) 267-3842
TTY (608) 267-9629

Fleet Driver Policy Directive

To: Constitutional Officers, State Agency Heads, University of Wisconsin System Officials

From: Marc J. Marotta, Secretary

Re: State Vehicle Driver Suspension

Date: May 6, 2005

Background

The State of Wisconsin Fleet Driver and Management Policies and Procedures Manual (Manual) includes the following policies related to State vehicle driver disqualification (suspension):

"State employees, authorized University of Wisconsin System students and other authorized agents of the state may not drive a state vehicle if their driving record reflects any of the following conditions:

- "Three or more moving violations and/or at-fault accidents in the past two years
- "An Operating While Intoxicated (OWI)/Driving Under the Influence (DUI) citation within 12 months
- "Suspension or revocation of driver's license"

The following directives clarify existing policy and provide for uniform enforcement across State government.

Directive 1. Immediate Suspension of Driving Privileges

The Manual provides that "any change in the status of a driver's record resulting in disqualification or the failure to report such change may result in revocation of the privilege of driving a state vehicle."

A driver's Vehicle Use Agreement (VUA)¹ will be immediately suspended when the agency receives a report from the driver, the Department of Administration, Department of Transportation or a law enforcement agency that:

- the driver had three or more moving violations and/or at-fault accidents in the past two years
- the driver received an OWI or DUI citation within 12 months
- the driver's vehicle operator's license has been suspended or revoked

Any suspension under this policy will be immediately recorded in the FleetAnywhere database including the reason for and date of the suspension.

Directive 2. Investigation of OWI and DUI Offenses

The Manual provides that "no person may use a state vehicle, or permit the use of a state vehicle, in the following prohibited manners:

- "The driver is impaired by fatigue, alcohol, drugs or any other condition
 - "Any such vehicle use will be considered a violation of Fleet Driver and Management Policies and Procedures and may be grounds for disciplinary action up to and including discharge."

Upon suspension of driving privileges for an OWI or DUI offense, the driver's agency will immediately investigate whether the offense was committed while the driver was:

- operating a State vehicle *and/or*
- conducting State business

The employing agency will immediately report its findings to the Bureau of Enterprise Fleet Director, Division of Enterprise Operations, Department of Administration. The Bureau of Enterprise Fleet will maintain a record of the findings.

These directives are effective on this date. Please distribute this document to appropriate personnel in your agencies.

¹ An agreement signed by a driver of state vehicles and his/her supervisor indicating the employee is eligible to drive a state vehicle. (Source: State of Wisconsin Fleet Driver and Management Policies and Procedures Manual)

Asbjornson, Karen

From: Chrisman, James
Sent: Friday, May 06, 2005 4:42 PM
To: Matthews, Pam; Asbjornson, Karen
Subject: FW: State Vehicle Driver Suspension Directive

Attachments: Driver Suspension Fleet Directive 05062005 (final).pdf

Pam and Karen:

FYI..This policy directive was issued by DOA today.

Joe

From: Langdon, James
Sent: Friday, May 06, 2005 4:24 PM
To: Bridge, Burnie PSC; Burke, Mary P. - Commerce; Burmaster, Elizabeth A DPI; Busalacchi, Frank; Frank, Matthew J. DOC; Gassman, Roberta; Gomez, Jorge; Hassett, P. Scott; Holperin, Jim; Hutchison, Connie; Jackson, Celia - DRL; Keating Heinemann, Lorrie; Marotta, Marc; Morgan, Michael L; Nelson, Helene; Nilsestuen, Rod J DATCP; Riley, Antonio; Scocos, John; Smith, Johnnie (DMA); Steingraber, David; Timberlake, Karen - OSER; Wilkening, Al; Alexander, James - Jud Comm; Anderson, Terry C.; Arbuckle, Laura; 'Barkelar, Craig'; Breggeman, Debra; Butts, Nancy; Chiarkas, Nicholas; Clancy, Dan; Connelly, Michael; Cramer, Robert; Cupp, Mark; Devine, Thomas; Dilweg, Sean; 'Erlenbach, Julius'; Falstad, David; Frank-Reece, Gina - DOA; Fuller, Patrick; Goodwin, Susan - Office of Governor Jim Doyle; 'Hastad, Douglas'; 'Helm, Virginia'; Hendrickson, Peggy; Judd, Roth; 'Keating, John'; Kennedy, Kevin; Krebs, Sharon; Kreunen, Rodney RR; La Follette, Doug; Lang, Bob; Lautenschlager, Peg; Lidbury, Christine; 'Lydecker, Ann'; Marchant, Robert; 'Markee, David'; Martin, Larry - Office of the Lt. Governor; 'Mash, Donald'; 'Miller, John W.'; Miller, Steve; Mills, Dave; Minash, Linda; Miszewski, Matthew; Mueller, Janice; Munson, Bruce; Naab, Bryan; Nashold, Jennifer; Nelson, Tia; Neumann, Judy; Pedersen, Richard; 'Pederson, Maria'; Potaracke, George; 'Radloff, Pam'; 'Reilly, Kevin'; Rothschild, John; 'Santiago, Carlos'; Schmiedicke, David; Schwarz, David; 'Shepard, W. Bruce'; Snyder, MaryAnne; 'Sorensen, Charles'; Stanchfield, Eric; 'Stephens, Marla'; Strand, Diana; Thomasgard, Robert; Tryon, Steven; Tzougros, George; 'Van Kekerix, Marv'; Velicer, Lloyd; Voight, Jack; Wald, Linda; 'Wells, Rirchard'; 'Wiley, John'; Wink, Wendy - WPR
Cc: Farley, Patrick; Larrivee, Scott; Marx, John; Klubertanz, Beth
Subject: State Vehicle Driver Suspension Directive

Please distribute this Directive to appropriate personnel in your agencies. Thank you.

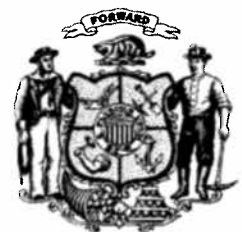


Driver Suspension
Fleet Direct...

Patrick J. Farley
Administrator, Division of Enterprise Operations
Wisconsin Department of Administration



WISCONSIN STATE LEGISLATURE





WISCONSIN STATE LEGISLATURE

Joint Legislative Audit Committee

Committee Co-Chairs:
State Senator Carol Roessler
State Representative Suzanne Jeskewitz

May 9, 2005

Mr. Matt Frank, Secretary
Department of Corrections
3099 East Washington Avenue
P.O. Box 7925
Madison, Wisconsin 53707

Dear Mr. Frank:

The Joint Legislative Audit Committee will hold a public hearing on Legislative Audit Bureau report 05-7, *An Evaluation: State Fleet Management*, on Tuesday, May 17, 2005, at 10:00 a.m. in Room 411 South of the State Capitol.

As this audit report relates to the activities of the Department of Corrections, we ask you to be present at the hearing to offer testimony in response to the audit findings and to respond to questions from committee members. Please plan to provide each committee member with a written copy of your testimony at the hearing.

Please contact Ms. Pam Matthews in the office of Representative Suzanne Jeskewitz at 266-3796 to confirm your participation in the hearing. Thank you for your cooperation and we look forward to seeing you on May 17th.

Sincerely,

Senator Carol A. Roessler, Co-chair
Joint Legislative Audit Committee

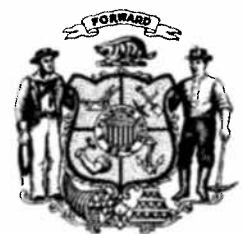
Representative Suzanne Jeskewitz, Co-chair
Joint Legislative Audit Committee

Enclosure

cc: Janice Mueller
State Auditor



WISCONSIN STATE LEGISLATURE





WISCONSIN STATE LEGISLATURE

Joint Legislative Audit Committee

Committee Co-Chairs:
State Senator Carol Roessler
State Representative Suzanne Jeskewitz

May 9, 2005

Mr. Marc Marotta, Secretary
Department of Administration
101 East Wilson Street, 10th Floor
Madison, Wisconsin 53707

Dear Mr. Marotta:

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As this audit report relates to the activities of the Department of Administration, we ask you to be present at the hearing to offer testimony in response to the audit findings and to respond to questions from committee members. Please plan to provide each committee member with a written copy of your testimony at the hearing.

Please contact Ms. Pam Matthews in the office of Representative Suzanne Jeskewitz at 266-3796 to confirm your participation in the hearing. Thank you for your cooperation and we look forward to seeing you on May 17th.

Sincerely,

Senator Carol A. Roessler, Co-chair
Joint Legislative Audit Committee

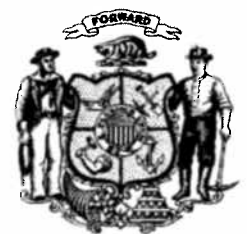
Representative Suzanne Jeskewitz, Co-chair
Joint Legislative Audit Committee

Enclosure

cc: Janice Mueller
State Auditor



WISCONSIN STATE LEGISLATURE





WISCONSIN STATE LEGISLATURE

Joint Legislative Audit Committee

Committee Co-Chairs:
State Senator Carol Roessler
State Representative Suzanne Jeskewitz

May 9, 2005

Dr. Kevin Reilly, President
University of Wisconsin System
1720 Van Hise Hall
1220 Linden Drive
Madison, Wisconsin 53706

Dear President Reilly:

The Joint Legislative Audit Committee will hold a public hearing on Legislative Audit Bureau report 05-7, *An Evaluation: State Fleet Management*, on Tuesday, May 17, 2005, at 10:00 a.m. in Room 411 South of the State Capitol.

As this audit report relates to the activities of the University of Wisconsin System, we ask that you, or the appropriate members of your staff, be present at the hearing to offer testimony in response to the audit findings and to respond to questions from committee members. Please plan to provide each committee member with a written copy of your testimony at the hearing.

Please contact Ms. Pam Matthews in the office of Representative Suzanne Jeskewitz at 266-3796 to confirm your participation in the hearing. Thank you for your cooperation and we look forward to seeing you on May 17th.

Sincerely,

Senator Carol A. Roessler, Co-chair
Joint Legislative Audit Committee

Representative Suzanne Jeskewitz, Co-chair
Joint Legislative Audit Committee

Enclosure

cc: Ms. Deborah Durcan, Vice President for Finance
University of Wisconsin System

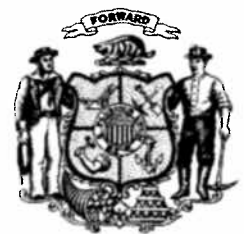
Janice Mueller
State Auditor

SENATOR ROESSLER
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REPRESENTATIVE JESKEWITZ
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WISCONSIN STATE LEGISLATURE





WISCONSIN STATE LEGISLATURE

Joint Audit Committee

Committee Co-Chairs:

State Senator Carol Roessler

State Representative Suzanne Jeskewitz

Media Advisory

FOR IMMEDIATE RELEASE

May 16, 2005

For further information, contact:

Sen. Carol Roessler (608) 266-5300

Rep. Suzanne Jeskewitz (608) 266-3796

Joint Legislative Audit Committee to Hold Public Hearing on State Fleet Management

(Madison)... On Tuesday, May 17th, the Joint Legislative Audit Committee, co-chaired by Sen. Carol Roessler (R-Oshkosh) and Rep. Suzanne Jeskewitz (R-Menomonee Falls), will hold a public hearing on the recent evaluation of state fleet management. The evaluation was released by the nonpartisan Legislative Audit Bureau on May 4th (report 05-7).

The Legislative Audit Bureau's report offers 16 recommendations and a number of legislative options for better management of the State's fleet by improving the vehicle purchasing process, enforcing minimum driving standards, and better monitoring fleet costs, vehicle leases, rentals, and state employees' mileage reimbursements.

The Legislative Audit Bureau will present its findings and then officials from the Department of Administration, the University of Wisconsin System, and the Department of Corrections will also offer testimony. The hearing will be open to the public for comment.

The hearing will be held on:

Tuesday, May 17, 2005

10:00 A.M.

State Capitol

Room 411 South

Madison, Wisconsin

A live audio stream of the public hearing may be accessed on the Internet at <http://www.legis.state.wi.us/lab>.



Testimony of Secretary Matthew Frank
Legislative Audit Committee
May 17, 2005

Senator Roessler, Representative Jeskewitz, Members of the Committee, and Auditor Mueller, thank you for the opportunity to address you today regarding the recent state fleet management audit. Deputy Secretary Rick Raemisch is also with me today.

The Department of Corrections (DOC) greatly appreciates the work of the Legislative Audit Bureau (LAB) and we welcome its recommendations. We are aware of many of the issues raised by the LAB, and we have been working both internally and with the Department of Administration (DOA) to address them.

Since November 2004, DOC has been implementing the DOA fleet policy. In fact, we've already made a great deal of progress in the area of fleet management over the past year.

- We've been a leader among state agencies in implementing FleetAnywhere software. All DOC vehicles were loaded into consolidated database form by Dec. 23, and, since January 2005, we have defined more than 7,100 employees in our FleetAnywhere database. Further, DOC was one of the first agencies to assume full responsibility for all operator data maintenance in FleetAnywhere. We are processing another 1,000 drivers, and are regularly updating existing information.
- We've sent to auction 89 vehicles to meet administration-wide fleet reduction requirements, reduced our total fleet by 9 percent (2 percent more than the 7 percent state requirement, or 986 to 897 vehicles), and sent almost 74 percent of the gross sale proceeds (gross was \$195,875, payments sent totaled \$144,902) back to the budget stabilization fund.
- We've eliminated 40 percent (17) of personally assigned vehicles and instituted greater pooling and sharing of DOC fleet vehicles.
- We've tightened restrictions governing vehicles assigned to wardens and other top-ranking officials in our agency, instituted additional reporting requirements, converted almost all warden and superintendent mobile command posts from SUVs to mid-sized sedans (one SUV retained as a medical accommodation) and placed greater restrictions on mileage reimbursement.
- DOC has implemented strict driver standards for new job applicants, rejecting those applicants who fail to meet the DOA minimum driver standards.
- We hired a full-time fleet manager in September 2004 to assist us in administering appropriate fleet policies and to properly implement DOAs fleet policy.

Since July 2004, DOC has made a number of other improvements to its fleet management system. I'd like to take this opportunity to provide you with additional information and updates regarding a few points that were raised in the audit.

First, I would like to clarify that DOC follows the DOA fleet policy, and we do not allow individuals to drive state vehicles in violation of the DOA minimum driving standards.

Unless a specific exemption is granted, we do not allow employees who have had an OWI arrest in the past 12 months to drive a state vehicle, nor do we allow individuals who have a suspended or revoked license or 3 or more moving violations in two years to operate state cars in violation of DOA's policy.

DOCs OWI-related policy, as cited in the audit, governs a person's employment status with the Department. As an agency, we require most of our employees – including correctional officers, sergeants, probation and parole agents, youth counselors, administrators, wardens and superintendents – to maintain a valid driver's license, which can include an occupational license under certain conditions. Under DOC employment policy, if an employee is arrested for an OWI offense, we sanction that employee on a graduated scale, and we fire the employee after a fourth OWI offense. These employees may not drive state vehicles in violation of DOA's policy. These employees would either be ineligible for as long as the DOA's policy specifies, or, under certain limited circumstances, they may be granted an exemption as allowed under DOA policy.

The number of DOC employees that had OWI arrests within the past 12 months is very small. Of the 7,100 DOC drivers currently registered in the FleetAnywhere system, only 16 employees, or 0.22% of DOC employees authorized to drive a vehicle, had such a citation.

Furthermore, DOC has implemented strict driver standards for new hires. DOC now requires applicants for positions with DOC to meet the DOA minimum driver standards, which had not previously been the case. In the area of correctional officer hiring, for example, DOC rejected close to 20 percent of those who applied so far in (CY) 2005 because they failed to meet the DOA-set minimum driving standards. Over half of the applicants denied did not meet the minimum standards because they either (a) did not have two years of driving experience or more, or (b) had three or more moving violations in the past two years. Only 0.4% of all 2005 applicants were denied because they had an OWI within the past 12 months.

As noted in the audit, DOC has utilized inmate drivers for more than three decades for a variety of functions throughout the state. As part of the DOC Work Release Program through the Wisconsin Correctional Center System (WCCS), inmates are charged for this transportation and the collected funds pay for the program, including the purchase of vehicles. DOC has a uniform vehicle policy in place for all inmates housed in the WCCS system, which comprises over 75 percent of DOC's inmate drivers. To be considered eligible to operate a vehicle, inmates must be in minimum-security status, and must clear a full criminal and DOT background check, and must pass the State's Van Driver Program. Any rule infraction – driving-related or otherwise – can and often does lead to loss of driving privileges.

The WCCS policy does not govern the much smaller number of inmate drivers who are housed at the state's minimum-security institutions, which have separate and inconsistent policies. Prior to the release of the audit, DOC had already established a workgroup to address these issues. This workgroup is actively reviewing and revising these policies

and will be updating and standardizing the policy across all minimum-security institutions and correctional centers, as recommended by the LAB. This updated policy will be in place by July 1, 2005.

We have made significant progress in improving our fleet administration and monitoring, and we are committed to following through on the changes that still need to be made. Once again, I thank Auditor Mueller and the Legislative Audit Bureau for the issues they have raised and the suggestions they have made. DOC is committed to ensuring that we have enhanced and efficient fleet management, and, most importantly, safe drivers operating state vehicles. We look forward to continuing to work with DOA and the Legislature to make the improvements necessary to ensure these goals are met.

Thank you again, Co-Chairs Roessler and Jeskewitz, for this opportunity. I welcome any questions you may have.





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Statement on the State Fleet Management Report (05-07)

Marc J. Marotta, Secretary

May 17, 2005

Thank you, Senator Roessler and Representative Jeskewitz, for your invitation to testify on the State Fleet Management report. In it, the Legislative Audit Bureau makes a series of recommendations that DOA generally views as reasonable and appropriate, and with which we will comply.

Much interest in the State fleet has focused on vehicles used to transport people to and from meetings. However, the LAB report points out that of the 6,669 vehicles the State owned on December 31, 2004, only 1,719 were sedans and station wagons used for non-law enforcement purposes. Nearly three-quarters of vehicles owned by the State are of special types used in the performance of special tasks, such as enforcing highway laws, material and cargo hauling, maintenance, road engineering and warden enforcement.

Type	Number	Percent
Pick-up Trucks	1,873	28%
Sedans and Station Wagons (non-law enforcement)	1,719	26%
Passenger and Cargo Vans	1,627	24%
Law Enforcement Vehicles	571	9%
Large Trucks	447	7%
Sport Utility Vehicles	386	6%
Buses	46	1%
Total	6,669	100%

DOA's goal is to manage this diverse fleet in a way that makes efficient use of financial resources, facilitates the provision of exceptional public services and limits risk to our employees and other users of Wisconsin highways. We believe the LAB's recommendations—along with initiatives we are implementing—will help us strengthen management of fleet resources and provide Wisconsin citizens greater value for their tax dollars.

Recent Accomplishments and Emerging Issues

The LAB's work was conducted during a period when several initiatives were underway to reform administration of the State fleet. At the invitation of the co-chairs, I will provide the Committee with a report on DOA's fleet management accomplishments and other issues related to the LAB report.

First, we have returned the State fleet back to 1994 levels. Last year, DOA reported that the number of vehicles owned by the State grew from 6,187 in 1994 to 7,360 in 2003, an increase of almost 19 percent. I am pleased to report that DOA was successful in meeting the Governor's directive to restore the State fleet to its level of a decade ago. More than 1,000 vehicles were eliminated making the State fleet smaller and more efficient.

Second, minimum driver standards are being checked. Fleet policies are clear that employees who do not meet minimum driving standards cannot drive State vehicles. To that end, DOA and DOT have worked closely to implement an automated monthly driver record check. Drivers found to have license suspensions or revocations, operating while intoxicated citations or excessive moving violations or at-fault accidents will have their State vehicle privileges suspended immediately. Further, agencies are required to investigate the circumstances surrounding any State driver's OWI arrest to determine whether the alleged offense was committed using a State vehicle or on State time. DOA will maintain these records in a central database.

Third, we are asking agencies to reduce dependence on vehicles to conduct State business. The fleet reduction initiative was premised on the belief that State government must operate more economically. State employees have access to a broad array of electronic tools, such as telephone, e-mail and web cast conferencing that frequently are a more efficient means of communication than traveling to meetings. All employees are encouraged to consider the efficacy of these electronic tools before using a State vehicle to conduct state business.

Nonetheless, we recognize that situations often call for State employees to travel to meetings away from their home offices. The State will continue to offer resources for employee travel including motor pools, work-shared vehicles, personal vehicle reimbursement, leasing and rentals.

Government services need not suffer because the State owns fewer vehicles. State agencies and the University of Wisconsin must reevaluate business practices and consider how public services can be offered with less reliance on State cars.

Fourth, we have taken steps to improve accountability. In 2004, the State vehicle fleet came under heightened scrutiny due to its size and misuse by a handful of drivers. The Governor responded with a series of measures to restore accountability to the management of the State fleet. DOA implemented new oversight policies that produced several results including the revocation or reallocation of underutilized personally assigned vehicles, a temporary freeze on the purchase of new State vehicles and severely restricting personal use of State vehicles. We are working with the agencies and UW to ensure vehicles are used appropriately at all times.

Fifth, we are improving management of our motor pool. DOA is making progress in better managing motor pool resources. For instance, we transferred 30 sedans and vans to UW-Madison to better match demand. Additionally, we will use our FleetAnywhere software to provide daily analysis of motor pool usage and enable motor pool users to reserve vehicles on line. We are also breaking down artificial barriers between agency motor pools to maximize access by all State employees.

Sixth, we are making great strides in implementing FleetAnywhere. We are pleased that the LAB recognizes that FleetAnywhere is an appropriate information management tool for the State fleet. DOA and other fleet-owning agencies reached a milestone in December 2004 when—for the first time—all State-owned vehicles were accounted for in the FleetAnywhere database. We will continue to work toward using this tool to its greatest effect in managing fleet resources. Better management of maintenance costs will be one of the first benefits achieved.

Seventh, we have improved our driver and fleet manager policies. For several years, DOA published two sets of fleet policies: one for drivers and one for fleet managers. A process was implemented in 2004—including input from agencies and labor unions—to update the elements of these policies. The result is a single document that eliminates inconsistencies, clarifies personal use policies and strengthens the State's ability to enforce driver and management standards.

DOA has taken significant steps—especially in recent months—to improve management of the State fleet. I am pleased that many of these initiatives were recognized in the LAB report.

LAB Recommendations

The LAB report also recommends that DOA implement strategies to improve management of the fleet. Several of these recommendations are already in progress. The following represents DOA's perspective on each of the 14 recommendations directed to this agency.

We will create utilization standards for our motor pool. DOA has implemented FleetAnywhere software to track motor pool usage. We will use this data to create pool utilization standards and report to the Joint Legislative Audit Committee by September 30, 2005, on whether the size of the motor pools can be reduced. Our report will include a contextual analysis of how the various motor pool utilization rates relate to the business needs of agencies and the UW campuses.

We will improve and expand the use of life-cycle costs when purchasing vehicles. All State-owned vehicles were entered into the FleetAnywhere program in December 2004. We are now building a body of data on maintenance and other expenses to better understand life-cycle costs of all types of vehicles. DOA will report to the Committee by September 30, 2005 on our progress in considering life-cycle costs as part of the purchasing process.

We will improve monitoring of leases from private vendors. State government leases very few vehicles from private vendors. In fact, the LAB reports that agencies and campuses leased only 23 vehicles in 2004. Nonetheless, LAB speculates that leases might become more popular due to the fleet reduction initiative. DOA will require each state agency's annual vehicle usage report to include the number of vehicles leased from private vendors and associated costs.

We will better monitor vehicle rental activity. Vehicle rentals can be a cost effective alternative when compared to owning an underused state car and represented about \$327,000—or one percent of State vehicle program expenses—in 2004. LAB suggests that rentals might become more common due to fleet reductions. DOA will improve its monitoring of agency activity to ensure rentals remain at relatively low levels.

We will determine whether using a statewide maintenance management vendor is cost-effective. Maintenance represents about one-quarter of all fleet costs. The current vendor provides statewide referrals 24/7 and handles all invoicing from hundreds of local repair shops statewide. DOA will carefully review other state's practices and establish sound criteria before bidding the 2006 contract. At this point, however, there is little evidence to suggest that the State should return to an uncoordinated maintenance system.

We will improve tracking of maintenance costs. Our FleetAnywhere software will collect detailed information on maintenance costs and routinely report trends. We will use this data to compare the costs of keeping higher mileage vehicles in service to the potential for increased maintenance costs.

DOA will report the amount of fleet reduction revenue available for deficit reduction. Statutes require that the net proceeds of vehicle sales be deposited in the Budget Stabilization Fund. Agencies are calculating final figures after deducting vehicle debt, maintenance, auction fees and other eligible expenses. Analysis of these calculations will take place in the coming weeks and DOA will ensure deposits are made in the Budget Stabilization Fund by June 30, 2005 and reported to the Committee.

We are clarifying policies for checking the driving records of individuals who use fleet vehicles. DOA recently issued a directive to clarify minimum driving standard policies. Drivers found to have license suspensions or revocations, OWI citations or excessive moving violations or at-fault accidents will have their State vehicle privileges suspended immediately. Further, agencies are required to investigate the circumstances surrounding any State driver's OWI arrest to determine whether the alleged offense was committed using a State vehicle or on State time. These processes will also be applied to drivers with non-Wisconsin issued licenses.

DOA and the agencies are improving the accuracy of the driver database. The driver database has for several years contained the names of drivers who left State service due to resignation, retirement and death. DOA and the agencies have undertaken the task of reviewing all names in the database and making inactive those who are no longer employed by the State. Since December 2004, approximately 5,000 names have been taken off the database. Maintaining the accuracy of the database will be an ongoing task as employees leave State service for any reason.

We will work toward standardizing accounting practices related to payments to the State for personal use of fleet vehicles. State driver policies make clear that vehicles are not to be used personal use except under the most limited circumstances. Currently, the only allowable personal use is for commuting and only when authorized for a business reason. Not all agencies use the same accounting system and the cost of changing those systems to collect this information will be weighed carefully.

We are ensuring compliance with federal tax law and state requirements for mileage reimbursements. The new restrictions on personal use of vehicles will greatly simplify compliance with state and federal law. IRS regulations for reimbursement of commuting miles will be carefully followed. Reimbursement will be at the level required by state law or the IRS, whichever is greater.

We will work toward documenting the amount the State reimburses individuals to use privately owned vehicles for state business. As a business and budgeting practice, it is desirable to document and analyze reimbursement payments. However, the current state accounting system does not isolate these reimbursements from other travel expenses. The cost to alter the accounting system or create a new system must be weighed with the benefit of tracking this expense.

DOA will report its progress in implementing fleet management software. The FleetAnywhere software is critical to helping DOA better manage fleet resources. The LAB recommendations are consistent with the direction and effort underway by an inter-agency operating committee. A FleetAnywhere implementation plan will be filed with the Committee by September 30, 2005.

Finally, we are using data to assess the potential costs and benefits of future fleet management decisions. DOA continues to make progress in collecting and organizing fleet data including inventory, maintenance, usage and driver eligibility. We are also encouraged by the improved level of cooperation between vehicle-owning agencies to better manage our operations. While work remains to be done, I am confident that Wisconsin will have an outstanding fleet management system that leads in best practices.

Those conclude my comments to the Committee. I am joined by Pat Farley, Administrator of the Division of Enterprise Operations. We would be pleased to answer any questions.