

**New Jersey State Legislature  
Office of Legislative Services  
Office of the State Auditor**

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**Department of the Treasury  
Division of Administration  
Transportation Services  
State Central Motor Pool**

July 1, 2014 to December 31, 2016

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**Stephen M. Eells  
State Auditor**

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Enclosed is our report on the audit of the Department of the Treasury, Division of Administration, Transportation Services, State Central Motor Pool for the period of July 1, 2014 to December 31, 2016. If you would like a personal briefing, please call me at (609) 847-3470.

A handwritten signature in black ink, appearing to read "Stephen M. Eells".

Stephen M. Eells  
State Auditor  
August 22, 2017

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## *Scope*

We have completed an audit of the Department of the Treasury, Division of Administration, Transportation Services, State Central Motor Pool (CMP) for the period July 1, 2014 to December 31, 2016. Our audit included financial activities accounted for in the state's General Fund.

Annual operating expenditures of the agency during fiscal years 2015 and 2016 were \$23.8 million and \$18.5 million, respectively. In addition, vehicle purchases totaled \$31.6 million during fiscal years 2015 and 2016. These expenditures are recorded in the vehicle purchasing account which is separate from the CMP operating account. Agencies are required to pay CMP once approval has been obtained to purchase new vehicles.

The prime responsibility of the CMP is purchasing, assignment, use, fueling, maintenance, and repair of a fleet consisting of approximately 6,200 vehicles and equipment. The CMP has legal ownership of all state vehicles and prescribes rules and regulations aimed at promoting the efficient and effective use of the fleet. Costs for the maintenance and operation of State Police, Department of Transportation, and agency-owned vehicles are not included in CMP's operating expenses or inventory, and were not included in the scope of this audit. Annual revenues of the agency were \$30.4 million and \$28.2 million during fiscal years 2015 and 2016, respectively. The major component of revenue was receipts from participating state agencies that are billed at a monthly rate to cover CMP's operating expenses including fuel and maintenance.

## *Objectives*

The objectives of our audit were to determine whether financial transactions were related to the agency's programs, were reasonable, and were recorded properly in the accounting systems. Additional objectives were to determine the effectiveness of the fuel management system and to determine compliance with provisions of circular letters governing the assignment, use, and procurement of state vehicles.

This audit was conducted pursuant to the State Auditor's responsibilities as set forth in Article VII, Section I, Paragraph 6 of the State Constitution and Title 52 of the New Jersey Statutes.

## *Methodology*

Our audit was conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In preparation for our testing, we studied legislation, the administrative code, circular letters promulgated by the Department of the Treasury, and policies of the agency. Provisions we

considered significant were documented and compliance with those requirements was verified by interview, observation, and through our testing of financial transactions. We also read the budget messages, reviewed financial trends, and interviewed agency personnel to obtain an understanding of the CMP and the internal controls.

A nonstatistical sampling approach was used. Our samples were designed to provide conclusions on our audit objectives as well as internal controls and compliance. Populations were sorted and samples were judgmentally and randomly selected for testing.

### *Conclusions*

We found that the financial transactions included in our testing were recorded properly in the accounting systems, and were reasonable and related to the agency's programs, except for costs related to a bus route intended to transport state employees to various office buildings in Trenton and excessive carryforward and lapse amounts. We also found fuel management system technology was not always installed in vehicles timely, therefore limiting its effectiveness. Additionally, we noted certain circular letter compliance issues regarding mileage reporting and preventive maintenance, as well as issues regarding job codes and hours that merit management's attention.

We also observed that telematics could provide benefits, including potential cost savings, if implemented across the CMP fleet.

## Billing Rates and Carryforward Amounts

**The State Central Motor Pool rate setting process should be improved to avoid excessive lapses and carryforward amounts.**

The State Central Motor Pool (CMP) administers central fleet management and maintains and operates central facilities for the repair of state-owned motor vehicles. CMP operations are primarily funded by revenues from participating state agencies that are billed at a monthly rate to cover CMP operating expenses including vehicle fuel and maintenance. CMP operations are accounted for in a non-lapsing general fund account, the balance of which is carried forward and reappropriated to the next fiscal year unless lapsed by the Office of Management and Budget (OMB).

### *Monthly Rate Calculation*

We found that CMP monthly rates were inflated. We reviewed the fiscal year 2016 monthly rate calculation for reasonableness. The rate is calculated in September of each year using prior fiscal year expenditures and encumbrances to estimate expenses for the current year. We obtained and summarized actual expenditures for a five-year period and compared them to the expenditure estimates that were used in the rate calculation. Our comparison revealed three expenditure categories that seemed to be overestimated and contributed to higher rates than necessary to cover the costs of the CMP operation. We then recalculated the rates using the five-year average amounts and found that rates would be significantly lower. See the following chart for our comparison.

Expenditure Category	Average Actual Expenditures FY 2012–FY 2016	Estimated Expenditures for FY 2016 Rates	Difference
Vehicular Other	\$ 947,000	\$ 1,500,000	\$ 553,000
Maintenance of Vehicles	\$ 4,630,000	\$ 8,000,000	\$ 3,370,000
Rent, Buildings and Grounds	\$ 903,000	\$ 1,400,000	\$ 497,000
			<u>\$ 4,420,000</u>

The following chart compares rate calculations by vehicle class.

Rates	Pass Low	Pass M/H	Vantrk Low	Vantrk M/H	Equip Low	Equip M/H	Bus Low	Bus M/H
2016 Rates – Actual	\$ 257	\$ 293	\$ 196	\$ 336	\$ 353	\$ 666	\$ 420	\$ 605
2016 Rates – 5-Year Average	\$ 186	\$ 241	\$ 156	\$ 280	\$ 287	\$ 540	\$ 346	\$ 460
Difference	\$ 71	\$ 52	\$ 40	\$ 56	\$ 66	\$ 126	\$ 74	\$ 145

**Legend**

- Pass – Passenger Vehicles
- Vantrk – Vans and Trucks
- Equip – Equipment
- M/H – Medium/High (usage)

The total amount billed to the agencies during fiscal year 2016 was \$28.2 million of which \$25.2 million was related to billings of the monthly rate. In comparison, fiscal year 2016 CMP operating expenditures were \$18.5 million, approximately \$10 million less than total revenue.

### *Carryforward Amounts*

Carryforward amounts were excessive. During fiscal years 2013 through 2016 a total of \$19.1 million was lapsed by OMB. The average annual carryforward amount during this period was \$7.7 million (after any lapses). Currently, the carryforward amount is not considered in the rate-setting calculation. Including a reasonable portion of the annual carryforward amount in the rate-setting calculation may eliminate large year-end lapses, result in reduced rates, and allow agencies to utilize savings for programs rather than vehicle costs.

### *Bus Route*

During our review of the 2016 rate calculation and our sample of expenditure transactions, we noted that a bus route, known as the Trenton River View Plaza Circulator, was paid for by CMP until June 30, 2015. These costs were identified by CMP and moved to Division of Property Management and Construction accounts for fiscal year 2016, prior to the beginning of our audit. The bus route circulates between various state agency locations throughout Trenton, and runs in the morning and in the evening. These costs were \$256,000 in fiscal year 2012, \$272,000 in fiscal year 2013, \$279,000 in fiscal year 2014, and \$283,000 in fiscal year 2015. Since the cost for this route was included in CMP's operating expenses, it was allocated to participating state agencies through the monthly billing rate.

### **Recommendation**

We recommend the Division of Administration utilize a trend analysis of actual expenditures to aid in the projection of expenses and include a reasonable portion of carryforward amounts in the rate setting calculation. This analysis, and the inclusion of carryforward amounts, may assist in decisions regarding estimates and result in more accurate rates, reduced carryforward amounts, and the avoidance of large year-end lapses. A reasonable carryforward balance should be maintained for unforeseen expenses. Costs that are unrelated to CMP operations, such as the bus route, should not be paid from CMP accounts and should not be included in rate calculations.



## Fuel System

### **Installing fuel management system components prior to the initial deployment of a vehicle would maximize the effectiveness and intent of the technology.**

In August 2012, the state began implementing a new fuel management system. A key feature of the new fuel system is the ability to electronically capture and transmit vehicle odometer readings and fueling data to the fleet management system in real-time. Currently, CMP is responsible for installing equipment, known as a fuel ring, in each vehicle so that when the driver inserts the fuel nozzle into the vehicle, the fuel terminal verifies the vehicle with the fleet management system and begins fueling. This automated fueling process is intended to eliminate questionable fuel transactions, eliminate card sharing between vehicles, and provide accurate and timely fuel consumption data for each vehicle. According to management, this equipment is typically not installed until the vehicle is brought in for its second scheduled preventive maintenance, which occurs at approximately 15,000 miles.

We randomly selected 25 model year 2014 vehicles and obtained the odometer reading for the date when the fuel ring was installed. Nine of the tested vehicles had a fuel ring installed after 15,000 miles. Fuel rings were installed on two of these vehicles after 32,500 miles, which represents more than 25 percent of a vehicle's recommended useful life. Only two of the 25 vehicles had fuel rings installed when the odometer reading was less than 1,600 miles. Installing the fuel ring later in a vehicle's life reduces the effectiveness and the intent of the technology. *Government Fleet*, an industry publication, quoted an employee of the installed fuel management system's vendor who recommended that a line be added to new vehicle contract specifications requiring the vehicle to come with the fuel management system components already installed. This would maximize the state's investment in the technology. Our research revealed two major United States cities where bid specifications for vehicles included requirements for the installation of the fuel system technology.

A fuel card is assigned to a vehicle upon initial deployment and is utilized to obtain fuel until a fuel ring is installed. The driver scans the card at the fueling location and is prompted for manual inputs including the odometer reading. This method is similar to the previous fueling system and increases the risk of inappropriate fuel transactions and inaccurate odometer readings. We noted the following regarding the vehicles that were assigned fuel cards.

- Occasionally, the fuel ring fails to work at the pump and typically needs to be recalibrated. In these instances, a fuel card is activated until the vehicle comes in for service. These recalibrations are supposed to be completed each time a vehicle comes in for service. We sampled ten of the 210 vehicles that had a fuel ring installed between July 2014 and October 2016, but were using a card to obtain fuel, to determine why the fuel ring was not active. We found recalibrations were performed for five of these vehicles, but the fuel ring was not reactivated. According to management, this likely occurred because the administrative staff was not notified once the work was completed in the garage. A recalibration was not performed on three of the ten vehicles even though it had been brought in for service. Fuel

rings in the remaining two vehicles were recently deactivated and the vehicles had not yet returned for service at the time of the test.

- Management has established a threshold for vehicles to be eligible for a fuel ring installation. Currently, vehicles that have over 100,000 miles and are older than model year 2008 are not eligible to have a fuel ring installed. A campaign was created in the fleet management system on September 11, 2013 to alert garages that a fuel ring should be installed on vehicles that are eligible. Our analysis revealed 483 eligible vehicles that never had a fuel ring installed and are currently using a fuel card. We sampled 16 of these vehicles to determine if the vehicle came in for service after the campaign was created and why a fuel ring had not been installed. We found the fuel ring installation was either bypassed or canceled by CMP for 14 of the sampled vehicles.

### **Recommendation**

We recommend management develop a process to have the fuel ring installed prior to initial deployment. This could include working with the Division of Purchase and Property to add a line to the vehicle term contract for the installation of fuel management components prior to delivery. CMP should also ensure fuel rings are recalibrated at every service, reactivated once recalibrated, and installed in all eligible vehicles.



### **Vehicle Mileage**

**Accurate mileage reports should be obtained from all state agencies, and unjustified vehicles not meeting mileage requirements should be reassigned or returned.**

Department of the Treasury Circular Letter 17-05-ADM, specifies that vehicles are assigned either individually or for agency pool usage. Individually assigned and pool vehicles must be used for an average of 1,250 and 750 miles per month, respectively, on official state business. The circular letter delegates the responsibility to conduct monthly use audits and to collect and review vehicle usage reports to Transportation Services for all CMP vehicles. Included in these requirements is the review and comparison of average vehicle monthly mileage to the mileage criteria for individually assigned and pool vehicles. Mileage that is within a 10 percent (1,125 or 675 miles) compliance range is deemed satisfactory; however, if mileage is consistently lower than the assignment criteria, justification must be obtained from the using agency. If valid justification is not provided, the using agency is advised to reassign the vehicle or return it to Transportation Services.

We obtained mileage reports for the 18-month period from January 2015 through June 2016. We analyzed these reports to determine compliance with the usage requirements for all rate paying individually and pool assigned vehicles that were classified as vans/trucks or passenger vehicles. Our review of these reports revealed the following.

- 312 of 1,958 vehicles (16 percent) without mileage anomalies during the 18-month period had average monthly mileage below either 1,125 or 675. We considered mileage anomalies to be vehicles where zero or blank miles were reported, monthly mileage exceeded 8,800 miles, or negative mileage was reported. We excluded 3,730 vehicles due to these anomalies.
- 1,207 of the 5,317 vehicles (23 percent) had “0” mileage reported for at least five months of the 18-month reporting period. Nineteen of these vehicles had no mileage reported for the entire 18 months. We excluded 371 vehicles that reported negative mileage or mileage greater than 8,800 for any month during the review period.

The large number of vehicles that had mileage anomalies further exhibits the need for early fuel ring installation for proper monitoring of fleet usage and necessity.

### **Recommendation**

We recommend that accurate mileage data be obtained by Transportation Services for all vehicles to ensure compliance with state mandated mileage thresholds. Vehicles that are not meeting mileage requirements and do not have a valid justification should be reassigned or returned.



## **Preventive Maintenance**

### **Preventive maintenance needs to be completed in accordance with state regulations to maximize a vehicle’s useful life.**

Preventive maintenance was not always performed within the maintenance interval specified in Circular Letter 17-05-ADM. According to the circular letter, when a vehicle is due for preventive maintenance, the driver of an individually assigned vehicle and the vehicle coordinator for an agency pool vehicle are responsible for ensuring that the vehicle receives the required service timely. The CMP has developed a matrix which details preventive maintenance activities that will be performed at each mileage threshold, which conforms to the circular letter interval of eight months or 7,500 miles. Management deems that a 10 percent mileage allowance is acceptable for preventive maintenance. We reviewed the maintenance records for 50 vehicles with 399 preventive maintenance jobs and found that 172 (43 percent) of the jobs exceeded the mileage interval required by the circular letter (plus the 10 percent allowance). The average overage for the 172 instances was 2,200 miles; the largest overage was 15,900 miles. Two of the vehicles included in our sample were roving patrol vehicles that have maintenance intervals of 3,000 miles (plus 10 percent) because of the constant operation of the vehicles. Failure to provide maintenance at the prescribed intervals could reduce a vehicle’s useful life.

Additionally, we found two vehicles that were not in the test above that were driven in excess of 34,000 miles without a preventive maintenance service performed. We inquired of management why these vehicles had such high mileage and did not have a preventive maintenance service. According to management, the report to identify vehicles that were overdue for service was recently modified to include vehicles that never received preventive maintenance. Prior to this modification, the report only captured vehicles that received an initial preventive maintenance service. The modification of this report will allow CMP to identify these vehicles much earlier. The modified report identified eight vehicles that were driven between 12,000 and 40,000 miles without having a preventive maintenance service, including the two vehicles driven more than 30,000 miles that we identified above. Management sent this report to the applicable vehicle coordinator to inform them that these vehicles should be brought in for service immediately. We reviewed maintenance records for these vehicles subsequent to the notification and noted that three of the vehicles were brought in for service within two weeks of being notified, two vehicles were brought in between four and seven weeks after being notified, and three vehicles were brought in more than nine weeks after the notification. Although these extreme instances were limited to only a small number of vehicles, drivers and/or vehicle coordinators should be held responsible for this degree of neglect.

### **Recommendation**

The CMP should periodically reiterate to the vehicle coordinators that vehicles must come in for preventive maintenance at the required intervals. Management should continue to notify vehicle coordinators of vehicles that are overdue for service. Vehicles should be reassigned or recalled when neglect is identified.



## **Job Codes and Hours**

### **System coding for vehicle maintenance activity needs to be standardized.**

The state's fleet management system maintains a vehicle repair history for every vehicle maintained by CMP. When a vehicle comes in for service, a work order is opened and jobs that need to be completed are added to the work order. The CMP has developed standard jobs and labor times for regularly scheduled preventive maintenance activities such as an oil change. We obtained a listing of all jobs that were completed during the period July 2014 through November 2016 and noted the following.

- Job codes were repetitive in several categories. For example, changing windshield wiper blades can be described in the system at least seven ways under different job codes. A standard listing of jobs would enable management to generate more precise reports and have a better ability to benchmark repair activities.
- We found that 17.6 percent of the jobs reported "0" labor hours. If jobs that were included

on a work order with commercial charges are excluded (repair was performed by a vendor), 8.7 percent of the jobs reported no labor hours. Accurate labor hours provide management with metrics to measure performance and provide accountability for the time a mechanic spends repairing a vehicle.

## **Recommendation**

Management should eliminate repetitive job codes and develop a standard listing of jobs and labor times for mechanics and service writers to use when a vehicle is serviced. Jobs reporting no labor hours should be avoided. In the event that it is necessary, notes should be added to the job explaining the reason.



## **Observation**

### **Telematics**

Telematics refers to a technology that combines telecommunications and information processing to send, receive, and store information related to remote objects, such as vehicles. Fleet telematics is a method to monitor the location, movement, status, and behavior of a vehicle within a fleet. This is typically achieved with a combination of a device that is installed in each vehicle that communicates with software utilized by management to visualize and analyze the data. Examples of telematics technology include the use of Global Positioning System (GPS) navigation, in-vehicle video recording, and data recorders integrated with a vehicle's internal systems. These devices have the ability to monitor speed, idle time, engine diagnostics, and the vehicles location, thereby providing management with valuable data to monitor its fleet. The New Jersey Department of Transportation (DOT) has installed a tracking technology in its vehicles to help manage its fleet. According to DOT, a benefit of the system is the ability to respond faster and more efficiently to emergency situations. For example, during a snow emergency, the system would identify plow equipment locations in real-time, thereby allowing management to efficiently deploy equipment. Our research of fleet-wide telematics included the following benefits.

- It provides precise utilization rates with an accurate picture of when, where, and how often a vehicle is used. This enables fleet managers to eliminate underutilized vehicles and reduce overall fleet costs. In addition, it would also eliminate the administrative burden of compiling monthly mileage reports. A recent pilot program in North Carolina installed telematics equipment on 76 sampled vehicles and found 6.39 percent of them were not utilized at all during the seven-month pilot period. An additional 5.3 percent of their sampled vehicles were only used from one to five days each month.
- The ability to monitor employee driving habits that burn excess fuel including speeding, idling, and rapid starts and stops. This data can be used by fleet managers to provide drivers

with feedback on their driving behavior.

- Additional benefits include the identification of unauthorized, improper, or personal use of a vehicle; engine diagnostics for enhanced preventive maintenance; increased employee productivity; and the ability to identify circumstances immediately preceding an accident, which can be used to defend the state against fraudulent third-party accident accusations.

According to an article in *Government Fleet* regarding the implementation of telematics, “the fleets with the greatest success have taken careful steps to establish goals, selected a solution that fits those goals, then carefully monitored their progress toward them.” All costs and benefits should be carefully weighed prior to implementing this technology.





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August 10, 2017

John J. Termyna  
Assistant State Auditor  
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Dear Mr. Termyna:

This letter is in response to your correspondence dated July 24, 2017 regarding the Office of Legislative Services audit report of the Department of the Treasury, Division of Administration, Transportation Services, State Central Motor Pool. Below you will find the Department of the Treasury's response to your findings and observation.

### *Billing Rates and Carryforward Amounts*

#### **OLS Finding:**

**The State Central Motor Pool rate setting process should be improved to avoid excessive lapses and carryforward amounts.**

**Recommendation:** We recommend the Division of Administration utilize a trend analysis of actual expenditures to aid in the projection of expenses and include a reasonable portion of carryforward amounts in the rate setting calculation. This analysis, and the inclusion of carryforward amounts, may assist in decisions regarding estimates and result in more accurate rates, reduce carryforward amounts, and the avoidance of large year-end lapses. A reasonable carryforward balance should be maintained for unforeseen expenses. Costs that are unrelated to CMP operations, such as the bus route, should not be paid from CMP accounts and should not be included in rate calculations.

#### **Treasury Response:**

Treasury agrees with this recommendation. As stated in the report, we were aware of the bus route being included historically in CMP rates, and did not believe this was optimal. Beginning in FY 2016, that cost has been appropriately charged as part of parking costs in the Division of Property Management and Construction and is no longer in the CMP rate. We welcome the use of trend analysis and other tools to better estimate CMP costs. We also welcome the recommendation that reasonable carryforward balances be available for unforeseen expenses and will set rates closer to 10%-15% of the overall budget.

### *Fuel System*

#### **OLS Finding:**

**Installing fuel management system components prior to the initial deployment of a vehicle would maximize the effectiveness and intent of the technology.**

**Recommendation:** We recommend management develop a process to have the fuel ring installed prior to initial deployment. This could include working with the Division of Purchase and Property to add a line to vehicle term contract for the installation of fuel management components prior to delivery. CMP should also ensure fuel rings are recalibrated at every service, reactivated once recalibrated, and installed in all eligible vehicles.

**Treasury Response:** Treasury agrees with the recommendations. We plan to work with the Division of Purchase and Property to have language for fuel ring installation worked into vehicle contracts in the future as we estimate that having new vehicles come to us with the fuel ring installed will save anywhere from 3-5 hours of labor per new vehicle.

Regarding fuel ring reactivation, CMP has developed a report that will be run every morning on completed repairs on fuel rings from the day before. This will allow staff to promptly turn on the fuel ring. Also, a new type of fuel management device, called a dash coil, will be used instead of the fuel ring. This technology should be more reliable, with fewer instances of repair and reactivation being required.

Regarding installation in all eligible vehicles, the fit-out of the fleet for fuel management technology happened over an extended period of time. The installation time of 4-5 hours sometimes delayed the fit-out, and parts availability was also a factor in some instances. At this time, garages are fully staffed and we would expect every eligible vehicle coming into CMP will receive the fuel management technology. That includes any vehicle that is 2009 and newer, with an odometer reading of less than 100,000 miles.

### *Vehicle Mileage*

**Accurate mileage reports should be obtained from all state agencies, and unjustified vehicles not meeting mileage requirements should be reassigned or returned.**

**Recommendation:** We recommend that accurate mileage data be obtained by Transportation Services for all vehicles to ensure compliance with state mandate mileage thresholds. Vehicles that are not meeting mileage requirements and do not have a valid justification should be reassigned or returned.

**Treasury Response:** Treasury agrees with this recommendation. With the newer fueling system in place, mileage collection is expected to improve and be more accurate. Rather than some form of manual reporting or intervention, most mileage will be taken from the vehicle when it is refueled. The Department of Children and Families (DCF) is planning to use the Dispatch function within our new vehicle maintenance system (M5) when that is rolled out. When drivers take a car out, the action will be logged into M5. When the vehicle is returned, the mileage will be captured in real time and the mileage

will be immediately entered into the vehicle's record. At the end of the month, the monthly mileage will have been accurately captured. Other agencies may also decide to take advantage of this new feature.

Additionally, we send out to all departments the CMP 710 Mileage Report, which details the department's reporting for the last 6 month period. They are instructed to review the reports, submit missing mileage, identify vehicles that are not in compliance with the requirements, and make adjustments where needed.

The Division of Administration will be more diligent in recalling vehicles that are consistently failing to comply with mileage reporting requirements.

### *Preventive Maintenance*

#### **OLS Finding:**

**Preventive maintenance needs to be completed in accordance with state regulations to maximize a vehicle's useful life.**

**Recommendation:** The CMP should periodically reiterate to the vehicle coordinators that vehicles must come in for preventive maintenance at the required intervals. Management should continue to notify vehicle coordinators of vehicles that are overdue for service. Vehicles should be reassigned or recalled when neglect is identified.

#### **Treasury Response:**

Treasury agrees with these recommendations. CMP attempts to be very proactive in this area. Currently, a monthly report is run which lists vehicle overdue by time or mileage. That report is sent to each agency vehicle coordinator. It is also sent to each garage where the vehicles are assigned--with instructions to reach out to the driver or coordinator to get the vehicles scheduled. In some cases, vehicles are recalled for lack of compliance.

The Division of Administration will be more diligent in recalling vehicles that are consistently failing to comply with maintenance requirements.

CMP has also developed a report which identifies vehicles in the fleet over 8 months or with 7,500 miles which have never had a service. At this time, there are no vehicles meeting this criteria.

### *Job Codes and Hours*

#### **OLS Finding:**

**System coding for vehicle maintenance activity needs to be standardized.**

**Recommendation:** Management should eliminate repetitive job codes and develop a standard listing of jobs and labor times for mechanics and service writers to use when a vehicle is serviced. Jobs reporting

John J. Termyna  
August 10, 2017  
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no labor hours should be avoided. In the event that it is necessary, notes should be added to the job explaining the reason.

**Treasury Response:**

Treasury agrees with these recommendations. Our current vehicle maintenance system, M4, had too many ways to put a job on a work-order and allowed too many employees to change the work-order. Supervisors, service writers and mechanics could all place jobs on work-orders, with each having their own way of naming a job. CMP has developed a set of standard job codes which all garages will need to use in the future. Only supervisors and service writers will be allowed to add jobs to a work-order. If a new job code is needed, permission to create that job will come from the Supervisor of Operations. This new system will be rolled out with the implementation of M5.

CMP found several reasons why jobs would be on work-orders with no labor. Jobs that are performed by vendors are listed on the current work-order for tracking purposes. Because the labor is not performed in-house, the labor hours are listed as zero. Also, if a service writer places a job on a work-order based on a complaint from a customer and it turns out that is not the problem, the mechanic will not perform that job and the labor will be zero. Finally, there was a misunderstanding in the garages that if a job was left on a work-order and not marked as done, the work-order could not be closed. This is not true. CMP has cleared up this misunderstanding through notification to the garages. Any job without any labor or parts charges associated, will be deleted from the work-order.

***Telematics***

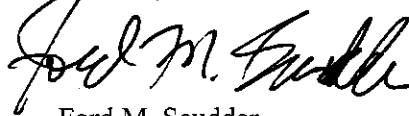
**OLS Observations:**

All costs and benefits of Telematics should be carefully weighed prior to implementing this technology.

**Treasury Response:**

Treasury agrees that telematics, when used correctly, could be of great benefit to the State and will continue to weigh the costs and benefits of the technology as prices decrease and functionality increases.

Sincerely,



Ford M. Scudder  
State Treasurer