



An Audit Report on

# Vehicle Fleet Management at Selected State Entities

October 2018

Report No. 19-006



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SAO Report No. 19-006  
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## Overall Conclusion

Two of the three agencies audited had processes and related controls to help ensure that they complied with the *Texas State Vehicle Fleet Management Plan* (State Fleet Plan). Specifically:

- The Texas Department of Transportation (TxDOT) followed the processes and controls it had in place to help ensure compliance with State Fleet Plan requirements. For example, it conducted and documented its assessment of its vehicle fleet needs for fiscal years 2017 and 2018 as required. In addition, TxDOT generally complied with requirements for purchasing and disposing of vehicles and tracking vehicle maintenance and repair costs.
- The Texas Parks and Wildlife Department (TPWD) generally had processes to help ensure that it complied with the State Fleet Plan; however, it did not consistently follow those processes. For example, while it assessed its vehicle fleet needs as required, it did not consistently document the justification and results of its assessment. In addition, TPWD generally complied with requirements for purchasing and disposing of vehicles; however, it does not have a documented process for approving significant vehicle maintenance and repairs to verify that costs are appropriate.

The Texas Animal Health Commission (TAHC) did not comply with the State Fleet Plan. Specifically, while TAHC performed some activities required by the State Fleet Plan, it did not document an annual fleet assessment as required. In addition, TAHC had some controls over the purchase and disposal of vehicles; however, it did not have a documented process for approving vehicle maintenance and repairs to verify that costs are appropriate.

### Background Information

*Texas State Vehicle Fleet Management Plan* - Texas Government Code, Chapter 2171, requires the Office of the Comptroller of **Public Accounts' Office of Vehicle Fleet Management** to develop a management plan with recommendations for improving the **administration and operation of the State's** vehicle fleet. The State Fleet plan also requires each state agency to adopt rules consistent with that management plan. All vehicles purchased with state funds must comply with the requirements of the management plan.

Texas Fleet System (TxFS) - Texas Government Code, Chapter 2171, requires state agencies to submit reports on its vehicle fleets on a quarterly basis to TxFS. The Office of the Comptroller of Public Accounts uses TxFS data for its State of the Fleet reports to the Legislature.

State Property Accounting System (SPA) - Title 34, Texas Administrative Code, requires state agencies to report certain asset information, including information on State-owned vehicles, to SPA.

### Vehicle Fleet Sizes

The three agencies audited have the following active vehicles in the Texas Fleet System, as of August 2018:

- Texas Department of Transportation: 8,001.
- Texas Parks and Wildlife Department: 2,448.
- Texas Animal Health Commission: 85.

Source: Texas Fleet System.

This audit was conducted in accordance with Texas Government Code, Section 321.0132.

For more information regarding this report, please contact Cesar Saldivar, Audit Manager, or Lisa Collier, First Assistant State Auditor, at (512) 936-9500.

All three agencies had significant weaknesses in their processes for reporting vehicle information to the Texas Fleet System (TxFS). In addition, the agencies had some weaknesses in their processes for reporting vehicle information to the State Property Accounting System (SPA). Specifically:

- All three agencies did not report complete maintenance and repair expense data to TxFS as required. In addition, all three agencies reported inaccurate or incomplete vehicle information for one or more key field. Those key fields included vehicle identification data, vehicle acquisition dates, and vehicle usage information, such as mileage. All three agencies also did not consistently update disposed **vehicles' statuses** in TxFS within the required timeframes.
- All three agencies reported inaccurate asset class codes to SPA. In addition, all three agencies reported inaccurate or incomplete data for one other key field, such as vehicle identification number, acquisition cost, or acquisition date.

Table 1 presents a summary of the findings in this report and the related issue rating. (See Appendix 2 for more information about the issue rating classifications and descriptions.)

Table 1

Summary of Subchapters and Related Issue Ratings		
Subchapter	Title	Issue Rating <sup>a</sup>
1-A	TxDOT Had Processes and Controls to Help Ensure That It Complies with the State Fleet Plan	Low
1-B	TxDOT Did Not Report Vehicle Fleet Information to TxFS as Required	High
1-C	TxDOT Generally Had Processes to Accurately Report Fleet Data to SPA; However, It Should Strengthen Its Data Entry Controls	Medium
2-A	TPWD Generally Had Processes to Help Ensure That It Complied with the State Fleet Plan; However, It Did Not Consistently Follow Those Processes	Medium
2-B	TPWD Did Not Report Complete and Accurate Vehicle Fleet Information to TxFS	High
2-C	TPWD Had Processes to Report Accurate Vehicle Information to SPA for Most Fields; However, It Should Ensure It Reports Accurate Acquisition Dates and Asset Class Codes	Medium
3-A	While TAHC Performed Some Activities Required by the State Fleet Plan, It Did Not Document an Annual Fleet Assessment as Required	High
3-B	TAHC Did Not Report Vehicle Fleet Information to TxFS as Required	High
3-C	TAHC Did Not Consistently Report Accurate Vehicle Fleet Information to SPA as Required	High
<p><sup>a</sup> A subchapter is rated Priority if the issues identified present risks or effects that if not addressed could critically affect the audited entity's ability to effectively administer the program(s)/function(s) audited. Immediate action is required to address the noted concern and reduce risks to the audited entity.</p> <p>A subchapter is rated High if the issues identified present risks or effects that if not addressed could substantially affect the audited entity's ability to effectively administer the program(s)/function(s) audited. Prompt action is essential to address the noted concern and reduce risks to the audited entity.</p>		

Summary of Subchapters and Related Issue Ratings		
Subchapter	Title	Issue Rating <sup>a</sup>
<p>A subchapter is rated Medium if the issues identified present risks or effects that if not addressed could moderately affect the audited entity's ability to effectively administer program(s)/function(s) audited. Action is needed to address the noted concern and reduce risks to a more desirable level.</p> <p>A subchapter is rated Low if the <b>audit identified strengths that support the audited entity's ability to administer the</b> program(s)/functions(s) audited or the issues identified do not present significant risks or effects that would negatively affect the <b>audited entity's ability to effectively administer the program(s)/function(s) audited.</b></p>		

Auditors communicated other, less significant issues separately in writing to management of the agencies audited.

### ***Summary of Management's Response***

At the end of each chapter in this report, auditors made recommendations to address the issues identified during this audit. TPWD and TAHC agreed with the recommendations. TxDOT generally agreed with its respective recommendations; however, TxDOT disagreed with the rating for Chapter 1-B.

Auditors determined that the risk related to the issues discussed in Chapter 1-B is **high because TxFS is the State's vehicle fleet management system designed to** assist each state agency in the management of its vehicle fleet. TxDOT is responsible for reporting its vehicle fleet information to TxFS as required, including ensuring that the data uploaded completely and accurately and that all maintenance and repair costs are reported.

### *Audit Objective and Scope*

The objective of this audit was to determine whether selected state entities (1) have processes and related controls to help ensure that they comply with the State Fleet Plan and other applicable requirements to manage their vehicle fleets and (2) report complete and accurate fleet data in statewide information systems.

The scope of this audit covered vehicle fleet management at TxDOT, TPWD, and TAHC for fiscal year 2017 through January 31, 2018.

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# Detailed Results

Chapter 1

## **TxDOT Complied with the State Fleet Plan; However, It Did Not Consistently Report Complete and Accurate Fleet Data to Statewide Systems as Required**

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The Department of Transportation (TxDOT) has processes and related controls in place to help ensure that it complies with the *Texas State Vehicle Fleet Management Plan* (State Fleet Plan). However, it did not consistently report complete and accurate vehicle information to the Texas Fleet System and the State Property Accounting System as required.

Chapter 1-A

TxDOT Had Processes and Controls to Help Ensure That It Complies with the State Fleet Plan

Chapter 1-A  
Rating:  
Low <sup>1</sup>

For fiscal years 2017 and 2018, TxDOT followed the processes and controls it had in place to help ensure compliance with the fleet assessment and management requirements in the State Fleet Plan. Specifically, as required

by the State Fleet Plan, TxDOT conducted and documented its assessment of its vehicle fleet needs for fiscal years 2017 and 2018. TxDOT used its equipment replacement model (TERM) to complete that assessment, which identified TxDOT's vehicle replacement needs and those vehicles to be disposed in accordance with the requirements in the State Fleet Plan (see text box for more information about fleet assessment guidelines and TERM).

As required, TxDOT: (1) performed a vehicle replacement evaluation, (2) conducted a fleet rightsizing evaluation (to determine the appropriate fleet size and composition), and (3) developed a fleet assessment report. TxDOT based that report on data within its internal fleet management system, which it uses to track all vehicles in its fleet.

### Fleet Assessment Guidelines

The State Fleet Plan contains criteria for evaluating vehicles for replacement. It refers agencies to the TxDOT Equipment Replacement Model (TERM), as a "comprehensive set of guidelines" for vehicle replacement decisions. TERM uses criteria such as vehicle age, usage (miles or hours of operation), and life repair costs as a basis for vehicle replacement decisions.

Source: State Fleet Plan March 2016.

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<sup>1</sup> The risk related to the issues discussed in Chapter 1-A is rated as Low because the audit identified strengths that support the audited entity's ability to administer the program(s)/function(s) audited or the issues identified do not present significant risks or effects that would negatively affect the audited entity's ability to effectively administer the program(s)/function(s) audited.

For all 36 new vehicle purchase orders tested, TxDOT complied with procurement requirements in the State Fleet Plan. In addition, TxDOT complied with disposal requirements in Texas Government Code, Chapter 2175, for all 66 disposed vehicles tested.

TxDOT also had a process to track maintenance expenses in its internal fleet management system. Specifically, for 62 (97 percent) of 64 work orders tested, TxDOT entered the correct expenses into its fleet management system. For two work orders tested, data entry errors resulted in incorrect expenses being recorded. Because TxDOT uses maintenance data in its fleet assessment, inaccurate maintenance data could affect its disposal and replacement decisions.

#### Recommendation

TxDOT should strengthen its data entry controls for its fleet management system to ensure that it records accurate maintenance costs.

#### Management's Response

*TxDOT will update the Preventive Maintenance Standard Operating Procedure. Step-by-step PowerPoint presentations for fleet management system input will be developed and attached to the Standard Operating Procedure as appendices to address Preventive Maintenance data entry scenarios. The procedures shall explain the proper entry of required items in a work order, which includes but are not limited to: parts, labor, attachments and notes.*

*TxDOT will distribute this information to all fleet management system users via Service Advisories, newsletters, fleet management system "pop up" messages and other media (i.e., video and WebEx) as applicable.*

*As a normal Best Management Practice, each time an asset (equipment and fleet vehicle) is serviced by TxDOT, a vendor, or during the Preventive Maintenance Inspection, TxDOT shall ensure all open Work Orders and Work Requests are reviewed to determine if the repair was addressed, comments were entered, and the repair or work request should be closed. This ongoing Best Management Practice will "clean up" old data in the system and prevent the reoccurrence of an excess of Work Requests and Work Orders that are no longer relevant to the current maintenance.*

*Person Responsible: Fleet Manager, Fleet Operations Division*

*Target Date: January 31, 2019*

Chapter 1-B  
TxDOT Did Not Report Vehicle Fleet Information to TxFS as  
Required

Chapter 1-B  
Rating:  
High <sup>2</sup>

Starting in October 2017, TxDOT stopped reporting information to the Texas Fleet System (TxFS), which is maintained by Office of the Comptroller of Public Accounts (Comptroller's Office), when it determined that submissions were resulting in the creation of duplicate records.

State of the Fleet Report

The Office of the Comptroller of Public Accounts' Office of Vehicle Fleet Management develops the State of the Fleet report, which summarizes and analyzes state fleet data.

Sources: The Office of the Comptroller of Public Accounts.

Prior to October 2017, TxDOT did not always report accurate information to TxFS related to vehicle maintenance and repair costs and vehicle dispositions as required by the State Fleet Plan. In addition, TxDOT did not always make necessary updates to and maintain support for its reported vehicle information in TxFS. Reporting incomplete or inaccurate data to TxFS could result in State of the Fleet reports containing inaccurate information (see text box for more information about those reports).

Reporting Delayed

TxDOT had not reported vehicle usage, maintenance, and disposal information in TxFS, as required by the State Fleet Plan, since October 2017. TxDOT stopped reporting that information when it determined that the automated process for uploading data had created duplicate records in TxFS. To prevent additional duplicates and reporting issues from being created, TxDOT management stated it suspended its reporting to TxFS while it worked to correct the problem. As a result of not reporting vehicle information to TxFS as required, TxDOT's vehicle fleet information in TxFS was not current as of March 2018. Specifically, for the samples that auditors tested:

- For 66 (94 percent) of 70 vehicle records tested, TxFS did not have updated mileage or hours usage data. The remaining 4 vehicles were disposed of prior to October 2017; TxDOT had updated the vehicles' mileage prior to disposal.
- For 13 (19 percent) of those 70 records tested, maintenance and repair costs were incomplete in TxFS due to the delay, underreporting maintenance expenses by \$18,350.
- For 18 (30 percent) of 61 work orders tested, maintenance and repair costs also were incomplete due to the delay, underreporting maintenance expenses by \$50,102.37.

<sup>2</sup> The risk related to the issues discussed in Chapter 1-B is rated as High because the issues identified present risks or effects that if not addressed could substantially affect the audited entity's ability to effectively administer the program(s)/function(s) audited. Prompt action is essential to address the noted concern and reduce risks to the audited entity.

- For 8 (12 percent) of 66 disposed vehicles tested, TxDOT had not updated the vehicle status in TxFS. TxDOT disposed of the other 58 vehicles tested prior to October 2017 and had correctly updated the status for those vehicles in TxFS as required.

In addition, since October 2017, TxDOT had reported an additional 279 vehicles as disposed in the State Property Accounting System (SPA), but it had not reported them as disposed in TxFS as of March 2018, as required.

#### Maintenance and Repair Cost Reporting Prior to October 2017

Prior to October 2017, TxDOT did not consistently report accurate and complete maintenance and repair costs to TxFS, as required by the State Fleet Plan. For example, for May 2017, TxDOT did not report any monthly maintenance costs because that information did not upload properly into TxFS and TxDOT did not identify and correct that error. This same error occurred in March 2016, which resulted in that month's data not properly uploading.

In addition, auditors identified other months in which some maintenance cost information was loaded into the system, but that information was not complete, indicating that some of data files did not upload. As a result of not ensuring that its maintenance and repair cost data uploaded completely, for 32 (46 percent) of 70 vehicle records tested, TxDOT reported incomplete maintenance and repair costs to TxFS. For those 32 vehicles, from January 2015 through September 2017, TxDOT underreported maintenance and repair costs by \$80,794, or 15 percent of the \$523,772 that TxDOT should have reported in maintenance and repairs for the 70 vehicles tested.

TxDOT asserted that the data upload errors occurred because it uses the Comptroller's Office's process to upload the data and that process can fail to load the file without notification. In some instances, TxDOT notified the Comptroller's Office when the uploads failed so the issues could be resolved. However, while TxDOT had a process to monitor the uploads, that process did not consistently identify files that did not upload.

#### Disposition Reporting Prior to October 2017

TxDOT had a process to update TxFS when disposing a vehicle; however, that process did not ensure that (1) the net disposal proceeds were correctly recorded and (2) the final mileage was consistently recorded, as required by the State Fleet Plan. Specifically:

- For all 58 disposed vehicles tested that TxDOT reported as disposed in TxFS prior to October 2017, TxDOT's upload process reported net

disposal proceeds in the field for disposal costs. TxDOT stated that it relied on its interpretation of upload file format instructions and was unaware of the difference in the data fields.

- For 7 (11 percent) of the 66 disposed vehicles tested, TxDOT did not update the final mileage. While TxDOT had a process to update mileage for active vehicles, that process did not include steps for updating mileage once a vehicle is identified for disposal.

#### Other Vehicle Information Reporting

Although TxDOT updates the capitalized value of vehicles in the State Property Accounting (SPA) system for modifications that TxDOT makes, it does not update the capitalized value in TxFS, as required by the State Fleet Plan. Of the 9,920 vehicles in both systems, 2,651 (27 percent) had significant differences (more than \$5,000) in the capitalized value of the vehicle entered into each system. The systems should list the same capitalized value; however, TxDOT did not have a process in place to ensure that the data in both systems match.

For vehicle identification information, such as vehicle information numbers (VIN), TxDOT generally reported consistent information in TxFS and SPA. For example, for 99 percent of the vehicle records in TxFS, TxDOT reported the same VIN in SPA.

However, TxDOT did not always maintain support for vehicle information in TxFS. Specifically, for 5 (7 percent) of 70 vehicle records tested, TxDOT did not have support for one or more fields it reported to TxFS. For three of those five records, TxDOT maintained information on the equipment mounted on the vehicles, but not information on the vehicle itself.

#### Recommendations

TxDOT should comply with the State Fleet Plan requirements by:

- Continuing to investigate and address previously identified data concerns, and submit backlogged data to TxFS when those concerns are addressed.
- Establishing a process to report disposed vehicles to TxFS in a timely manner.
- Establishing a process to verify that maintenance and repair cost data fully uploads in TxFS.

- Establishing a process to update final mileage data in TxFS prior to a vehicle's disposal.
- Reporting correct disposal proceeds to TxFS.
- Establishing a process to update the reported capitalized value of vehicles in TxFS.
- Periodically monitoring the completeness and accuracy of data as presented in TxFS to ensure accurate reporting.
- Maintaining support for vehicle information that it reports in TxFS.

### **Management's Response**

*TxDOT will continue to work with the CPA to resolve vehicle reporting issues. TxDOT provided the SAO with numerous emails from TxDOT to the CPA regarding TxFS reporting issues that TxDOT had previously identified. Although TxDOT has responsibility to report vehicle data to TxFS, TxDOT cannot be responsible for limitations with CPA systems.*

*Further, TxDOT does not agree with the rating assigned to this finding as TxDOT has demonstrated action to ensure accurate reporting and does not have complete control over vehicle data after it is input into TxFS. For example, for missing maintenance and repair cost data for March 2016 and May 2017 identified during the audit, TxDOT records show there was no indication in TxFS of the batch process failing or being incomplete. (Data for both months was entered during the audit period).*

*Data corrections to fields such as VINs, acquisition costs, and acquisition dates were addressed at the time they were identified during the audit. During the audit, there were incidents of data reported by the auditors that were not present in the systems when reviewed by TxDOT. These discrepancies were communicated to the auditors.*

*Backlogged data to TxFS is complete through July 2018 for transactional data (meter readings are complete through June 2018). Disposals are complete through August 2018. There are several new units that have not yet been batched to TxFS, as we are awaiting values being added to tables by CPA OVFM.*

*TxDOT will set a goal of reporting disposals per the State Fleet Plan (by the 60th day following the end of the reporting quarter date).*

*TxDOT will spot check monthly reporting to confirm maintenance and repair cost data is successfully uploaded in TxFS.*

*TxDOT will develop a process to include updates to meter readings at the time of a vehicle's disposal.*

*There is currently an issue related to disposal data on the Equipment Update batch template provided by CPA OVFM for reporting agencies' use. The batch template includes a column for "Sale Price," which is where our sale price data goes in the template. The system indicates the batch process posts the sale price data to the "Disposal Cost" field. The flaw is not with our batch processing, but with the system structure/processing of this data. Clarification/guidance is needed from CPA OVFM.*

*TxDOT added logic to the program, which generates the applicable batch file to TxFS, to address the reporting of increases in value to vehicles.*

*TxDOT will initiate monthly monitoring (spot checking) of data reported to TxFS and correct data as needed.*

*TxDOT will develop a filing method to document vehicle information that it reports in TxFS.*

*Persons Responsible: Fleet Manager, Fleet Operations Division*

*Target Date: January 31, 2019*

## TxDOT Generally Had Processes to Accurately Report Fleet Data to SPA; However, It Should Strengthen Its Data Entry Controls

Chapter 1-C  
Rating:

Medium<sup>3</sup>

TxDOT accurately reported acquisition, disposal, and most other vehicle identification data in the State Property Accounting (SPA) system as required by Title 34, Texas Administrative Code, Section 5.200 (e). However, it should strengthen its data entry controls to help ensure the accuracy of the vehicle identification numbers (VIN) and asset class codes reported.

### Reporting VIN Information

TxDOT did not report the VIN for 62 (83 percent) of 75 vehicles it placed in service in fiscal year 2018. The Office of the Comptroller of Public Accounts Office began requiring VINs to be reported in SPA for all state agency-owned vehicles starting in fiscal year 2018.

TxDOT transfers asset data automatically from its internal accounting system to SPA. Its internal system has a field to record a vehicle's VIN and a field to record an asset's serial number. SPA, however, has only one field for recording a serial number or VIN. When transferring data to SPA, TxDOT's internal accounting system reports the information in its serial number field to SPA instead of the required VIN.

### Reporting Asset Codes

TxDOT reported incorrect asset class codes for 4 (6 percent) of 68 vehicle records tested. In addition, TxDOT reported different asset class codes for 635 additional vehicles in SPA than what it had reported in TxFS. Asset class codes are defined by the *SPA Process User's Guide*.

To purchase a new vehicle, a TxDOT purchaser selects a Profile ID for the vehicle based on the vehicle type. The Profile ID is translated in TxDOT's internal accounting system to an asset class code that is then reported to SPA. For each of the four vehicles that TxDOT reported the incorrect asset class code, the purchaser had selected the incorrect Profile IDs and those errors had not been identified prior to reporting the vehicle to SPA.

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<sup>3</sup> The risk related to the issues discussed in Chapter 1-C is rated as Medium because they present risks or results that if not addressed could moderately affect the audited entity's ability to effectively administer program(s)/function(s) audited. Action is needed to address the noted concern and reduce risks to a more desirable level.

## Recommendations

TxDOT should establish and strengthen its controls and processes to:

- Correctly report VINs to SPA as required.
- Correctly select vehicle Profile IDs to help ensure the accuracy of the vehicle identification information that it reports to SPA.

### **Management's Response**

*As a result of recent system integration between FNAV and PeopleSoft, VIN data reporting to SPA will be accurate.*

*Regarding vehicle Profile IDs, the receiver will ensure the correct Profile ID matches the first 5 digits of the Item Number (NIGP) on the requisition/PO. If for some reason there is a mismatch on an asset record between any of the systems (TxFS, FNAV, PS, SPA) regarding a specific field such as Class, then TxDOT's Fleet Operations Division and Support Services Division will collaborate on identifying the root cause and applying the appropriate solution.*

*Person Responsible: Fleet Manager, Fleet Operations Division*

*Target Date: January 31, 2019*

## ***TPWD Generally Complied with the State Fleet Plan; However It Did Not Consistently Report Complete and Accurate Vehicle Data to Statewide Systems as Required***

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The Texas Parks and Wildlife Department (TPWD) had processes to help ensure that it complied with the State Fleet Plan; however, it did not consistently follow those processes. In addition, it did not consistently report complete and accurate vehicle information to TxFs and SPA as required.

### Chapter 2-A

TPWD Generally Had Processes to Help Ensure That It Complied with the State Fleet Plan; However, It Did Not Consistently Follow Those Processes

Chapter 2-A  
Rating:  
Medium <sup>4</sup>

While TPWD had processes in place to help ensure compliance with State Fleet Plan requirements, it did not consistently follow those processes. For fiscal years 2017 and 2018, TPWD (1) performed a vehicle replacement evaluation and (2) conducted a fleet rightsizing evaluation (to determine the appropriate fleet size and composition) as required by the State Fleet Plan. Specifically, each TPWD division with vehicles conducted an assessment to identify vehicles to be disposed/replaced and the appropriateness of the size of their fleets. All divisions also documented the vehicles that were selected for replacement.

However, TPWD did not comply with all State Fleet Plan requirements for developing a fleet assessment report because it did not ensure that all of the divisions documented their (1) justifications for the necessary disposals and replacements and (2) the results of their fleet size assessments.

Although TPWD followed its processes for vehicle disposals and procurements of vehicles, without a documented fleet assessment report, there is an increased risk that vehicle disposals and acquisitions will not meet TPWD's needs.

In addition, TPWD does not have a documented process for approving significant maintenance and repairs to verify that the costs are appropriate for the age and condition of the vehicle. TPWD asserted that upper division management would be involved in the decision to make significant repairs or to surplus the vehicles; however, that decision is not documented. The lack

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<sup>4</sup> The risk related to the issues discussed in Chapter 2-A is rated as Medium because they present risks or results that if not addressed could moderately affect the audited entity's ability to effectively administer program(s)/function(s) audited. Action is needed to address the noted concern and reduce risks to a more desirable level.

of documented processes, including approval requirements, increases the risk that TPWD may make unapproved or inappropriate vehicle repairs.

#### Recommendations

TPWD should:

- Strengthen controls over the preparation of fleet assessment reports to ensure that all required information is documented to demonstrate compliance with State Fleet Plan requirements.
- Develop and implement a documented process for reviewing and approving vehicle maintenance and repairs to verify that the repairs and costs are appropriate.

#### Management's Response

##### **Recommendations**

*TPWD should:*

*2-A-1: Strengthen controls over the preparation of fleet assessment reports to ensure that all required information is documented to demonstrate compliance with State Fleet Plan requirements.*

*2-A-2: Develop and implement a documented process for reviewing and approving vehicle maintenance and repairs to verify that the repairs and costs are appropriate.*

##### **Management's Response**

*2-A-1: Management agrees that TPWD can do a better job of complying with the State Fleet Plan by documenting the justifications for the disposal and replacement of vehicles as well as justifying our fleet size assessments. Although this will be aided by our newly implemented Fleet Management System (FMS), which was implanted in August, it will also take the monitoring of the data that is submitted by the various departments at TPWD and educating and training of the staff involved in this across the agency. Our Fleet Management Office will coordinate and conduct this training as well as monitor the information submitted on a quarterly basis.*

**Responsible staff:** *Fleet and Radio Branch Manager, Support Resources Division*

**Deadline:** *May 1, 2019*

*2-A-2: Management agrees that TPWD needs to develop a better process and procedure for reviewing and approving vehicle maintenance and repairs. The current TPWD Fleet Management Policy will be revised and updated to reflect this need. After revising the policy, our Fleet Management Office will coordinate and conduct training as well as monitor the information on a quarterly basis.*

**Responsible staff:** Fleet and Radio Branch Manager, Support Resources Division

**Deadline:** March 1, 2019

Chapter 2-B

TPWD Did Not Report Complete and Accurate Vehicle Fleet Information to TxFS

Chapter 2-B  
Rating:  
High <sup>5</sup>

TPWD did not always report complete and accurate vehicle information to TxFS related to maintenance and repair costs, purchases, and disposals and vehicle information, as required by the State Fleet Plan. Reporting incomplete or inaccurate data to TxFS could result in inaccurate statewide reports.

Maintenance and Repair Costs Reporting

TPWD's process to submit maintenance data to TxFS does not include all maintenance cost components. TPWD recorded maintenance and repair costs in its internal accounting system using four fields: labor costs, parts costs, incident costs, and accident costs. To report maintenance and repair costs to TxFS, TPWD uses an automated process to download that data from its accounting system; however, that process downloaded only the labor costs and parts costs. As a result:

- For 16 (24 percent) of 68 maintenance and repair work orders tested, TPWD reported incomplete maintenance and repair costs. Due to those errors, TPWD underreported maintenance and repair costs by \$4,065, or 7 percent of the total maintenance and repair costs for the 68 work orders tested.
- For 42 (55 percent) of 76 vehicle records tested, TPWD reported incomplete maintenance and repair costs to TxFS. Due to those errors, TPWD underreported maintenance and repair costs by \$69,671, or 36

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<sup>5</sup> The risk related to the issues discussed in Chapter 2-B is rated as High because the issues identified present risks or effects that if not addressed could substantially affect the audited entity's ability to effectively administer the program(s)/function(s) audited. Prompt action is essential to address the noted concern and reduce risks to the audited entity.

percent of the total maintenance and repair costs for the 76 vehicles tested.

#### Vehicle Information Reporting

TPWD did not always report accurate vehicle identification or acquisition data to TxFS. For 34 (45 percent) of 76 vehicle records tested, TPWD reported inaccurate data for one or more of key fields. Some vehicles had multiple issues. Specifically, of the 76 vehicles tested, TPWD reported:

- Inaccurate or unsupported information for the make, model, or year for 9 (12 percent) vehicles tested.
- Inaccurate or unsupported asset classifications for 8 (11 percent) vehicles tested. In addition, in a comparison between the data in TxFS and SPA, 104 vehicles in TxFS had a different asset class code recorded in SPA.
- Acquisition dates in TxFS that were more than 14 days before or after the date on which TPWD received the vehicle for 25 (33 percent) vehicles tested.

TPWD stated the it had processes to track the date on which it received a vehicle. However, it did not have a documented process to communicate the receipt date and asset classification details to the employees responsible for entering that information into the statewide reporting systems, including TxFS.

#### Purchases and Disposition Reporting

TPWD correctly reported all purchased vehicles tested in fiscal years 2017 and 2018; however, it did not always accurately report vehicle dispositions to TxFS. Specifically, of the 47 disposed vehicles tested:

- For 2 (4 percent) vehicles, TPWD did not report the vehicle disposed in TxFS. Both of those vehicles were disposed prior to new processes that TPWD asserted that it implemented due to staff changes during fiscal year 2017 to help ensure that it reported disposals to TxFS as required.
- For 10 (21 percent) vehicles, TPWD reported incorrect disposal proceeds because it did not include auction fees paid in its calculations for the sale of those 10 vehicles. As a result, TPWD overreported the disposal proceeds by \$2,725 for those 10 vehicles.

In a comparison between vehicle information in TxFS and SPA, auditors identified 120 (6 percent) vehicles in TxFS for which TPWD reported different acquisition costs in SPA. Prior to September 2016, TPWD reported the requisition amount as the acquisition cost, which could differ from a vehicle's

final cost. For all 14 vehicle purchases the TPWD made since September 2016 that auditors tested, TPWD reported accurate acquisition costs.

#### Recommendations

TPWD should comply with State Fleet Plan requirements by:

- Reviewing and updating its processes for extracting vehicle-related data from its accounting system to ensure that it reports complete and accurate data to TxFS.
- Establishing and following (1) a process to track and report accurate vehicle information to TxFS and (2) a consistent disposal reporting process to TxFS.
- Periodically monitoring the accuracy of data as presented in TxFS to ensure that processes are working as intended.

#### Management's Response

##### **Recommendations**

*TPWD should comply with State Fleet Plan requirements by:*

*2-B-1: Reviewing and updating its processes for extracting vehicle-related data from its accounting system to ensure that it reports complete and accurate data to TxFS.*

*2-B-2: Establishing and following (1) a process to track and report accurate vehicle information to TxFS and (2) a consistent disposal reporting process to TxFS.*

*2-B-3: Periodically monitoring the accuracy of data as presented in TxFS to ensure that processes are working as intended.*

##### **Management's Response**

*2-B-1 : Management agrees that TPWD needs to review and update our processes for retrieving data from our financial accounting system to TxFS in an effort to ensure that our reports in TxFS are complete and accurate. The Fleet Management Office will update the processes for this transfer of data in working with other divisions in the agency.*

**Responsible Staff:** *Fleet and Radio Branch Manager, Support Resources Division*

**Deadline:** May 1, 2019

*2-B-2: Management agrees that TPWD will establish and implement a process to track and report accurate and complete information in TxFS as to vehicle information as well as disposal reporting information.*

*Responsible Staff: Fleet and Radio Branch Manager, Support Resources Division*

**Deadline:** May 1, 2019

*2-B-3: Management agrees that TPWD and our Fleet Management Office need to periodically monitor the accuracy of data in TxFS. Information will be monitored quarterly once processes and procedures are put into place as noted above.*

*Responsible Staff: Fleet and Radio Branch Manager, Support Resources Division*

**Deadline:** May 1, 2019

Chapter 2-C

TPWD Had Processes to Report Accurate Vehicle Information to SPA for Most Fields; However, It Should Ensure It Reports Accurate Acquisition Dates and Vehicle Class Codes

Chapter 2-C  
Rating:  
Medium <sup>6</sup>

TPWD reported vehicle information to SPA for all 60 purchases and disposals tested, as required by the *SPA Process User's Guide*; TPWD completed those purchases or disposals from September 2016 through January 2018. In addition, for 65 (97 percent) of 67 other vehicle records tested, TPWD accurately reported the vehicles' makes, models, and years to SPA. However, TPWD did not consistently report accurate acquisition dates and asset class codes. Specifically:

- For 11 (16 percent) of the 67 vehicle records tested, TPWD reported acquisition dates in SPA that were more than 60 days before or after the date TPWD received the vehicle.
- For 6 (9 percent) of 67 vehicles records tested, TPWD reported inaccurate asset class codes.

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<sup>6</sup> The risk related to the issues discussed in Chapter 2-C is rated as Medium because they present risks or results that if not addressed could moderately affect the audited entity's ability to effectively administer program(s)/function(s) audited. Action is needed to address the noted concern and reduce risks to a more desirable level.

Reporting incorrect acquisition dates or asset class codes in SPA could result in errors in the agency's and the State's financial reporting related to capital assets and depreciation.

As discussed in Chapter 2-B, TPWD had processes to track the date on which it received a vehicle, and it maintained sufficient data to support the asset classifications. However, it did not have a documented process to communicate the receipt date and asset classification details to the employees responsible for entering that information into the statewide reporting systems, including SPA.

Additionally, TPWD incorrectly reported 440 all-terrain vehicles (ATVs) and utility vehicles (UTVs) as motorcycles in SPA. According to the *SPA User Guide*, ATVs and UTVs should be reported as "Other Equipment."

#### Recommendations

TPWD should:

- Establish and follow a process to communicate all required information to accurately report vehicle information to SPA.
- Establish a process to ensure that asset classifications used are appropriate for the type of asset purchased.

#### Management's Response

##### **Recommendations**

*TPWD should:*

*2-C-1: Establish and follow a process to communicate all required information to accurately report vehicle information to SPA.*

*2-C-2: Establish a process to ensure that asset classifications used are appropriate for the type of asset purchased.*

##### **Management's Response**

*2-C-1 : Management agrees that a better process and communication between various TPWD departments needs to be developed and implemented to ensure vehicle information in SPA is accurate. The Fleet Management Office will develop a process in consultation with other agency departments, implement the policy, and conduct any necessary training.*

**Responsible Staff:** Fleet and Radio Branch Manager, Support Resources Division

**Deadline:** May 1, 2019

*2-C-2: Management agrees that a process needs to be developed and implemented to ensure that asset classifications used are appropriate for the type of asset purchased. The Fleet Management Office will develop a process in consultation with other agency departments, implement the policy, and conduct any necessary training.*

**Responsible Staff:** Fleet and Radio Branch Manager, Support Resources Division

**Deadline:** May 1, 2019

## ***TAHC Did Not Comply with the State Fleet Plan and Did Not Consistently Report Complete and Accurate Vehicle Data to Statewide Systems as Required***

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While the Texas Animal Health Commission (TAHC) had some policies in place to help ensure that it complied with the State Fleet Plan, it did not have a policy it considers as its Fleet Vehicle Management Plan. It also did not maintain documentation supporting that it conducted an annual fleet assessment as required. In addition, TAHC did not (1) have documented processes for the review and approval of repair and maintenance costs or (2) consistently report complete and accurate vehicle information to TxFS and SPA as required.

### Chapter 3-A

While TAHC Performed Some Activities Required by the State Fleet Plan, It Did Not Document an Annual Fleet Assessment as Required

Chapter 3-A  
Rating  
High <sup>7</sup>

TAHC asserted that it conducted an annual fleet assessment meeting for fiscal year 2017 attended by its executive management and fleet management; however, it did not document that meeting occurred or document the results of an assessment.

The State Fleet Plan requires state agencies with vehicle fleets to perform the following activities as part of a new vehicle requirement/replacement analysis: (1) perform a vehicle replacement evaluation, (2) conduct fleet right sizing evaluation (to determine the appropriate fleet size and composition), and (3) develop a fleet assessment report. While TAHC performed a documented rightsizing evaluation in fiscal year 2017, it did not have documentation showing that it performed a vehicle replacement evaluation and did not have a documented fleet assessment report.

Not conducting a vehicle replacement evaluation and developing a documented fleet assessment report increases the risk that TAHC would not appropriately manage its vehicle fleet and that it could dispose of vehicles that should be retained and/or purchase vehicles that do not meet the agency's needs.

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<sup>7</sup> The risk related to the issues discussed in Chapter 3-A is rated as High because the issues identified present risks or effects that if not addressed could substantially affect the audited entity's ability to effectively administer the program(s)/function(s) audited. Prompt action is essential to address the noted concern and reduce risks to the audited entity.

TAHC did have some controls in place over the disposal and purchase of vehicles. Specifically:

- TAHC had a documented vehicle replacement policy that contains criteria for evaluating vehicles to be replaced based on vehicle mileage, age, and condition that is consistent with the recommendations in the State Fleet Plan. In addition, all five vehicles tested that TAHC disposed in fiscal years 2017 and 2018 complied with its policy.
- TAHC documented its need for increasing its fleet size prior to requesting and procuring additional vehicles. Its fleet right sizing evaluation documented a need for adding vehicles to its fleet. In addition, TAHC submitted a request in fiscal year 2017 to the Office of the Comptroller of Public Accounts to increase its fleet cap by 34 vehicles to a total of 130 vehicles. Both TAHC purchase orders auditors reviewed—one for a purchase of 6 vehicles in fiscal year 2017 and the other for a purchase of 33 vehicles in fiscal year 2018—had documented approvals by TAHC’s staff services director as required by the agency’s policy.

However, TAHC did not have a documented process for approving maintenance and repairs to verify that the costs are appropriate for the age and condition of the vehicle. TAHC asserted that its director of support services is required to review and approve all maintenance and repair costs; however, that approval requirement is not documented, and TAHC did not have any documentation showing that those costs were approved. The lack of documented processes, including approval requirements, increases the risk that the TAHC may make unapproved or inappropriate vehicle repairs.

In addition, while TAHC had a documented vehicle use and safety policy that required vehicle maintenance and repair receipts be submitted prior to payment, it did not ensure that its vehicle custodians consistently complied with that policy. Specifically, for 5 (8 percent) of 64 maintenance and repair expenses tested, TAHC did not have receipts supporting the costs paid. Not ensuring that receipts are submitted and retained increases the risk that the authorized maintenance and repair costs will not be sufficiently monitored or considered when assessing the agency’s vehicle fleet needs.

The TAHC also did not have a policy it considers as its Fleet Vehicle Management Plan. Not having this plan in place increases the risk that it will enter inaccurate and incomplete information into the statewide systems.

## Recommendations

### TAHC should:

- Develop a Fleet Vehicle Management Plan.
- Comply with the State Fleet Plan by documenting the results of its fleet assessment and fleet right sizing evaluation in a fleet assessment report.
- Develop and implement a documented process for reviewing and approving vehicle maintenance and repairs to verify that the repairs and costs are appropriate.
- Verify that receipts are submitted prior to payment for all maintenance and repair costs and retain those receipts to ensure that it can consider all costs when assessing its vehicle fleet needs.

### Management's Response

#### ***Division(s)/Individual(s) responsible for agency action due to recommendation:***

*Staff Services (SS)*

#### ***Estimated date of resolution of recommendation:***

*November 1, 2018*

#### ***Brief summary of actions taken to ensure compliance:***

*The agency concurs with the SAO's findings.*

- *The TAHC is currently developing a Fleet Management Plan to comply with the Texas State Vehicle Fleet Management Plan (2016). This plan will provide instruction to staff assigned a vehicle on what is expected in relation to the fleet. The plan will be distributed to the all agency staff and stored on the agency's "Intranet" so that it can be referenced at all times.*
- *Though the TAHC did conduct an annual fleet assessment meeting, attended by all necessary parties including executive management, it was not documented. The new TAHC Fleet Management Plan will require the Fleet Manager to document this meeting and all assessments made. The annual fleet assessment meeting minutes will be electronically maintained in accordance with the records retention schedule.*

- *The TAHC will also develop a new “Repair Approval” form to document all requests and approvals for fleet vehicle repairs. This form will be reviewed and signed by the Fleet Manager or his/her designee before repairs are authorized. Factors that will be assessed before repairs are approved will be the age of the vehicle, its intended use, and the overall condition of the vehicle. Staff assigned a fleet vehicle will not be allowed to make repairs until this form has been reviewed and signed by the appropriate signature authority. The approval forms will be audited monthly by the Fleet Manager or his/her designee. The TAHC has an online system (Work, Fleet, Travel or “WFT”) that tracks fleet movement, maintenance, repair costs, and fuel expenses. This approval form will be stored in the maintenance records stored on the WFT system and will be maintained in accordance with the records retention schedule.*

Chapter 3-B

TAHC Did Not Report Vehicle Fleet Information to TxFS as Required

Chapter 3-B  
Rating:  
High<sup>8</sup>

TAHC had processes to collect the necessary vehicle details to report to TxFS as required by the State Fleet Plan; however, those processes were not sufficient to ensure that they reported accurate and timely data to TxFS. TAHC did not always report accurate or timely vehicle information to TxFS, and it did not always maintain support for key information that it reported in TxFS. Reporting inaccurate data to TxFS could result in inaccurate statewide reports.

TAHC reported to TxFS all six vehicles it received since September 2016. However, for those six vehicles, TAHC inaccurately reported the receipt date by 20 days in TxFS because it reported the day it entered the vehicles’ information into TxFS rather than date it received the vehicles.

In addition, TAHC reported inaccurate or unsupported data in one or more key fields for 16 (70 percent) of 23 active and recently disposed vehicle records tested. Specifically, of the 23 vehicle records tested:

- For 9 (39 percent) vehicles, TAHC did not retain documentation supporting the vehicles’ reported acquisition information. TAHC policy requires capital asset records to be maintained for the life of the asset plus three years. However, TAHC treated acquisition records—including

<sup>8</sup> The risk related to the issues discussed in Chapter 3-B is rated as High because the issues identified present risks or effects that if not addressed could substantially affect the audited entity’s ability to effectively administer the program(s)/function(s) audited. Prompt action is essential to address the noted concern and reduce risks to the audited entity.

purchase orders and invoices—as purchasing records, which have a shorter records retention requirement. In addition, TAHC did not maintain other vehicle documents such as certificates of origin, receiving reports, or title documents.

- For 8 (35 percent) vehicles, TAHC did not update usage data. Three vehicles' mileage had not been updated for at least five months, four had not been updated for at least two months, and one vehicle's usage data was inaccurate. The State Fleet Plan requires usage data to be updated on at least a quarterly basis.
- For 4 (17 percent) vehicles, TAHC had not reported significant maintenance and repair costs to TxFS.
- For 2 (9 percent) vehicles, TAHC reported inaccurate or unsupported vehicle class (descriptive) information.

In addition, TAHC did not report the disposals in TxFS within the required timeframes. The State Fleet Plan requires disposals to be reported no later than 60 days after the fiscal quarter in which the disposal occurred. TAHC had not reported the disposals for 7 (7 percent) of 96 vehicles in TxFS. Those 7 disposals ranged from 116 to 300 days late. After auditors informed TAHC about the issue, it updated the information in TxFS. TAHC's policies do not address reporting vehicle information to TxFS, including vehicle disposals and maintenance and repair costs.

#### Recommendations

##### TAHC should:

- Establish a process to comply with the State Fleet Plan by ensuring that vehicle data is reported to TxFS accurately and in a timely manner.
- Strengthen controls over its records retention policies to ensure that it complies with the State's record retention policy requirements for capital assets.

## Management's Response

### ***Division(s)/Individual(s) responsible for agency action due to recommendation:***

*Staff Services (SS)*

### ***Estimated date of resolution of recommendation:***

*November 1, 2018*

### ***Brief summary of actions taken to ensure compliance:***

*The agency concurs with the SAO's findings.*

- *The TAHC's Fleet Manager and staff will review all entries made into the TxFleet System on a monthly basis to improve accuracy. Furthermore, when assets are entered or deleted from the system, a secondary staff member will verify information entered. This will ensure that all required fields are accurate and correspond with other systems (CAPPS, SPA, WFT, etc.). This process will result in TAHC's compliance with the State Fleet Plan.*
- *The TAHC will update its fleet policy to ensure that capitol asset information is captured and maintained to comply with the State's record retention policy for capital assets.*

Chapter 3-C

TAHC Did Not Consistently Report Accurate Vehicle Fleet Information to SPA as Required

Chapter 3-C  
Rating:  
High <sup>9</sup>

TAHC did not always report accurate vehicle information to SPA, and it did not always maintain support for key information in SPA, as required by the *SPA Process User's Guide*. It also reported inaccurate or unsupported data in key fields for 27 (93 percent) of 29 vehicle records tested. Specifically:

- For 18 (62 percent) of 29 vehicle records tested, TAHC reported inaccurate or unsupported acquisition costs. For 6 of those 18 vehicles, TAHC reported leased vehicles as operating leases instead of capital leases; it did not retain vehicle records as required for the other 12 vehicles. In addition, TAHC reported different acquisition costs in SPA and TxFS for 13 (14 percent) of its population of 96 active and recently

<sup>9</sup> The risk related to the issues discussed in Chapter 3-C is rated as High because the issues identified present risks or effects that if not addressed could substantially affect the audited entity's ability to effectively administer the program(s)/function(s) audited. Prompt action is essential to address the noted concern and reduce risks to the audited entity.

disposed vehicles. Having inaccurate acquisition costs could result in incorrect depreciation expenses in SPA.

- For 14 (48 percent) of 29 vehicle records tested, TAHC reported inaccurate or unsupported asset class codes. In addition, TAHC reported different asset class codes in SPA and TxFS for 68 (71 percent) of its population of 96 active and recently disposed vehicles in SPA and TxFS. TAHC asserted that its process to report asset information to SPA does not include steps to provide TAHC's asset managers sufficient vehicle information needed to accurately report the asset class code in SPA. Reporting inaccurate asset class codes could result in TAHC using the wrong depreciation schedule and reporting inaccurate depreciation information.

Although TAHC's records retention policy requires that capital asset records be maintained for the life of the asset plus three years, TAHC treated acquisition records—including purchase orders and invoices—as purchasing support, which has a shorter records retention requirement. This resulted in the agency not having support for all of the vehicles tested, as discussed in chapter 3-B.

Reporting incorrect asset class codes and acquisition costs in SPA could affect TAHC's and the State's financial reporting.

#### Recommendations

TAHC should:

- Establish controls to ensure that sufficient vehicle information is available to individuals tasked with reporting assets to SPA.
- Report accurate acquisition prices for leased and purchased vehicles in SPA.
- Report all leases accurately.
- Establish records retention controls for capital assets that adhere to its record retention policy.

## **Management's Response**

### ***Division(s)/Individual(s) responsible for agency action due to recommendation:***

*Staff Services (SS)*

### ***Estimated date of resolution of recommendation:***

*November 1, 2018*

### ***Brief summary of actions taken to ensure compliance:***

*The agency concurs with the all the SAO's findings.*

- *The TAHC has been using the state's Centralized Accounting Payroll/Personnel System (CAPPS) as of 2017. This system integrates our Asset Management portion of CAPPS with the State Property Accounting System (SPA). Inventory personnel only input asset information once when receiving items in CAPPS; including asset class codes. This alleviates data entry redundancies that previously existed, greatly reducing the possibility of data inconsistency. Since fleet paperwork will be uploaded onto the fleet information server under the asset tag numbers, the Inventory Specialist will have all necessary information for receiving the assets, which is contrary to how the information was previously recorded. Once all items have been received, the Fleet Manager will review all fleet information in CAPPS for accuracy and make any necessary edits. This change in process will ensure that data requirements listed in the Texas State Vehicle Fleet Management Plan are met.*
- *The CAPPS system syncs with SPA daily. Accounting information will now be automatically captured into SPA from TAHC's financial department. The Inventory Specialist or Fleet Manager will verify each asset's financial information once it is received. This will ensure the agency's asset information is accurate.*
- *The TAHC does not anticipate leasing vehicles again. However, if the agency leases fleet assets again, the Inventory Specialist will make sure that lease information is reported properly. The Director of Staff Services will perform a second review to ensure lease information is in compliance with the Texas State Vehicle Fleet Management Plan.*

- *The Staff Services Department will develop an electronic storage database that captures all the acquisition/deletion records for all capital assets as required by the record retention policy. Until such system is developed, these records will be maintained in a manual filing system. WFT system is designed to be an expense and time tracker for agency personnel. This WFT system has the capability to store more information onto the server and therefore the agency will further utilize this system to capture maintenance and expenses associated with each capital asset.*

# Appendices

Appendix 1

## **Objective, Scope, and Methodology**

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### Objective

The objective of this audit was to determine whether selected state entities (1) have processes and related controls to help ensure that they comply with the *Texas State Vehicle Fleet Management Plan* (State Fleet Plan) and other applicable requirements to manage their vehicle fleets and (2) report complete and accurate fleet data in statewide information systems.

### Scope

The scope of this audit covered vehicle fleet management at the Texas Department of Transportation (TxDOT), the Texas Parks and Wildlife Department (TPWD), and the Texas Animal Health Commission (TAHC) for fiscal year 2017 through January 31, 2018.

### Methodology

The audit methodology included collecting information and documentation; interviewing TxDOT, TPWD, and TAHC staff regarding vehicle fleet planning, reporting, and operational processes; analyzing and testing documentation related to vehicle fleet purchases, disposals, maintenance, and repairs; determining the accuracy of vehicle-related information reported to the State Property Accounting System (SPA) and the Texas Fleet System (TxFS); reviewing access to key systems; and analyzing and evaluating the results of audit tests.

### Data Reliability and Completeness

Auditors assessed the reliability of the following data sets:

- Vehicle fleet asset data reported by TxDOT, TPWD, and TAHC from SPA and TxFS.
- Vehicle purchase information from TxDOT's internal accounting system, PeopleSoft.
- Vehicle maintenance and disposal information from TxDOT's internal fleet management system, Fleet Navigator (FNAV).
- Vehicle purchase, disposal and maintenance data from TPWD's internal accounting system, Business Information System (BIS).

- Vehicle purchase and maintenance data for TAHC from the Uniform Statewide Accounting System (USAS).
- Vehicle disposal information for TAHC from its internal tracking spreadsheet.

To assess the reliability of those data sets, auditors (1) reviewed certain general controls, (2) designed and executed extract queries or observed data extracts and reviewed the query language used to produce the extracts, (3) tested samples from each system for accuracy of key fields, (4) compared asset details between systems when applicable, (5) compared data to a secondary source when applicable, and (6) performed a high-level review of data fields and their contents for appropriateness.

Auditors also relied on prior SAO audit work that tested general controls over USAS.

Auditors determined that the data sets discussed above were sufficiently reliable for the purposes of the audit.

#### Sampling Methodology

For all samples, auditors selected nonstatistical samples related to vehicle purchases and disposals, maintenance and repair expenditures, and vehicle identification information primarily through random selection. In some cases, auditors selected additional items for testing based on risk. The test results as reported do not identify which items were randomly selected or selected based on risk. The sample items were not necessarily representative of the population; therefore, it would not be appropriate to project the test results to those populations.

Information collected and reviewed included the following:

- Each agency's fleet assessment reports or other new vehicle requirement/replacement analysis supporting documentation.
- Procurement documentation including purchase orders and state-contract vehicle pricing documentation for all purchases, and final invoices or other receiving documentation for received vehicles.
- Documentation of vehicle disposals, including auction receipts and tracking spreadsheets, salvage receipts, contracts for sale to other governmental agencies, or insurance settlement documentation for wrecked vehicles.
- Internal work orders and external receipts for maintenance and repairs.

- Supporting documentation for vehicle identification, vehicle acquisition data, and vehicle usage.

Procedures and tests conducted included the following:

- Tested fleet assessment reports or other new vehicle requirement/replacement analysis reports to determine if the information met the requirements of the State Fleet Plan.
- Reviewed each agency's policies for vehicle acquisition and disposal to determine whether they adhered to state laws and the State Fleet Plan.
- Tested vehicle purchases and disposals to determine whether they adhered to each agency's internal policies.
- Tested maintenance and repair expenditures to determine whether they were supported.
- Tested vehicle purchases and disposals to determine whether they were recorded accurately in SPA.
- Tested vehicle purchases, disposals, and maintenance and repair costs to determine whether they were accurately reported in the TxFS.
- Tested key vehicle identification and acquisition and disposal data to determine whether they were reported accurately in SPA and TxFS.

Criteria used included the following:

- Texas Government Code, Chapters 2171 and 2175.
- *Texas State Vehicle Fleet Management Plan.*
- Title 34, Texas Administrative Code, Chapter 20.
- Office of the Comptroller's of Public Accounts' *SPA Process User's Guide.*
- Each agency's policies and procedures.

## Project Information

Audit fieldwork was conducted from January 2018 through July 2018. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The following members of the State Auditor's staff performed the audit:

- Michelle Lea DeFrance, CPA (Project Manager)
- Kristyn Scoggins, CGAP (Assistant Project Manager)
- Ro Amonett, MPA
- Brady Bennett, MBA, CFE
- Robert H. (Rob) Bollinger, CPA, CGMA, CFE
- Benjamin Hikida
- Robert G. Kiker, CGAP (Quality Control Reviewer)
- Cesar Saldivar, CFE, CGAP (Audit Manager)

## Issue Rating Classifications and Descriptions

Auditors used professional judgement and rated the audit findings identified in this report. Those issue ratings are summarized in the report chapters/sub-chapters. The issue ratings were determined based on the degree of risk or effect of the findings in relation to the audit objective(s).

In determining the ratings of audit findings, auditors considered factors such as financial impact; potential failure to meet program/function objectives; noncompliance with state statute(s), rules, regulations, and other requirements or criteria; and the inadequacy of the design and/or operating effectiveness of internal controls. In addition, evidence of potential fraud, waste, or abuse; significant control environment issues; and little to no corrective action for issues previously identified could increase the ratings for audit findings. Auditors also identified and considered other factors when appropriate.

Table 2 provides a description of the issue ratings presented in this report.

Table 2

Summary of Issue Ratings	
Issue Rating	Description of Rating
Low	The audit identified strengths that support the audited entity's ability to administer the program(s)/functions(s) audited or the issues identified do not present significant risks or effects that would negatively affect the audited entity's ability to effectively administer the program(s)/function(s) audited.
Medium	Issues identified present risks or effects that if not addressed could moderately affect the audited entity's ability to effectively administer program(s)/function(s) audited. Action is needed to address the noted concern(s) and reduce risks to a more desirable level.
High	Issues identified present risks or effects that if not addressed could substantially affect the audited entity's ability to effectively administer the program(s)/function(s) audited. Prompt action is essential to address the noted concern(s) and reduce risks to the audited entity.
Priority	Issues identified present risks or effects that if not addressed could critically affect the audited entity's ability to effectively administer the program(s)/function(s) audited. Immediate action is required to address the noted concern(s) and reduce risks to the audited entity.

Copies of this report have been distributed to the following:

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The Honorable Joe Straus III, Speaker of the House, Joint Chair  
The Honorable Jane Nelson, Senate Finance Committee  
The Honorable Robert Nichols, Member, Texas Senate  
The Honorable John Zerwas, House Appropriations Committee  
The Honorable Dennis Bonnen, House Ways and Means Committee

### Office of the Governor

The Honorable Greg Abbott, Governor

### Texas Animal Health Commission

#### Members of the Texas Animal Health Commission

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Dr. William Edmiston, Jr.  
Mr. James Eggleston  
Mr. Kenneth Gene Jordan  
Mr. Barret J. Klein  
Mr. Joseph G. Osterkamp  
Dr. Wendee C. Langdon  
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Mr. Thomas Oates  
Mr. Keith Staggs  
Mr. Leo Vermedahl  
Dr. Michael Louis Vickers, D.V.M.  
Mr. Eric Dean White  
Dr. Andy Schwartz, D.V.M., Executive Director

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#### Members of the Texas Parks and Wildlife Commission

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Mr. Carter Smith, Executive Director

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