

**OKLAHOMA COUNTY  
PASSENGER VEHICLE PERFORMANCE AUDIT  
JANUARY 2004 THROUGH DECEMBER 2004  
OFFICE OF THE STATE AUDITOR & INSPECTOR  
JEFF A. McMAHAN**



STATE OF OKLAHOMA  
OFFICE OF THE AUDITOR AND INSPECTOR

Jeff A. McMahan  
State Auditor and Inspector

September 6, 2005

**TO THE HONORABLE JIM ROTH  
TO THE HONORABLE BRENT RINEHART  
TO THE HONORABLE STAN INMAN  
COUNTY COMMISSIONERS OF OKLAHOMA COUNTY**

Transmitted herewith is the performance audit of the County's passenger vehicle fleet. The procedures were performed at the request of the Chairman on behalf of the Board of County Commissioners in accordance with 74 O.S. § 213.2.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our office during the course of the engagement.

The Office of the State Auditor and Inspector is committed to serving the public interest by providing independent oversight and issuing reports that serve as a management tool to the State to ensure a government which is accountable to the people of the State of Oklahoma.

Sincerely,

  
JEFF A. McMAHAN  
State Auditor and Inspector

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## OKLAHOMA COUNTY

### PASSENGER VEHICLE PERFORMANCE AUDIT

**JEFF A. MCMAHAN, CFE**

OFFICE OF THE STATE  
AUDITOR & INSPECTOR

**Results of procedures identify opportunities for potential cost savings approaching \$1,800,000 (page 22) related to the operation and management of the County's passenger fleet**



#### **Why the audit was performed**

This performance audit was conducted at the request of the Chairman of the Oklahoma County Board of Commissioners in accordance with 74 O.S. § 213.2.

#### **The objectives of the audit were:**

- 1) To determine if fleet records are adequately maintained allowing the County to accurately track the number of vehicles in its fleet, the usage of the vehicles in its fleet, and the costs associated with the fleet
- 2) To determine if the County has policies and procedures related to motor vehicles
- 3) To determine if passenger type vehicles in the County's fleet are adequately utilized
- 4) To determine if passenger type vehicles are assigned to employees in only those instances where a true need exists
- 5) To determine if County employees are driving their private vehicles and being reimbursed for mileage when it would be more economical to utilize a county vehicle

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**BACKGROUND**

Oklahoma County has a passenger vehicle fleet of approximately 265 vehicles with a purchase price totaling approximately \$4,400,000. The Board of County Commissioners requested that an independent audit be performed in hopes of bringing better business practices to the management of the taxpayers' motor fleet assets.



Oklahoma County Office Building

**SCOPE**

The audit of the County's passenger vehicle fleet was conducted at the request of the Chairman of the Oklahoma County Board of Commissioners and under the authority of 74 O.S. § 213.2. For audit purposes, a passenger vehicle is defined as a two or four door car, sport utility vehicles, vans, and pickups (one ton or less). The audit period was January 1, 2004 through December 31, 2004. Our audit was performed in accordance with generally accepted *Government Auditing Standards*.

**OBJECTIVES**

We identified the following as our objectives:

- 1) To determine if fleet records are adequately maintained allowing the County to accurately track the number of vehicles in its fleet, the usage of the vehicles in its fleet, and the costs associated with the fleet
- 2) To determine if the County has policies and procedures related to motor vehicles
- 3) To determine if passenger vehicles in the County's fleet are adequately utilized
- 4) To determine if passenger vehicles are assigned to employees in only those instances where a true need exists
- 5) To determine if County employees are driving their private vehicles and being reimbursed for mileage when it would be more economical to utilize a county vehicle

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**OBSERVATIONS AND RECOMMENDATIONS**

*I. To determine if vehicle fleet records are adequately maintained allowing the County to accurately track the number of vehicles in its fleet, the usage of the vehicles in its fleet, and the costs associated with the fleet*

**METHODOLOGY**

Internal controls in place were documented and considered through interviews with personnel from each department regarding their duties related to the vehicle inventory. In addition, the following procedures were performed:



- We reviewed statutes relating to the County Clerk’s inventory responsibilities.
- We obtained a listing of all passenger type vehicles from the county clerk and performed the following:
  - Analyzed the file by vehicle type and/or ownership of vehicle,
  - Determined whether there were duplicate VIN numbers,
  - Determined whether there were missing VIN numbers,
  - Determined completeness of the file.
- We surveyed each department to determine how operating cost data was tracked and analyzed, how inventory data is submitted to the county clerk, and what types of justifications are required prior to purchasing a vehicle.

**OBSERVATIONS**

**Passenger Vehicle Inventory Records Maintained by County Appear Adequate to Track the Number of Vehicles**

Part of the county clerk’s duties and responsibilities is to be the custodian and repository of all inventory records of the County per 19 O.S. § 178.3. These records include an inventory of county vehicles. The maintenance of the inventory is a shared responsibility between the county clerk and the individual departments owning the vehicles. When a vehicle is purchased, the departments’ requisitioning officers complete and attach a receiving/inventory report to the purchase order. The receiving/inventory report is eventually delivered to the county inventory clerk where it is entered into the inventory system. While the county clerk is ultimately responsible for the inventory records, they are dependent on the departments to supply them the necessary data to maintain the inventory.

For the period January 1, 2004 through December 31, 2004, the county clerk provided us with an inventory listing that had 265 passenger vehicles with a total cost of \$4,437,746. Based on our analysis, the breakout was as follows:

Table 1-Oklahoma County Passenger Vehicle Summary		
Department	Number of Vehicles	Purchase Price
Assessor	3	\$55,065
Treasurer	8	\$124,235
County Commissioner-District 1	17	\$309,052
County Commissioner-District 2	20	\$335,270
County Commissioner-District 3	20	\$380,250
Sheriff	197	\$3,233,874
Court Clerk	0	\$0
County Clerk	0	\$0
<b>TOTAL</b>	<b>265</b>	<b>\$4,437,746</b>

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It should be noted that the original listing of passenger vehicles provided by the county clerk included vehicles that did not fit the criteria of a passenger type vehicle. The data represented in Table 1 excludes those vehicles.

We performed procedures related to the 265 passenger-type vehicles to determine if our population was complete. We noted the following during our analysis of the records:

- Zero vehicles were listed with a duplicate vehicle identification number (VIN);
- 16 vehicles were listed with an invalid VIN number (less than 17 characters)
- From a sample of 61 passenger vehicle purchases made between July 1999 through April 2005, all 61 were included in the inventory;
- From a sample of 25 vehicles selected from the inventory, four VIN numbers did not agree to the VIN number listed on the vehicle. The discrepancies appear to be due to misidentifying a number for a letter (i.e. 2 instead of Z).

Based on the procedures performed, it appears the official listing of passenger vehicles provided by the County is complete as it relates to identification data (make, model, and VIN).

**OBSERVATIONS**

**Vehicle Operating Cost Information Not Maintained or Analyzed**

The county clerk is responsible for maintaining the County's inventory records of their vehicles. However, they are not responsible for maintaining operational data (mileage, fuel costs, and maintenance costs). If this is performed, it is done at the department level. There is no law and/or County policy that requires the retention and analysis of operating cost data.

**There is no law or County policy requiring the retention and analysis of operating cost data.**

We requested the following operational data from each department:

- Odometer mileage by month for 2004
- Maintenance costs by month for 2004
- Fuel costs and gallons used by month for 2004

One department was unable to provide maintenance and fuel costs for all of their vehicles, while another had to estimate the miles driven for several of their vehicles during the period.

None of the six departments have formal procedures in place to monitor the operating costs of their vehicles on a monthly basis. Inadequate recordkeeping combined with a decentralized fleet compromises the County's ability to manage the fleet in an efficient and economical manner. For example, without adequate mileage information, an assessment on whether vehicles are being underutilized is not possible. This could affect a decision on whether or not to purchase a new vehicle.

**There were 26 purchase requests for passenger vehicles during 2004. None of the requests were denied.**

County clerk personnel stated there were 26 purchase requests for passenger vehicles during 2004. None of the requests were denied. A survey of department personnel indicates that if an informal justification were required at all, it would only relate to the condition of the vehicle being replaced, the intended use of the new vehicle, and available

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funding. There is no County policy requiring any type of justification prior to the purchase of a vehicle. (Policies and procedures are addressed later in this report under Objective II.)

The County could likely realize significant cost savings by purchasing, maintaining, and utilizing a centralized vehicle fleet management system to assist in making policy and management decisions.

**RECOMMENDATION**

We recommend the following:

- The County should develop and implement procedures centralizing responsibility for managing the County’s entire fleet. These procedures would at a minimum include gathering and analyzing the fuel costs, gallons of fuel used, mileage, maintenance costs, and type of maintenance performed, on a monthly basis to ensure the fleet is being used in the most efficient manner possible;
- The County should consider purchasing a new, web-based fleet management system. This system would allow each department to enter their own vehicle data while the centralized department monitors and analyzes the information to detect inefficiencies.
- The County should develop and implement procedures to monitor the accuracy of the vehicle information submitted by the departments.

*II. To determine if the County has policies and procedures related to motor vehicles*

**METHODOLOGY**

Internal controls in place were documented and considered through a review of the departments’ policies and procedures as well as interviews with department staff. In addition, the following procedure was performed:

- We determined which vehicles from the inventory listing mentioned in Objective I had in excess of 100,000 miles.

**OBSERVATIONS**

**Departments Lack Comprehensive Fleet Policies and Procedures**

We surveyed the six departments that own vehicles to determine which ones have developed policies and procedures regarding motor vehicles. The results of the survey follow:

Table 2 – Vehicle Policies and Procedures Summary			
	Yes	No	Total
Does your department have a policy regarding the use of vehicles?	1*	5	6
Does your department have a policy regarding the replacement of vehicles?	0	6	6
Does your department have a policy regarding the maintenance of vehicles?	1*	5	6
Does your department have a policy regarding the assignment of vehicles to a specific individual?	1*	5	6

SOURCE: Survey information provided by department management.  
\* represents Sheriff’s Department

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As indicated in Table 2, none of the respondents have a vehicle replacement policy. Without a replacement policy it is difficult to determine when it is more cost efficient to continue to maintain and repair a vehicle or purchase a new one. The Federal General Services Administration uses 3 years or 60,000 miles as the minimum mileage replacement threshold for sedans and 6 years or 50,000 miles for light duty trucks.

We analyzed the mileage, provided by department management, at December 31, 2004 (or June 2005 for departments without records to determine mileage at 12-31-04) for the 265 vehicles. We noted 126 vehicles, or 47%, had more than 100,000 miles. Having uniform policies and procedures detailing specific criteria for replacing vehicles is crucial to the County's maximizing its return on the vehicles as well as avoiding rising maintenance costs. The average price of a vehicle sold at county auction in 2003 (there were not any vehicles sold in 2004) was \$835.

The results of our survey showed 5 of the 6 respondents (83%) did not have a vehicle maintenance policy. Routine maintenance is critical to maintaining an efficient and economical fleet. Departments without specific policy may skip recommended maintenance, which may increase the cost of operating and owning vehicles.

Our survey results also showed 5 of the 6 respondents (83%) did not have policies regarding the assignment of vehicles to an individual. This policy would help ensure vehicles are assigned only to those employees who require a vehicle in the performance of their job duties.

As discussed later in this report, the administration of the County's vehicle fleet is decentralized. As a result, each department determines the size of its fleets, how the vehicles are to be used, assigned, maintained and when they are to be replaced.

**RECOMMENDATION**      In order to help ensure an economical and efficient fleet, we recommend uniform fleet management policies and procedures that apply to all departments be developed.

*III. To determine if passenger vehicles in the County's fleet are adequately utilized*  
*IV. To determine if passenger vehicles are assigned to employees in only those instances where a true need exists*

**METHODOLOGY**      Internal controls in place were documented and considered through interviews with department staff. In addition, the following procedures were performed:

- We surveyed departments to identify vehicles assigned to employees and department fleet vehicles;
- We interviewed a sample of department personnel who had vehicles assigned to them.
- We reviewed the W-2s of department personnel who commuted in county vehicles.

The County owns a wide variety of passenger-type vehicles and the use of those vehicles varies from department to department. Therefore, rather than evaluate all passenger-type vehicles against the same criteria, we identified the following three groups of vehicles for evaluation:

- Vehicles assigned to employees and driven to and from the employees' residences,
- Vehicles assigned to employees that are not driven to and from the employees' residences,
- Fleet vehicles available for employees' use on a short term basis.

Each of these groups is discussed further on the following pages.

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**OBSERVATIONS**

**Assigned Vehicles Driven To and From Employees' Residences May Be Unjustified**



Based on our department surveys, department management reported 179 vehicles assigned to employees who commute in a county vehicle. We excluded 149 of these vehicles since they were assigned to law enforcement personnel. 133 are patrol officers within the Sheriff's Department. An additional 16 officers within that department serve in an administrative capacity during normal work hours, but are required to respond to a variety of after-hours situations.

For the remaining 30 vehicles, we gathered and analyzed additional information from 31 employees to whom they were assigned. We were able to speak with 25 of the employees as six are no longer employed by the County. We noted the following:

- 25 individuals reported no documentation was maintained to support whether or not they responded to any emergency calls after normal working hours;
- The 25 employees commute on average 30.86 miles daily. These commuting miles alone cost an estimated \$41,800 annually. This is based on the estimated cost per mile (21.5¢) of a Ford F-150 pickup multiplied by 251 workdays.
- We asked the employees to discuss the aspects of their job they feel necessitate commuting in a county vehicle. Most of the employees stated they needed to commute in a county vehicle because they are on call. However, with out any type of documentation, such as a call log, we were unable to verify if and how often these employees were called out after normal working hours.

Based on the information above, it would appear that the practice of allowing employees to commute in a county vehicle is not adequately documented and/or justified. The fact that an employee is on call and may have to respond to an emergency call does not necessarily justify the employee commuting in a county vehicle. Allowing a county vehicle to be driven to and from an employee's residence should generally be limited to only those job positions that **regularly** respond to after-hour emergencies. Otherwise, the employee could respond to the emergency in their private vehicle and request mileage reimbursement.

Employees using county vehicles for commuting are to report commuting fringe benefits for State and Federal income tax purposes. We reviewed the W-2s (with supporting documentation) of the 31 individuals who commute in a county vehicle to determine whether any commuting fringe benefits had been included. Our review indicated that 18 of the 31 did not have any commuting fringe benefits reported. Additionally, the amount reported as fringe benefits for the remaining 13 employees appears incorrect. The County reported \$3.00 per day for 228 work days (\$57.00 per month). However, there were 251 workdays in 2004 which resulted in an additional \$5.75 per month (\$69.00 per year) in reportable benefits. As a result, the fringe benefits that should have been subject to State and Federal income tax appears underreported for those 13 employees.

**Commuting fringe benefits are not always included in employees' W-2s.**

It is difficult to determine the number of vehicles with an unnecessary assignment since the County has no policy related to the commuting use of a county vehicle. However, if

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the County reduced the number of assigned vehicles driven to and from employees' residences by 25%, we estimate the following:

- \$6,680 in revenue for the County from the sale of these vehicles,
- \$29,109 in annual savings in costs related to operating these vehicles,
- \$208,928 in savings in future years by eliminating the necessity of replacing these vehicles.

SOURCE: Average resale price of \$835 was provided by the county clerk's office. Amounts used in calculation of potential savings related to annual operating costs and replacement costs were provided by www.edmunds.com.

**RECOMMENDATION**

- We recommend a countywide policy be implemented, to ensure employees are authorized to commute in a county vehicle only when it is the most efficient and economical manner in which to conduct county business. The policy should include but not be limited to specifications for the assignment of vehicles to:
  - Employees whose job positions have the primary responsibilities to respond to emergencies and it has been demonstrated and documented that the job position requires frequent after-hours emergency response (for example, 30 responses a year); or
  - Employees who cannot use alternative forms of transportation to respond to emergencies (for example, law enforcement vehicles or vehicles with specialized equipment necessary to perform the employees' job duties).

Employees commuting in a county vehicle should be re-authorized annually to ensure they still meet established criteria. In addition, the fact that an employee is merely "on-call" should not be considered adequate justification to authorize an employee to commute in a county vehicle. No employee should be allowed to commute in a county vehicle as a form of employment compensation.

- Policies and procedures should be established to ensure that employee commuting fringe benefits are reported for State and Federal income tax purposes.

**OBSERVATIONS**

**Mileage Criteria Indicates Other Assigned Vehicles Underutilized**

Based on our department surveys, we identified only two vehicles assigned to employees who did not drive them to and from their residences. These vehicles were assigned between January 2004 and December 2004 to employees for use on an as-needed basis.

According to the Federal Fleet Policy Council acting through the General Services Administration, a passenger vehicle should be driven at least 12,000 miles a year to economically justify owning it. Low mileage is an indicator of underutilization and may indicate that the fleet has too many vehicles. Although 12,000 miles is a recognized standard, due to the nature of many employees' job responsibilities, annual mileage less than 12,000 may be expected for vehicles used for short trips or special purposes. As a result, we set our underutilization criteria at 9,000 miles. Based on our department surveys, we found that both vehicles were driven less than 9,000 miles.

While it may be appropriate for some vehicles to be driven less than 9,000 miles, it would appear the County could reduce the size of its fleet. If the County reduced this category of vehicles by one-half, we estimate the following:

- \$835 in revenue for the County from the sale of this vehicle,
- \$1,723 in annual savings in costs related to operating this vehicle,
- \$26,116 in savings in future years by eliminating the necessity of replacing this vehicle.

SOURCE: Average resale price of \$835 was provided by the county clerk's office. Amounts used in calculation of potential savings related to annual operating costs and replacement costs were provided by www.edmunds.com.

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**RECOMMENDATION**

In order to help ensure county vehicles are adequately utilized, we recommend the implementation of a countywide policy establishing criteria regarding the permanent assignment of vehicles to employees. The policy should ensure that vehicles are assigned to employees only when it is most cost efficient to the County. Department vehicles should be considered fleet vehicles available for use by all employees unless a documented need has been shown for the permanent assignment of a vehicle to an employee. Examples of employees who may be assigned a vehicle should include:

**Policy should ensure that vehicles are assigned only when it is most cost efficient to the County.**

- Those driving over an established mileage threshold that must be met to justify the assignment. For example, an employee may be required to drive 10,000 business-related miles annually to be granted a vehicle assignment; or
- Those with job duties requiring the use of a vehicle with specialized equipment; or
- Those with job duties requiring frequent travel such as interagency mail delivery and facility maintenance.

Employees assigned a county vehicle should be re-authorized annually to ensure they continue to meet established criteria.

**OBSERVATIONS**

**Mileage Criteria Indicates Fleet Vehicles Underutilized**

Based on our department surveys, we identified 82 vehicles considered department fleet vehicles. These vehicles are available to employees for use on an as-needed, short-term basis.

**Low mileage is an indicator of underutilization of the vehicle and may indicate that the fleet has too many vehicles.**

As previously mentioned, the Federal Fleet Policy Council recommends passenger fleet vehicles be driven at least 12,000 miles a year. Low mileage is an indicator of underutilization of the vehicle and may indicate that the fleet has too many vehicles. Using the same rationale as discussed earlier, we set our underutilization criteria at 9,000 miles. Based on our department surveys, we found 55 (67%) of the 82 vehicles examined were driven less than 9,000 miles. While it may be appropriate for some of these vehicles to be driven less than 9,000 miles, it would appear the County could reduce the size of

its fleet. If the County were able to reduce its fleet by even one-half of the 55 vehicles, we estimate the following:

- \$23,380 in revenue for the County from the sale of these vehicles,
- \$21,191 in annual savings in costs related to operating these vehicles,
- \$718,190 in savings in future years by eliminating the necessity of replacing these vehicles.

SOURCE: Average resale price of \$835 was provided by the county clerk's office. Amounts used in calculation of potential savings related to annual operating costs and replacement costs were provided by www.edmunds.com.

Following is a summary of the miles driven for the 82 vehicles tested.

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Table 3- Fleet Category Mileage Analysis	
Annual Miles Driven	Number of Vehicles
Less than 1,000	18
1,000 to 4,999	16
5,000 to 8,999	21
9,000 to 11,999	10
Greater than 12,000	17
TOTAL	82

SOURCE: Department responses to surveys and auditor analysis.

**RECOMMENDATION**

Countywide policy should be developed and implemented to justify need for a vehicle by requiring department fleet vehicles be driven a minimum number of miles annually. As mentioned earlier, procedures should be developed to require a centralized department to monitor the number of miles driven. In cases where the vehicle is not driven the established minimum number of miles, justification for the lack of use of the vehicle should be provided to the centralized department. If the vehicle cannot be justified, it should be reassigned to a department that has a greater need or sold.

*V. To determine if County employees are driving their private vehicles and being reimbursed for mileage when it would be more economical to utilize a county vehicle*

**METHODOLOGY**

Internal controls in place were documented and considered through interviews with department staff. In addition, the following procedures were performed:

- We obtained mileage reimbursement information and analyzed it to determine the total reimbursement amount and number of miles driven by employees.
- We determined a break-even point at which it becomes more cost effective to provide employees with county-owned vehicles rather than reimbursing them for mileage.

**OBSERVATIONS**

**The County Has No Process For Evaluating Cost Effectiveness For Use of County Owned Vehicles Versus Use of Private Vehicles**

In determining whether to use a county vehicle or a private vehicle for business travel, there is a break-even point at which one option becomes more economical than the other. A break-even point in terms of mileage would be the point where reimbursement cost per mile is equal to annual fixed cost plus operating cost per mile. However, no analysis has been performed to determine this break-even point and no policies are in place to provide guidance to departments and employees in determining whether a county-owned or private vehicle should be utilized. Therefore, we conducted our own analysis to determine the break-even point.

We used the following equation to determine the number of miles at which it becomes more economical to provide an employee with a county-owned vehicle as opposed to reimbursing for mileage incurred in a private vehicle.

$$\frac{\text{Total Annual Fixed Costs}}{\text{Reimbursement Cost Per Mile} - \text{Variable Operating Cost Per Mile}}$$

Because the fixed and operating costs will vary depending on the type of vehicle, we selected a Ford F-150 truck to serve as a benchmark. The County has numerous pickup trucks in its fleet, approximately 56% when excluding the Sheriff's Department patrol

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**The County paid \$61,077 in mileage reimbursement for the period July 2003 through June 2004.**

vehicles. Based on information obtained from the vehicle evaluation website, www.edmunds.com, total annual fixed costs were calculated at \$3,865 using an estimated useful life of 5 years. Operating costs (gas, maintenance, tires) were based on information obtained from the same source. They estimated the operating costs to be 21.5¢ a mile. It should be noted that this cost does not reflect the current surge in fuel prices. The reimbursement rate switched from 36¢ a mile to 37.5¢ a mile in January

2004. However, we will use 37.5¢ for this example. Based on these figures, the break-even point would be 24,156 annual miles ( $3865 / (.375 - .215)$ ).

Based on information obtained from the County's accounting system, we determined the County paid \$61,077 in mileage reimbursement for the period July 2003 through June 2004. This reimbursement equated to 162,872 miles driven based on a reimbursement rate of 37.5¢ a mile. Our analysis of this data showed no employees were reimbursed for more than 24,156 miles.

Note that the break-even point is not constant. The break-even point increases or decreases based on the mileage rates used in the denominator of the equation. It will vary with the type of vehicle used in the calculation as well as the reimbursement rate. A higher operating cost or a lower reimbursement rate increases the required mileage to break-even. For example, if a Ford Taurus (a mid-sized sedan) was used in the calculation, the break-even point would be much lower since the purchase price and the operating costs is lower than for a pickup truck.

**RECOMMENDATION**

As stated previously in this report, the County should establish mileage criteria on which to base the assignment of vehicles to employees. By establishing and implementing such a policy, employees who travel more than this established criteria should be provided a county vehicle.

*Other Items Noted*

**OBSERVATIONS**

**Additional Justifications for Sport Utility Vehicles (SUV) and Pickup Trucks Needed**

By reviewing submitted vehicle information, we noted numerous SUVs and trucks in the County's fleet. There is not a countywide policy requiring additional justification to purchase a SUV or truck. It would appear additional justification for the purchase of a SUV or truck should be required because of the significant differences in the purchase price and operating costs of SUVs/trucks versus other vehicles.

By using vehicle inventory information, we identified 31 SUVs owned by the departments. The following analysis demonstrates the additional costs associated with the operation of a SUV when compared to a sedan.



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<b>Table 4 - SUV vs. Sedan Cost Comparison</b>				
<b>Fixed Costs (Annual)</b>	<b>Ford Taurus</b>	<b>Ford Explorer</b>	<b>Difference (Annual)</b>	<b>Difference (Life of Vehicle Est. 5 Yrs)</b>
Total Annual Fixed Costs	\$3,028	\$4,003	\$975	
Fixed Costs over the Life of the Vehicle	\$15,140	\$20,015		\$4,875
<b>Variable Costs (per mile)</b>				
Gas *	\$0.09	\$0.113		
Maintenance	\$0.069	\$0.073		
Gas costs based on 12,000 miles/year	\$1,080	\$1,356	\$276	\$1,380
Maintenance costs based on 12,000 miles/year	\$828	\$876	\$48	\$240
<b>Costs Per Vehicle</b>	\$4,936	\$6,235	\$1,299	\$6,495
<b>Costs For 31 Vehicles</b>	\$153,016	\$193,285	\$40,269	\$201,345

SOURCE: Costs provided by [www.edmunds.com](http://www.edmunds.com). \*Fuel costs do not represent the recent surge in price.

As shown in Table 4 above, if the County had purchased 31 sedans rather than SUVs, potential savings over the life of these vehicles would have been approximately \$200,000. We recognize there is likely a legitimate need for some SUVs; however, we believe many of the County's SUVs could be replaced with a less costly vehicle.

<b>Table 5 - Truck vs. Sedan Cost Comparison</b>				
<b>Fixed Costs (Annual)</b>	<b>Ford Taurus</b>	<b>Ford F-150</b>	<b>Difference (Annual)</b>	<b>Difference (Life of Vehicle Est. 5 Yrs)</b>
Total Annual Fixed Costs	\$3,028	\$3,865	\$837	
Fixed Costs over the Life of the Vehicle	\$15,140	\$19,236		\$4,186
<b>Variable Costs (per mile)</b>				
Gas*	\$0.09	\$0.131		
Maintenance	\$0.069	\$0.084		
Gas costs based on 12,000 miles/year	\$1,080	\$1,572	\$492	\$2,460
Maintenance costs based on 12,000 miles/year	\$828	\$1,008	\$180	\$900
<b>Costs Per Vehicle</b>	\$4,936	\$6,445	\$1,509	\$7,545
<b>Costs For 66 Vehicles</b>	\$325,776	\$425,370	\$99,594	\$497,970

SOURCE: Costs provided by [www.edmunds.com](http://www.edmunds.com). \*Fuel costs do not represent the recent surge in price.

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As shown in Table 5, if the County had purchased 66 sedans rather than trucks, potential savings over the life of these vehicles would have been approximately \$498,000. We recognize there is likely a legitimate need for some pickup trucks; however, we believe many of the County's trucks could be replaced with a less costly vehicle.

**RECOMMENDATION** We recommend the County develop policies to ensure that adequate justification exists for the purchase of SUVs and trucks. This policy should include the vehicle's primary purpose and an explanation as to why an alternative vehicle is not suitable. In addition, for those departments owning SUVs or trucks, we recommend they reevaluate the need for them. If the need cannot be justified, we recommend the department consider obtaining a more cost efficient vehicle.

**OBSERVATIONS** **County Vehicles Not Always Easily Identified**

Personal use and abuse of county vehicles may be reported by citizens. As a result, it is important that county vehicles be easily identifiable. 69 O.S. § 645 states "...County-owned automobiles, trucks,...shall be conspicuously and legibly marked PROPERTY OF (name of county) COUNTY...on each side, in upper case letters, on a background of sharply contrasting color". As shown above, some vehicles are identified as a county vehicle by only a county license plate. Others, as indicated below, are clearly marked.



**RECOMMENDATION** All county vehicles should be clearly marked on the driver and passenger doors as property of Oklahoma County unless otherwise provided for by law.

*Closing Comments*

When considering the overall results of our audit, it appears the administration of the County's passenger vehicle fleet is not adequate. We believe two of the major contributing factors to this are the lack of adequate policies and the decentralization of the County's passenger vehicle fleet.

Regarding the lack of policies, two areas are of particular concern: the lack of guidance regarding vehicle assignment and vehicle utilization. As noted previously under Items III. and IV., there are no countywide policies regarding permanent vehicle assignments or vehicle usage criteria. Without adequate policies covering these areas, it is not possible for the County to operate its fleet in an efficient and economical manner.

The County's passenger vehicle fleet is decentralized, thereby limiting the ability to properly manage the fleet. As a result, consideration should be given by the governing board to centralizing certain administrative aspects of the fleet under one department. By having a centralized fleet, efficiencies would likely be gained through increased monitoring and analysis of usage of the entire fleet. For example, if the fleet were centrally administered, specific procedures could be followed when a department requested the purchase of a new vehicle to replace a vehicle currently in its fleet or to expand its fleet. In the case of a vehicle replacement, a determination could be made as to whether the current vehicle is necessary by assessing its usage. Next, a review of all vehicles could be performed to identify vehicles not being adequately utilized (recommended utilization standards were discussed previously in this report). If a vehicle was identified at department A as not being adequately utilized, it could be reallocated to department B and eliminate the purchase of a new vehicle. These procedures are currently not possible as the records are not adequate to allow vehicle usage monitoring.

**The County's  
passenger vehicle  
fleet is  
decentralized,  
thereby limiting  
the ability to  
properly manage  
the fleet.**



## BOARD OF COUNTY COMMISSIONERS

### OKLAHOMA COUNTY

320 ROBERT S. KERR AVENUE  
OKLAHOMA CITY, OKLAHOMA 73102

(405) 278-1500

September 1, 2005

Mr. Jeff McMahan  
State Auditor and Inspector  
Room 100, State Capitol Bldg.  
Oklahoma City, OK 73105

Re: Motor Vehicle Fleet Performance Audit

Please accept this letter from the Oklahoma County Board of County Commissioners as our response to the draft of the "Oklahoma County Passenger Vehicle Fleet Performance Audit" for the period of January 1, 2004 through December 31, 2004.

A copy of the draft audit was presented to the Chair of the Board of County Commissioners on August 10, 2005 with a 15 day response deadline that was problematic given the seven day lapse before a copy of the draft was presented by the Chair to fellow Board members. We appreciate the August 25, 2005 correspondence giving clarification as to the manner the Board could respond to the audit and thank you for starting the 15 day window when Chairperson Roth provided copies to fellow Board members on August 17, 2005: thus, giving us until September 1, 2005 to respond.

The genesis for requesting a county wide audit of the vehicle fleet was based on the desire of the Board of County Commissioners to bring better business practices to the management of taxpayers' motor fleet assets and the October 8, 2004 performance audit of the state's motor vehicle fleet conducted by your office.

We are pleased to have what we suspected confirmed through an independent performance audit. There exists a need to bring additional reforms to Oklahoma County government by the Board of County Commissioners.

This Board of Commissioners has in the last several years embarked on a path of professionalism by embracing and creating a County Human Resource Department, centralizing computer and programming under the Management of Information Systems Department and most recently, the creation of the Office of Budget and Management to advise this Board on budget and management issues.

This Board will discuss and consider a county wide motor vehicle policy and centralizing the county motor vehicle fleet under one department.

Now, to our major concern regarding the draft audit is the elimination of 56.22% of the county fleet from analysis in that 149 out of 179 vehicles assigned to Sheriff's Department law enforcement personnel were omitted from the audit. The elimination of this significant portion of the county motor vehicle assets from consideration potentially leaves the county taxpayer with the perception of having paid for an incomplete work product. Particularly, since it was the Board's desire to have all motor vehicles put under review for the audit.

Auditor's response to paragraph 7 of the Board of County Commissioner's response:

- The 179 vehicles mentioned comprise the population identified as "employees who commute in a county vehicle". It is not the number of vehicles assigned to the Sheriff's Department law enforcement personnel as stated in the County's response.
- Consideration was given to the 149 vehicles; they were not "omitted" from the audit. However, as these vehicles were used in law enforcement activities, it did not appear necessary to gather additional information related to their use.
- The statement that "the elimination of this significant portion of the county motor vehicle assets from consideration potentially leaves the county taxpayer with the perception of having paid for an incomplete work product" leads the reader to believe that, had we not excluded the 149 law enforcement vehicles, the recommendations would have been different. Regardless of the number of vehicles identified in this particular category, the recommendation is that the County develop policy related to commuting in County vehicles.

The concerns identified over the methodology used have no impact on the recommendations related to this portion of the audit or on the overall results of the audit, which are that the County's fleet is decentralized and there is a lack of comprehensive policies and procedures.

It is the desire of this Board to approach reform of county government on a county wide basis with policy recommendations that would apply universally to all departments and offices.

This body is familiar with the criticism expressed by the Department of Central Services in their response to the "Motor Vehicle Fleet Performance Audit" released October 28, 2005 of state motor vehicles when they observed that the exclusion of "over one-fourth of the State's fleet, from this audit may significantly skew projections contained therein." We had hoped to avoid this similar experience in seeking a complete audit of the county's motor vehicle fleet.

Auditor's response to paragraph 8 of the Board of County Commissioner's response:

To the concerns of DCS that exclusions of over one-fourth of the State's fleet from this audit may significantly skew projections contained within, please note that an auditor response was provided on page 26 of the State's "Motor Vehicle Fleet" performance audit issued on October 26, 2004. It reads:

The statement by DCS that projections may be significantly skewed by the exclusion of colleges and universities is erroneous. The population of vehicles that were tested was clearly defined in the report as passenger-type vehicles owned or leased by the state, excluding higher education. Projections based on audit tests are consistently and appropriately made to the same population (passenger-type vehicles owned or leased by the state, excluding higher education) from which the samples were selected.

A comparison between the two situations appears to be inappropriate.

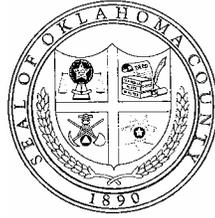
With this one exception, we embrace your methodology and findings. It is our desire to report back to your office within the next ninety days that we have taken the steps necessary to address the findings that will improve our business practices as a county government for the taxpayers of Oklahoma County.

Jim Roth, Chair

Stan Inman, Vice-Chair

Brent Rinehart, Member

The image shows two handwritten signatures in black ink. The signature on the left is for Stan Inman, written in a cursive style. The signature on the right is for Brent Rinehart, also in cursive, with a large, stylized initial 'B'.



**JIM ROTH**  
COUNTY COMMISSIONER  
OKLAHOMA COUNTY DISTRICT ONE

August 18, 2005

The Honorable Jeff McMahan  
State Auditor & Inspector  
2300 N. Lincoln Boulevard  
State Capitol, Room 100  
Oklahoma City, OK 73105

RE: District One Response to County Vehicle Performance Audit

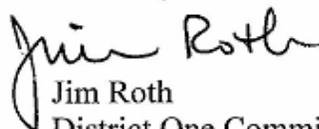
Dear Mr. McMahan:

Oklahoma County District One will implement the following procedural changes or take necessary action to comply with the audit recommendations as follows:

1. We have formally drafted a policy for vehicle use within District One;
2. We have confirmed with payroll that all employees who should be taxed for vehicle usage are being so; and,
3. We will review the number, type and assignment of all vehicles to limit our District's cost and liability and intend to lower our inventory accordingly.

We wish to take this opportunity to express our appreciation for your cooperation and assistance. Your advice and suggestions are welcomed for our continued improvement on behalf of the citizens of District One.

Sincerely,

  
Jim Roth  
District One Commissioner

**Appendix A**  
**Summary of Potential Cost Savings from the**  
**Elimination of Excess Vehicles in Inventory**

<i>Category</i>	<i>Immediate Savings</i>	<i>Annual Savings</i>	<i>Future Savings</i>	<i>Total</i>
<b>Assigned vehicles driven to and from employees' residences – page 11</b>	\$6,680	\$29,109	\$208,928*	\$244,717
<b>Other assigned vehicles-page 11</b>	\$835	\$1,723	\$26,116*	\$28,674
<b>Department fleet vehicles-page 12</b>	\$23,380	\$21,191	\$718,190*	\$762,761
<b>SUV vs. Sedan analysis – page 15</b>			\$201,345	\$201,345
<b>Truck vs. Sedan analysis – page 15</b>			\$497,970	\$497,970
<b>TOTAL</b>	\$30,895	\$52,023	\$1,652,549	\$1,735,467

- Immediate savings were calculated based on the average resale value (\$835) of all vehicles sold through county auction during 2003. The 2003 figure was used because there were no vehicles sold in 2004.
- Annual savings were calculated based on a cost per mile calculation.
- Future savings noted with a \* were calculated based on the estimated replacement costs of a Ford F-150 truck at \$26,116. These savings would likely be realized over the next seven years.