



An Audit Report on

# The Vehicle Fleet Management Program at the Office of the Comptroller of Public Accounts

- The *State of the Fleet 2023* report contained inaccurate and unreliable information.
- The Texas Fleet System contained incomplete and unreasonable data.
- The Comptroller's Office had weaknesses in multiple aspects of its program administration.

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State Auditor

The Office of the Comptroller of Public Accounts (Comptroller's Office) had significant weaknesses in its administration of the vehicle fleet management program. The *State of the Fleet 2023* report (Fleet Report) contained unreliable information because the Comptroller's Office did not have sufficient data review and monitoring processes for its Texas Fleet System (Fleet System).

The Comptroller's Office published the *Texas State Vehicle Fleet Management Plan* (Plan) as required; however, it did not properly monitor state agencies' and higher education institutions' (state entities) compliance with certain Plan requirements.

- [Background](#) | p. 4
- [Audit Objectives](#) | p. 21

*This audit was conducted in accordance with Texas Government Code, Sections 321.013 and 321.0132.*

## **PRIORITY**

### **VEHICLE FLEET DATA AND REPORTING**

The Comptroller's Office Fleet Report and Fleet System contained unreliable information about vehicle fleet purchases; accrued mileage; and fuel, repair, and maintenance costs.

[Chapter 1](#) | p. 7

## **HIGH**

### **PROGRAM OPERATIONS**

The Comptroller's Office's weaknesses in program operations included not adequately monitoring state entities' compliance with certain Plan requirements and relying on outdated policies and procedures.

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For more information about this audit, contact Audit Manager Jeannette Garcia or State Auditor Lisa Collier at 512-936-9500.

September 2024 | Report No. 25-001

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## Note on Confidential Findings

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To minimize security risks, auditors communicated in a separate report to the Comptroller’s Office details about other audit findings related to certain security weaknesses and the implementation status of three information technology-related recommendations made in a prior State Auditor’s Office report.

**MEDIUM**

One of those findings was rated Medium, indicating moderate risk. Action is needed to address the noted concerns and reduce risks to a more desirable level.

**NOT RATED**

The Comptroller’s Office fully implemented two prior recommendations and corrective action is incomplete or ongoing for a third recommendation.

Auditors made recommendations in the confidential report to address the findings. The Comptroller’s Office agreed with the recommendations.

Pursuant to Standard 9.61 of the U.S. Government Accountability Office’s *Government Auditing Standards*, certain information was omitted from this report because that information was deemed to present potential risks related to public safety, security, or the disclosure of private or confidential data. Under the provisions of Texas Government Code, Section 552.139, the omitted information is also exempt from the requirements of the Texas Public Information Act.

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## Summary of Management’s Response

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Auditors made recommendations to address the issues identified during this audit, provided at the end of each chapter in this report. The Comptroller’s Office agreed with the recommendations.

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## Ratings Definitions

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Auditors used professional judgment and rated the audit findings identified in this report. The issue ratings identified for each chapter were determined based on the degree of risk or effect of the findings in relation to the audit objectives.

**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.

**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.

**MEDIUM:** Issues identified present risks or effects that if not addressed could *moderately affect* the audited entity's ability to effectively administer the program(s)/function(s) audited. Action is needed to address the noted concern(s) and reduce risks to a more desirable level.

**LOW:** 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 more on the methodology for issue ratings, see [Report Ratings](#) in Appendix 1.

# Background Information

## Vehicle Fleet Management Program

The Office of the Comptroller of Public Accounts (Comptroller's Office) administers the vehicle fleet management program (Program) through its Office of Vehicle Fleet Management. The Legislature established certain Program requirements, such as the development of a vehicle data reporting system, in Texas Government Code, Chapter 2171 (see text box for more information).

To help fund Program operations, the Comptroller's Office uses interagency contracts with the state agencies and higher education institutions (state entities) that are required to use the reporting system.

### ***Texas State Vehicle Fleet Management Plan (Plan)***

The 76th Legislature amended Chapter 2171 to direct the Comptroller's Office to adopt a statewide fleet management plan to improve the administration and operation of the State's vehicle fleet. As a result, the Comptroller's Office developed the *Texas State Vehicle Fleet Management Plan*. The Plan requires the Comptroller's Office to monitor state fleet management guidelines and state entities' compliance with operational requirements such as fleet size limitations.

### **Texas Fleet System (Fleet System)**

To help it comply with the statutory requirements to develop an automated reporting system, maintain a complete vehicle inventory, and calculate the average cost of operations, the Comptroller's Office implemented the Fleet System, which serves as the State's centralized repository of vehicle data. The Comptroller's Office procured the Fleet System from AgileAssets Inc., which it

#### **Selected Program Requirements**

- Develop and manage the statewide fleet management plan.
- Implement and manage a vehicle reporting system to collect fleet reports on inventory, operating costs, and other related data from state entities.
- Maintain a complete inventory of state-owned vehicles and calculate the average cost of operation for those vehicles.
- Report to the Legislature on the vehicle information submitted by state entities, including those that fail to report complete vehicle information.

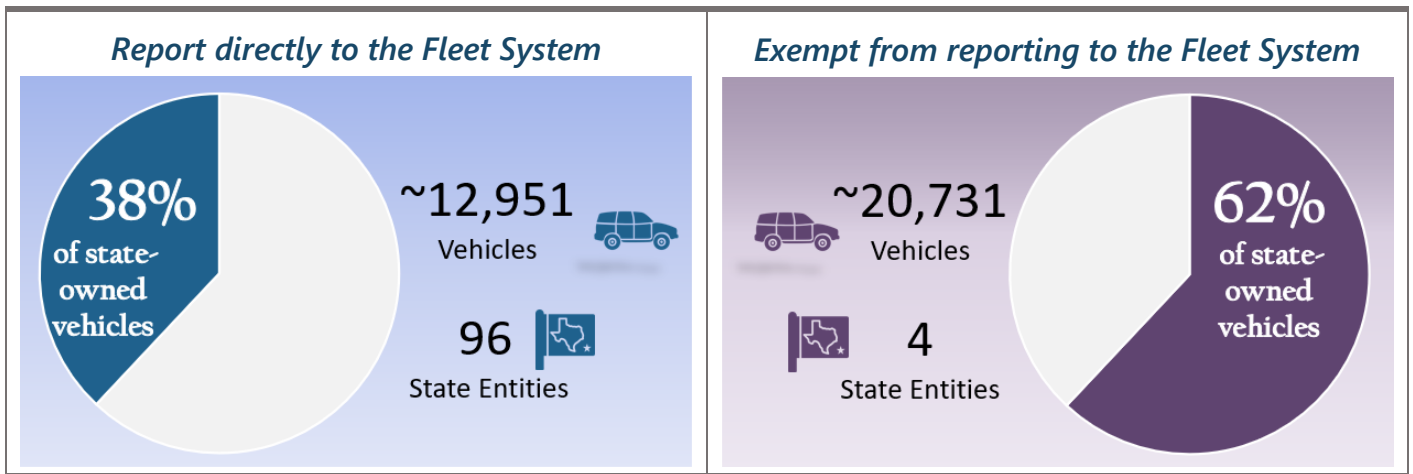
Source: Comptroller's Office.

contracted to provide the software and periodic updates, help maintain the system, and provide technical support.

Prior to September 2021, all state entities were required to use the Fleet System. However, the 87th Legislature revised this requirement so that as of September 2021, only entities with 2,500 vehicles or fewer are required to use the Fleet System to report the status of their vehicle fleet. Those entities with more than 2,500 vehicles were exempted from that requirement and must procure and operate their own fleet management system. According to the *State of the Fleet 2023* report, 4 state entities, whose fleets comprised 62 percent of state-owned vehicles (see Figure 1), were exempt from reporting directly to the Fleet System: the Department of Criminal Justice, the Department of Public Safety, the Department of Transportation, and the Parks and Wildlife Department. The Comptroller’s Office remained responsible for reporting on the inventory and average cost of operations of the entire State’s fleet.

Figure 1

### Program Scope



Source: *State of the Fleet 2023*.

### ***State of the Fleet 2023 – Report on the Status and Operation of Vehicles Within the State of Texas (Fleet Report)***

The Comptroller’s Office must submit a biennial report to the Legislature to provide the status of each state entity’s fleet (see text box) and recommendations for enhancing these fleets. The Comptroller’s Office designed the Fleet Report, which is populated with Fleet System information, to help it meet that requirement. The Fleet Report must be provided no later than January 1st of each odd-numbered year, with the next one set for release by January 1, 2025.

#### **Fleet Report Changes**

Beginning with the 2023 Fleet Report, the Comptroller’s Office modified the main body of the report to remove the four agencies exempt from reporting to the Fleet System. As a result, the main body covered approximately 38.5 percent of the state vehicle fleet, while the status of the remaining 61.5 percent was presented in four appendices. To obtain a complete picture of the statewide fleet, those four appendices must be considered in addition to the main body of the Fleet Report.

Source: Comptroller’s Office.



**PRIORITY**

## Chapter 1 Vehicle Fleet Data and Reporting

The Office of the Comptroller of Public Accounts (Comptroller's Office) vehicle fleet management program had significant weaknesses in its operational processes. As a result, the *State of the Fleet 2023* report (Fleet Report) contained unreliable information. The data used to prepare the Fleet Report was inaccurate and incomplete because the Comptroller's Office did not have sufficient data review and monitoring processes for its Texas Fleet System (Fleet System). Not presenting accurate and complete information in the Fleet Report limits stakeholders' ability to make meaningful decisions about the State's vehicle fleet.

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### The Fleet Report had inaccurate and unreliable information.

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The Fleet Report contained significant errors that included the use of inconsistent data and incorrect calculations and the exclusion of certain vehicle purchase costs.

- For fiscal year 2021, the Fleet Report cited conflicting totals for the same item. For example, accrued mileage was shown as both 65.7 million and 118.3 million miles (a difference of 52.6 million miles).
- Certain calculations used incorrect data or averaged averages, which produced unreliable results. For example, the average cost per mile—when properly calculated from the supporting documentation—was \$0.53 per mile instead of the \$1.40 cited in the Fleet Report.

- The vehicle purchase costs noted in the Fleet Report incorrectly excluded approximately \$1.9 million in fiscal years 2021 and 2022 costs for vehicle modifications, such as the addition of cargo racks, toolboxes, and radios that are used to help prepare the vehicle for service.

Given the amount and extent of such errors, the users of the Fleet Report may not be able to accurately assess the state of the fleet. Some of this unreliable data resulted from the use of Fleet System reports that contained insufficient information, which necessitated additional calculations.

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## The Fleet System contained incomplete and unreasonable data.

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The Comptroller's Office is required to maintain complete vehicle inventory data; state agencies and higher education institutions (state entities) with 2,500 vehicles or fewer are required to enter their vehicle information into the Fleet System no later than 60 days after each quarter ends. However, the Comptroller's Office did not have review processes in place to verify that state entities reported complete and reasonable vehicle information within the required timeframe.

**Incomplete Cost Data.** The Fleet System had incomplete data on vehicle purchase, repair and maintenance, and fuel costs for fiscal year 2022; as a result, the Comptroller's Office understated the costs in its Fleet Report. For example:

- Ten state entities did not report at least \$1.6 million in vehicle purchases to the Fleet System. In addition, 37 state entities recorded no repair and maintenance costs, such as state inspections, filters, and tires, for their fleets (2,091 vehicles in total).
- The Fleet System indicated that 1,662 vehicles traveled approximately 9 million miles without incurring any fuel costs.

**Unreasonable Data.** The Fleet System did not have safeguards in place to properly detect entry of unreasonable information and route those entries for correction prior to processing. For example, the Fleet System indicated that:



- 33 vehicles accrued a total of 20.8 million miles in fiscal year 2022 (an average of approximately 629,000 miles per vehicle), with 1 of those vehicles accruing more than 2.0 million miles in a single year.
- 52 vehicles had a combined \$9.5 million in fuel costs for fiscal year 2022 (an average of approximately \$183,000 per vehicle), with more than \$660,000 attributed to just 1 vehicle that was recorded as accruing approximately 10,000 miles for the year.
- 491 vehicles had in-service dates that preceded their acquisition dates and 567 vehicles had a 1/1/1900 disposition date.

A data monitoring process could improve the reliability of the Fleet System data. In addition, the Comptroller's Office stated in the Fleet Report that it intended to conduct reviews to verify the integrity of data entered into the Fleet System; however, it had not established processes to conduct those reviews as of May 2024—approximately 16 months after the Fleet Report's publication.

**Delayed Entry of Data.** The Comptroller's Office did not have a monitoring process in place to identify state entities that did not report their vehicle data to the Fleet System within the statutorily required 60 days after each quarter. The lack of monitoring contributed to the inclusion of incomplete information within the Fleet Report. For example, the Fleet Report stated that 45.6 million miles were logged statewide for fiscal year 2022. But as of April 2024, the Fleet System indicated that 86.6 million miles were logged for that period because state entities continued to enter vehicle data after the required timeframe.

The Comptroller's Office used the incomplete data and reported an inaccurate average cost of operations—a required component of the Fleet Report. Additionally, the Comptroller's Office did not have a process to identify state entities that did not submit complete data in the Fleet Report in accordance with the *Texas State Vehicle Fleet Management Plan*.

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## The Comptroller's Office cannot verify the accuracy of its Fleet Report because it did not always retain the supporting documentation.

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The Comptroller's Office did not always retain adequate supporting information for its Fleet Report. Specifically, the Comptroller's Office did not retain the Fleet System reports used to prepare certain exhibits in the 2023 Fleet Report.

Retaining these reports is important because state entities can update their information in the Fleet System at any time and that system does not have the ability to generate reports based on historical dates. As a result, the information in the Fleet System reports differs based on when the report is run.

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## Recommendations

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The Comptroller's Office should:

- Design, document, and implement:
  - A review process for the biennial Fleet Report to help ensure that it contains accurate and reliable information.
  - A Fleet System data integrity monitoring process to help ensure that state entities report complete, accurate, and timely vehicle information.
  - Policies and procedures to support its review and monitoring processes.
- Retain the Fleet System reports that are used to prepare the Fleet Report.
- Identify in the Fleet Report the state entities that have not submitted complete data to the Fleet System.

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## Management's Response

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**Views of Responsible Officials:**

The Comptroller's Office acknowledges and agrees with the finding.

**Corrective Action Plan:**

*Design, document, and implement: A review process for the biennial Fleet Report to help ensure that it contains accurate and reliable information.*

In recognizing the necessity for oversight of our data prior to publication, the Statewide Procurement Division is planning to establish a dedicated review team. This team will be responsible for evaluating all data, including verifying information from the State of the Fleet report, and cross-referencing it with support documentation downloaded from the Texas Fleet System used to generate the report data.

Additionally, we are exploring automated solutions that can assist in creating the State of the Fleet report to improve accuracy and reduce the manual effort involved in the reporting process.

Each state agency fleet officer is responsible for establishing, maintaining, and submitting to the comptroller on a monthly basis accurate vehicle information as outlined in the Texas Administrative Code, Title 34, Part 1, Chapter 20, Sub-chapter E, Rule 20.435, Texas Government Code Section 2171.101, and the Texas State Vehicle Fleet Management Plan, under agency staffing responsibilities.

Implementation Date: November 2024

Responsible Parties: The Manager and the Program Specialist for the Statewide Fleet, Travel & Mail Operations

*Design, document, and implement: A Fleet System data integrity monitoring process to help ensure that state entities report complete, accurate, and timely vehicle information.*

The Statewide Procurement Division is currently exploring a future fleet solution aimed at enhancing our vehicle fleet management capabilities.

This proposed system will incorporate features that can detect and flag missing reports.

Key functionalities we are considering include:

1. Report detection: The ability to identify and alert us about any missing submissions from agencies.
2. Submission Monitoring: A mechanism to view submissions and receive timely notifications if any agency fails to submit their data as required.
3. Discrepancy Enforcement: Tools to validate rules and address discrepancies observed in the current system effectively.

Implementation Date: September 2026

Responsible Parties: The Manager and the Program Specialist for the Statewide Fleet, Travel & Mail Operations

*Design, document, and implement: Policies and procedures to support its review and monitoring processes.*

The Office of Vehicle Fleet Management (OVFM) offers several training sessions each year aimed at educating fleet system users about their responsibilities and best practices for data collection and reporting. In addition to the training, OVFM provides valuable tools to assist agencies, including:

- Texas State Vehicle Fleet Management Plan: Outlines agency responsibilities and provides further direction for implementing the provisions of the statute.
- Guidelines and Resources: Comprehensive guidelines and resources are available to ensure clarity in the reporting process.
- Dedicated Support Team: Our support team is always ready to assist with any questions or challenges that may arise during the reporting process.

The Statewide Procurement Division is currently exploring a future fleet solution aimed at enhancing our vehicle fleet management capabilities. This proposed system will incorporate features that can detect and flag missing reports.

Key functionalities we are considering include:

**Report detection:** The ability to identify and alert us about any missing submissions from agencies.

**Submission Monitoring:** A mechanism to view submissions and receive timely notifications if any agency fails to submit their data as required.

**Discrepancy Enforcement:** Tools to validate rules and address discrepancies observed in the current system effectively.

**Implementation Date:** September 2026

**Responsible Parties:** The Manager and the Program Specialist for the Statewide Fleet, Travel & Mail Operations

*Retain the Fleet System reports that are used to prepare the Fleet Report.*

In response to the audit recommendation concerning fleet system reports, there is no requirement to retain fleet system reports that are used to prepare the State of the Fleet report. However, to enhance our current process, the dedicated review team will also be saving a copy of the supporting documentation. This additional step will ensure that we have a reliable backup.

**Implementation Date:** September 2024

**Responsible Parties:** The Manager and the Program Specialist for the Statewide Fleet, Travel & Mail Operations

*Identify in the Fleet Report the state entities that have not submitted complete data to the Fleet System.*

In response to the audit recommendation concerning the submission of data, it appears the recommendation is based solely on a statement in the Texas State Vehicle Fleet Management Plan. Due to the current organizational structure of the state's fleet, each agency is responsible for maintaining their fleet and ensuring the submission of complete and accurate vehicle information in the Texas Fleet System, as outlined in the Texas Administrative Code, Title 34, Part 1, Chapter 20, Sub-chapter E, Rule 20.435, Texas Government Code Section 2171.101, and the

Texas State Vehicle Fleet Management Plan, under agency staffing responsibilities. To enhance clarity and accountability, we plan to update the language in the Texas State Vehicle Fleet Management Plan to better reflect the duties and responsibilities of each agency regarding fleet reporting.

Implementation Date: March 2025

Responsible Parties: The Manager and the Program Specialist for the Statewide Fleet, Travel & Mail Operations

**HIGH**

## Chapter 2 Program Operations

The Comptroller's Office had process weaknesses in multiple aspects of its Vehicle Fleet Management Program (Program). As a result, it did not adequately monitor state entities' compliance with certain fleet requirements, it used outdated documents to administer the Program's operations, and it is at an increased risk of producing incorrect information regarding the State's vehicle fleet.

### The Comptroller's Office did not comply with selected Vehicle Fleet Management Plan requirements.

The Comptroller's Office compiled and published a *Texas State Vehicle Fleet Management Plan* (Plan) as required by Texas Government Code, Chapter 2171 (see text box for more information). The Plan required the Comptroller's Office to monitor agencies' compliance with certain minimum yearly mileage requirements<sup>1</sup>, state entities' compliance with their approved fleet size, and whether each state entity had fleet-management-related policies and procedures. The Comptroller's Office implemented selected elements of a monitoring process; however, its monitoring was not adequate. For example:

- **Minimum Mileage.** The Comptroller's Office designed a Fleet System report to identify vehicles that were not meeting the minimum requirement of 10,000 miles per year. However, it had not generated and sent those reports to the state agencies since 2016. The Fleet System indicated that 539 (64.3 percent) of 838 vehicles subject to that requirement did not meet that minimum in fiscal year 2022.

#### Texas State Vehicle Fleet Management Plan

The Texas Government Code directs the Comptroller's Office to adopt a statewide fleet management plan to improve the administration and operation of the State's vehicle fleet. That plan should address:

- The number and types of vehicles owned by each state entity and the purpose each vehicle serves.
- Procedures to increase vehicle use and improve the efficiency of the state vehicle fleet.
- Procedures to reduce the cost of maintaining state vehicles.

Source: Texas Government Code, Chapter 2171.

<sup>1</sup> The minimum mileage requirements do not apply to higher education institutions.

- **Fleet Size.** The Comptroller’s Office did not follow its requirements to monitor the state entities’ approved fleet sizes in the Fleet System and did not retain the letters approving fleet size increases for 11 (55 percent) of 20 state entities tested.
- **Policies and Procedures.** The Comptroller’s Office did not affirm that state entities had documented vehicle fleet management policies and procedures as required.

Without adequate processes to monitor minimum mileage and fleet size, state entities may procure and maintain vehicles that are not needed to meet those entities’ goals. Additionally, having inadequate fleet management policies and procedures could contribute to those entities not entering complete and accurate data into the Fleet System within 60 days of each quarter’s end as required.

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## The Comptroller’s Office had outdated policies and procedures to govern its fleet operations.

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The Plan addressed the statutorily required elements, such as providing documented procedures to reduce the cost of maintaining state vehicles and to handle salvage vehicles. However, the Comptroller’s Office used outdated documents to administer the Program’s operations. For example:

- **Policies and Procedures.** The Comptroller’s Office did not have properly documented, detailed, and up-to-date policies and procedures governing its operations. The resulting lack of current procedures could have contributed to the multiple inaccuracies in the 2023 Fleet Report and the incomplete data in the Fleet System discussed in [Chapter 1](#).
- **Texas Administrative Code.** Title 34 of the Texas Administrative Code (TAC) contains rules that the Comptroller’s Office established to help govern the Program’s operations. While the Comptroller’s Office asserted that it conducted the required review of those rules, the rules were not updated to reflect significant legislative changes. For example, TAC Title 34 references the State Council on Competitive Government, which was abolished in 2017.

Outdated guidance contributed to the errors in the Fleet Report identified in [Chapter 1](#).



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## The Comptroller's Office did not document its meetings with the Fleet System vendor as required.

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The Comptroller's Office asserted that it met monthly with the Fleet System vendor and that those meetings included discussions related to issues the Comptroller's Office may be having with the system and/or details about upcoming application upgrades. While the Comptroller's Office maintained selected email correspondence with the vendor, it did not document and retain minutes of those meetings as required by the *State of Texas Procurement and Contract Management Guide*. If significant decisions were made at those meetings, the Comptroller's Office may lack documentation of those decisions and their impacts on operations.

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## Recommendations

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The Comptroller's Office should:

- Comply with the Plan's requirements to monitor vehicle minimum mileage accruals, fleet size, and implementation of fleet management policies and procedures.
- Develop, document, and update the Program policies, procedures, and Texas Administrative Code to align with its current operations.
- Document and maintain approvals for state entities' fleet size.
- Document vendor meeting minutes as required by the *State of Texas Procurement and Contract Management Guide*.

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## Management's Response

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**Views of Responsible Officials:**

The Office acknowledges and agrees with the finding.

**Corrective Action Plan:**

*Comply with the Plan's requirements to monitor vehicle minimum mileage accruals, fleet size, and implementation of fleet management policies and procedures.*

In response to the recommendation regarding monitoring processes, the Office of Vehicle Fleet Management will continue to ensure agency-specific minimum-use reports are generated semi-annually. These reports are based on the fleet data received to identify vehicles that have accumulated less than the minimum use mileage for the designated reporting period. These reports will be conducted yearly in June and December. To streamline our processes, email notifications regarding the reports along with any necessary response correspondence, will be stored in a secured shared folder for reference.

Implementation Date: December 2024

Responsible Parties: The Manager and the Program Specialist for the Statewide Fleet, Travel & Mail Operations

In response to the recommendation regarding state entities compliance with approved operational fleet size, the Office of Vehicle Fleet Management (OVFM) has reviewed their fleet management practices and identified areas for improvement. We acknowledge the discrepancies noted and are implementing the following actions:

1. Inventory Review: The Office of Vehicle Fleet Management (OVFM) will be actively monitoring fleet sizes through semi-annual and operational fleet size reports from the Texas Fleet System. This initiative aims to ensure that all agencies remain at or below their currently approved fleet sizes.
2. Policy Update: We will be revising our internal policies and procedures to incorporate these monitoring mechanisms.

3. Provide Training: We will continue to provide reminders and training sessions to agencies regarding the process for increasing their fleet size.

As part of our ongoing training sessions, OVFM will continue to remind agencies of their responsibility to ensure policies and procedures are submitted to the Office of Vehicle Fleet Management electronically or made available online, in accordance with the Texas State Vehicle Fleet Management Plan

Implementation Date: November 2024

Responsible Parties: The Manager and the Program Specialist for the Statewide Fleet, Travel & Mail Operations

*Develop, document, and update the Program policies, procedures, and Texas Administrative Code to align with its current operations.*

In response to the recommendation regarding program policies and procedures, the Office of Vehicle Fleet Management is in the process developing a comprehensive Vehicle Fleet Policy Manual to govern its operations. We believe that establishing clear policies will not only improve our operations but also facilitate a smoother audit process in the future.

The updating authority is actively working on the necessary revisions to the Administrative Rule highlighted in the recent audit to ensure compliance.

Implementation Date: December 2024

Responsible Parties: The Manager and the Program Specialist for the Statewide Fleet, Travel & Mail Operations

*Document and maintain approvals for state entities' fleet size.*

To ensure the integrity and availability of our approval documentation, the Office of Vehicle Fleet Management plans to implement the following strategies:

1. Centralized Repository: All approvals will be stored in a secure centralized electronic repository. This repository will be available for reference to authorized personnel.

2. Regular Audits and Reviews: Fleet management will conduct periodic audits of approval documentation to ensure compliance with internal policies. This will include reviewing the completeness and accuracy of the documentation.

Implementation Date: November 2024

Responsible Parties: The Manager and the Program Specialist for the Statewide Fleet, Travel & Mail Operations

*Document vendor meeting minutes as required by the State of Texas Procurement and Contract Management Guide.*

To ensure thorough documentation of vehicle fleet vendor meetings, the Office of Vehicle Fleet Management will be enhancing our current processes. Going forward, we will implement the following steps:

1. Take Notes: Designated personnel will document key points during the meeting, including:
  - Attendees and absentees
  - Date and time of the meeting
  - Summary of discussion
  - Decisions made
  - Action items with assigned responsibilities and deadlines
2. Review and Distribution: After the meeting, minutes will be reviewed for accuracy and clarity. They will be distributed to all attendees and relevant stakeholders.

Implementation Date: November 2024

Responsible Parties: The Manager and the Program Specialist for the Statewide Fleet, Travel & Mail Operations



## Appendix I

# Objectives, Scope, and Methodology

## Objectives

The objectives of this audit were to determine whether the Office of the Comptroller of Public Accounts (Comptroller's Office) has processes and related controls to ensure that:

- The Office of Vehicle Fleet Management (OVFM) administers the vehicle fleet management program in accordance with applicable requirements.
- Reports from the Texas Fleet System (Fleet System) are accurate and reliable.
- Contracts related to fleet management are managed and monitored in accordance with applicable requirements.

As applicable, determine the status of selected prior audit recommendations issued by the State Auditor's Office.

## Scope

The scope of this audit included processes and controls related to the vehicle fleet management program from September 2020 through May 2024, as well as the *State of the Fleet 2023* report.

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



- Michael Yokie, CISA (Project Manager)
- Brady Bennett, MBA, CFE, CGAP (Assistant Project Manager)
- Allison Fries, CFE
- Brandon Pascall
- Geddy Emery
- Josh Wright
- Lance Cofield
- Mark Snyder, CFE
- Nick de Sanctis
- Robert G. Kiker, CFE, CGAP (Quality Control Reviewer)
- Jeannette Quiñonez Garcia, CPA (Audit Manager)

The scope also included a review of significant internal control components related to the Comptroller's Office and a determination of whether the Comptroller's Office had implemented corrective actions to address selected recommendations from a confidential report issued in February 2023.

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## Methodology

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We conducted this performance audit from January 2024 through August 2024 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. In addition, during the audit, matters not required to be reported in accordance with *Government Auditing Standards* were communicated to the Comptroller's Office management for consideration.

### Addressing the Audit Objectives

During the audit, we performed the following:

- Interviewed the Comptroller's Office management and staff to gain an understanding of the vehicle fleet management program processes and controls.
- Identified the relevant criteria:
  - Texas Government Code, Chapter 2171.
  - Texas Administrative Code, Title 34, Chapter 20.
  - Comptroller's Office documentation:
    - *Texas State Vehicle Fleet Management Plan, December 2023 (Plan)*.
    - *State of Texas Procurement and Contract Management Guide, Version 3.0*.
    - OVFM policies and procedures.
- Reviewed the Plan for compliance with applicable requirements.

- Performed various analyses to determine whether the Fleet System and the State of the Fleet 2023 report contained reliable data.
- Performed analysis to determine whether certain Fleet System reports generated accurate and reliable information.
- Reviewed the Fleet System contract and certain other OVFM documentation to determine whether the contract was managed and monitored according to applicable requirements.
- Tested a sample of state agencies and higher education institutions (state entities) that use the Fleet System to determine whether those entities’ payments complied with requirements. Figure 2 provides more information about this sample.
- Tested a sample of state entities to determine whether those entities’ fleet sizes were monitored as required by the Plan. Figure 2 provides more information about this sample.

Figure 2

*Populations and Samples Selected for Testing*

Description	Population	Sample Size	Sampling Methodology	Representative Determination
Population of amounts charged to entities for fleet system usage	96	19	15 random plus 4 risk-based <sup>a</sup> items sampled	Not representative <sup>b</sup>
Population of approved fleet sizes	98	20	15 random plus 5 risk-based <sup>a</sup> items sampled	Not representative <sup>b</sup>

<sup>a</sup> Population selected to ensure review of certain “high risk” state entities, such as those with significant fleet sizes.

<sup>b</sup> A risk-based sample is not representative, and it would not be appropriate to project those test results to the population.

## Data Reliability and Completeness

Auditors determined that the following data sets were sufficiently reliable for the purposes of the audit:

- **Fleet System.** Auditors extracted selected vehicle data from the Fleet System to determine if the data in the Fleet System, as well as data reported in the *State of the Fleet 2023* report for fiscal years 2021 and 2022, was reliable. To determine the reliability of the data extracts, auditors (1) reviewed the parameters used to extract the data from the system and (2) analyzed the data to determine whether the values had appropriate information and conformed to auditor expectations. As discussed in Chapter 1, the data in Fleet System was not always reliable. However, this data was the most complete information available, and auditors used the data for the purposes of this audit.
- **Fleet System Charges.** Auditors obtained a list of amounts charged by the Comptroller's Office to state entities for the use of the Fleet System. To determine the reliability of that data, auditors compared the list of state entities charged with those that had recorded data in the Fleet System.
- **Approved Fleet Size.** Auditors obtained a list of state entities' approved fleet sizes. To determine the reliability of that data, auditors compared the list of entities with those that had recorded data in the Fleet System.

## Report Ratings

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.



## Appendix 2

### Related State Auditor's Office Reports

Figure 3

Report Number	Report Name	Release Date
<a href="#">23-021</a>	<i>An Audit Report on Fleet Operations at the Health and Human Services Commission</i>	March 2023
<a href="#">23-019</a>	<i>An Audit Report on Confidential Data Management at the Office of the Comptroller of Public Accounts</i>	February 2023
<a href="#">23-014</a>	<i>An Audit Report on Property and Surplus Management at Texas Tech University</i>	December 2022
<a href="#">19-006</a>	<i>An Audit Report on Vehicle Fleet Management at Selected State Entities</i>	October 2018



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