Managing and Monitoring Motor Vehicle Usage
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MANAGING AND MONITORING MOTOR VEHICLE USAGE

This report has been prepared for submission to Parliament under the provisions of section 25 of the Auditor General Act 2006.

Across government benchmarking audits build on the annual financial audits undertaken at all agencies. We conduct these audits at a sample of agencies using more detailed testing than is required for the annual financial audits.

This audit assessed if agencies have appropriate procedures and practices in place for key aspects of vehicle fleet management and monitoring.

My report finds that agencies had established policies for managing and monitoring motor vehicles and generally followed satisfactory procedures and complied with requirements. I trust that this report provides an insight to both good practices and the types of control weaknesses and exposures that can exist so that all agencies, including those not audited, can consider their own performance.

I wish to acknowledge the staff at the agencies included in this audit for their cooperation throughout this audit.

COLIN MURPHY
AUDITOR GENERAL
29 April 2015
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Managing and Monitoring Motor Vehicle Usage

Background

During the 2013-14 financial year, the Western Australian public sector leased around 11 000 vehicles. Expenditure on vehicle purchases for state government agencies exceeds $200 million per annum.

There are significant financial, legal and accountability obligations associated with operating a motor vehicle fleet. State Fleet, a business unit of the Department of Finance, manages the acquisition of vehicles and provides fleet services to government agencies through a contracted fleet management provider. Agencies are responsible for managing and monitoring the composition of their fleets and the use of their vehicles.

What We Did

The focus of this audit was to assess whether agencies have appropriate procedures and practices in place to demonstrate that they are managing their fleet in accordance with selected aspects of Treasurer’s Instruction 411 Motor Vehicles, the WA Government Fleet Policy and Guidelines and the State Fleet General Agreement.

More specifically, it focused on the requirement that agencies monitor fleet vehicles through the ‘...maintenance of records of government motor vehicle usage, fuel consumption, running, maintenance and other costs associated with the motor vehicle fleet’.

We audited the records for 144 of the 1 372 motor vehicles at a sample of eight agencies. Our selection of vehicles was by random sample from fleet listings and included vehicles acquired under the Government Vehicle Scheme, the Senior Officer Vehicles Scheme and pool vehicles.

Our lines of inquiry were:

- Do agencies have policies and processes for effectively recording and monitoring the use of fleet motor vehicles?
- Do agencies have fleet management plans to provide for a cost effective balance of fleet composition and utilisation to achieve operational needs?
- Is motor vehicle use effectively monitored?

The Department of Finance has recently reviewed public sector fleet usage levels and size. Therefore our audit did not address these aspects of fleet management.

We conducted the audit in accordance with Australian Auditing and Assurance Standards.

Conclusion

Agencies had established policies for managing and monitoring motor vehicles and they generally followed satisfactory procedures and complied with requirements. Only one agency could not demonstrate that it was periodically reviewing the cost effective composition and use of its fleet. Six of the eight agencies audited need to improve their monitoring of motor vehicle use.
What Did We Find?

Of the eight agencies audited, we rated the Housing Authority as ‘Good’ against all three criteria. We identified opportunities for some or considerable improvement at the seven other agencies.

The following table is a summary of our findings. We rated the agencies on a three point scale of ‘Poor’, ‘Fair’ or ‘Good’.

<table>
<thead>
<tr>
<th>Agency</th>
<th>Policies and processes</th>
<th>Ensuring effective composition and utilisation of fleet</th>
<th>Motor vehicle use effectively monitored</th>
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<tbody>
<tr>
<td>Central Institute of Technology</td>
<td>Fair</td>
<td>Poor</td>
<td>Poor</td>
</tr>
<tr>
<td>Chemistry Centre (WA)</td>
<td>Good</td>
<td>Good</td>
<td>Fair</td>
</tr>
<tr>
<td>Commissioner of Main Roads</td>
<td>Good</td>
<td>Good</td>
<td>Fair</td>
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<tr>
<td>Department of Aboriginal Affairs</td>
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<tr>
<td>South West Institute of Technology</td>
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<td>Good</td>
<td>Good</td>
</tr>
<tr>
<td>WA Country Health Services</td>
<td>Fair</td>
<td>Good</td>
<td>Poor</td>
</tr>
</tbody>
</table>

Table 1: Summary results against our three lines of inquiry

Most agencies have adequate policies and processes for managing their fleet but not all are periodically reviewing their policies

It is important that agencies have established policies and processes for recording and monitoring motor vehicle use. Agencies’ vehicle fleets are significant assets. Sound policies provide guidance to the staff who manage and use the fleet to help minimise operational costs.

Most agencies in our sample had adequate policies and processes for managing and monitoring their motor vehicles. The types of policies and processes that we were looking for included:

- periodic review of the fleet composition and use
- clearly defined responsibility within the agency for managing the fleet
- appropriate monitoring processes.

However, four agencies could not provide evidence to show that management periodically reviewed and endorsed their policies. Periodic review can often lead to changes that improve effectiveness.

Another area for improvement was WA Country Health Service’s (WACHS) use of the Department of Health’s overarching Motor Vehicle Fleet policy. Although WACHS is an agency in its own right, it draws upon the policy framework of the Department of Health. However, in this instance, the regional and remote environment in which WACHS’ vehicles operate is considerably different to that of the department. As a result, the types of vehicles and their use differ significantly from the department.
While WACHS does have its own Safe Driving Policy which addresses some aspects of vehicle selection, its regional operations require a tailored Strategic Fleet Management Plan to address all of its unique needs, including the monitoring of vehicles.

A Strategic Fleet Management Plan is a requirement of the **WA Government Fleet Policy and Guidelines**. The plan should address issues such as processes for the effective monitoring of motor vehicles.

**Almost all agencies have plans that provide a cost effective balance of fleet composition and utilisation**

The WA Government Fleet policy requires that agencies choose the most appropriate vehicle for the intended use and take into account environmental, operational, financial and safety considerations.

Seven of the eight agencies had adequate plans and processes in place to ensure that the overall vehicle composition and use effectively met the agencies’ needs. We based this conclusion on whether the agencies had assessed their requirements and on our review of fleet manager reports, such as ‘Projected Utilisation by Distance’ and ‘Fleet Activity’. These reports enable agencies to make appropriate decisions about the number, type and usage of fleet vehicles. In addition, good practice agencies periodically report to management on the size, composition and utilisation of their fleet.

Central Institute of Technology was unable to demonstrate that it periodically reviewed fleet composition and use. The Institute was also leasing two buses outside of the State Fleet arrangement. All general government sector agencies are required to lease vehicles through State Fleet, unless they have prior State Fleet exemption. The Institute was also unable to show us the necessary internal management approvals to procure 10 of the 11 Government Vehicle Scheme and Senior Officer Vehicles Scheme vehicles in our sample. This type of authority is essential to ensuring that the type and number of vehicles procured meet needs and entitlements.

**Almost all agencies could improve their monitoring of motor vehicle use**

Although contracted fleet managers provide a number of reports to assist agencies with monitoring vehicle usage, the following findings indicate that agencies need to improve their management and monitoring:

- **Two agencies had 21 per cent (190 of 889 vehicles and eight of 39 vehicles respectively) of vehicles overdue for service. Ten of these vehicles were more than 90 days overdue for service.** Overdue servicing can void the vehicle warranty and increase the risk of breakdown with associated danger for staff, lost time or more costly maintenance.

- **Seven agencies in our sample were keeping records of the identity, day and time that various staff used vehicles.** However one agency was not maintaining these records for two Senior Officer Vehicles Scheme vehicles that were used as pool vehicles. In the event of a traffic infringement, the agency may not be able to comply with the Public Sector Commissioner’s Circular – **Identification of Public Servants Who Infringe Traffic Laws When Driving Government Vehicles**.

- **Two agencies were not reviewing their fleet fuel consumption reports.** This is an important cost monitoring control and a means of detecting any fraudulent use of fuel cards.

- **Four agencies returned vehicles more than three months after the end of the lease term.** This can result in agencies incurring a penalty, although no penalties were applied in the instances we identified.
One agency had two vehicles exceeding the lease distance by 10,240 kilometres and 2,849 kilometres respectively. Under the government vehicle lease arrangement, additional charges apply if vehicle usage is more than 5,000 kilometres above the contracted amount. Based on current usage, there is a risk that the second vehicle may also exceed the limit unless closely monitored.

**Recommendations**

All agencies should:

- regularly review their policies and procedures to ensure that they adequately address current practices
- maintain suitable motor vehicle usage records
- regularly review fleet composition and use and take any necessary corrective action in a timely manner
- ensure that all vehicles are leased through State Fleet, unless prior approval from State Fleet is obtained.

**Agency Responses**

Agencies in our sample generally accepted the recommendations and confirmed that they will improve their policies and/or practices for managing and monitoring of motor vehicle.

WACHS advised that data quality issues such as the lag time for a rural/remote vehicle servicing company sending service records to State Fleet impacts significantly upon the number of vehicles identified as overdue for service. State Fleet advised that recent reports indicate a significant improvement in the timeliness of vehicle servicing by WACHS since the audit, this may also be influenced by improved data quality and timeliness.
## Auditor General’s Reports

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