



State-Owned Vehicles

Legislative Oversight and Investigations

June 10, 2021



Vehicle Definition

- Self-propelled device that primarily transports individuals
- Not mobile equipment
- Excludes water and aircraft



Scope Of Study

- Central fleet and three independent fleets
 - Public Protection Cabinet
 - Kentucky Department of Agriculture
 - Kentucky State Police



Division Of Fleet Management

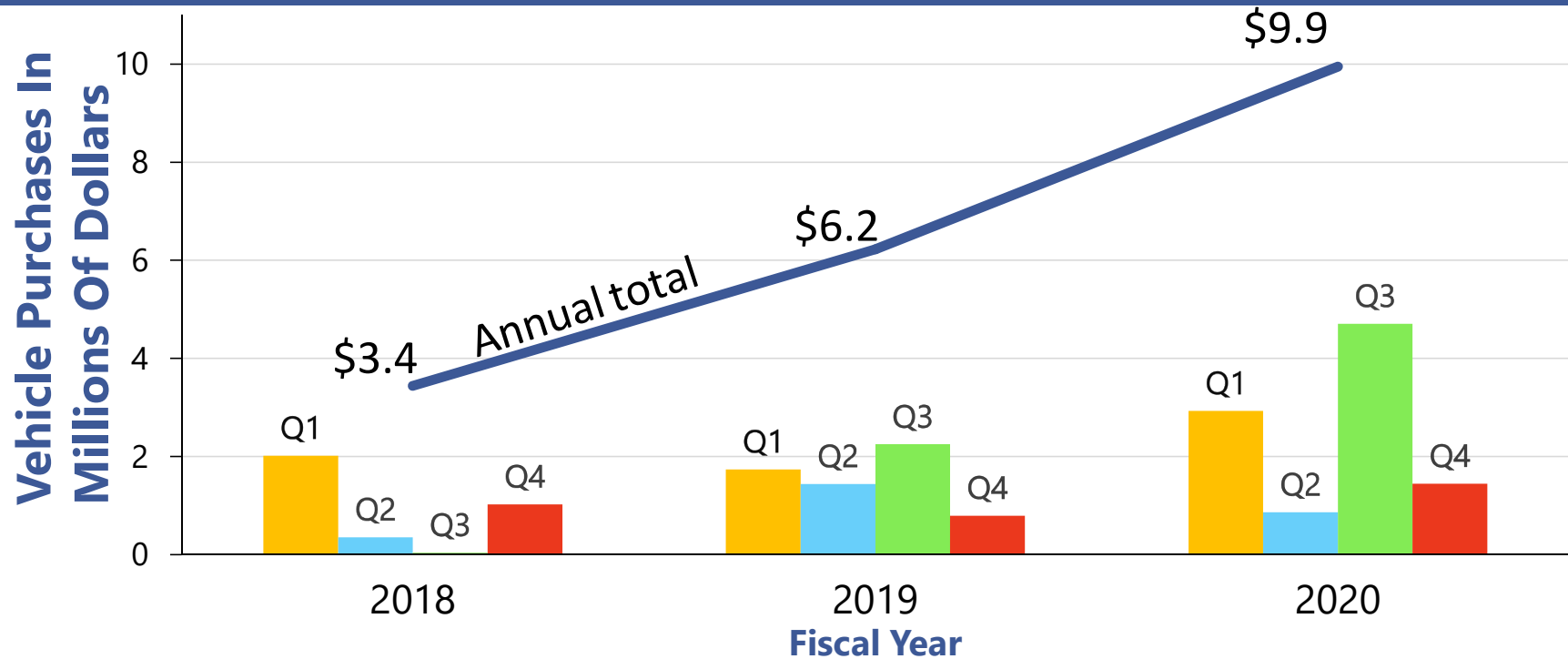
- Established in KRS 42.0145(2)
- Provides technical and administrative services for vehicles
- Expenditures and receipts (in millions of \$s)

Transaction	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Total receipts	\$30.3	\$28.0	\$27.9	\$22.7	\$21.6
Total expenditures	\$22.5	\$23.6	\$22.1	\$25.0	\$25.7
Surplus/(deficit)	\$7.8	\$4.4	\$5.8	(\$2.3)	(\$4.0)

Source: Kentucky. Finance and Administration Cabinet. Fleet Expenditures, FY 2018 to FY 2020.



Central Fleet Vehicle Purchases, By Fiscal Year Quarter



Source: Staff analysis of Division of Fleet Management, Finance and Administration Cabinet data from FAS3, eMARS.



Finding Area 1: Alternative-Fuel Vehicles Annual Reports

- Required reports were not submitted prior to 2020
- The November 20, 2020 memo did not include a life-cycle cost comparison or a targeted amount of alternative fuels



Recommendation 3.1

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The Finance and Administration Cabinet should submit annual reports to the Legislative Research Commission on or before December 1, as required by KRS 45A.625 (2).



Finding Area 2: Conflict In Vehicle Registration Statutes

- Agencies do not appear to use KRS 44.045(4), which requires approval to register investigatory vehicles
- Multiple agencies do use KRS 186.065(2), which does not require approval to register investigatory vehicles



Recommendation 3.2

(Page 23)

The Finance and Administration Cabinet should review the conflicting language in both KRS 44.045(4) and 186.065(2), as well as 200 KAR 40:020, sec. 6, to offer possible changes to reconcile conflicting language.



Recommendation 3.3

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The legislature may wish to consider reviewing KRS 44.045(4) and 186.065(2) to determine whether the approval of the Finance and Administration Cabinet is needed for agencies to register and license state-owned vehicles for investigatory purposes.



Finding Area 3: Independent Fleet Policies Not Followed

- The Finance and Administration Cabinet does not have written justifications for five independent fleets
 - Required under 200 KAR 40:020
 - These justifications are meant to establish cost-effectiveness



Recommendation 3.4

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The Finance and Administration Cabinet should request and review written justifications from the five agencies with separate fleets to determine whether agencies are providing similar service levels at a cost less than or equal to the cost at which Fleet Management could provide comparable services.



Finding Area 3: Independent Fleet Policies Not Followed (Cont.)

- The Finance and Administration Cabinet has not requested cost-effectiveness reports from five agencies with independent fleets
 - Required under 200 KAR 40:020



Recommendation 3.5 (Page 25)

The Finance and Administration Cabinet should request that agencies with independent automobile fleets submit annual cost-effectiveness reports.



Finding Area 3: Independent Fleet Policies Not Followed (Cont.)

- The Public Protection Cabinet has maintenance agreements with the Finance and Administration Cabinet, despite other fleets not being offered maintenance agreements
- 200 KAR 40:020, sec. 1(1) requires agencies with independent fleets to maintain their own fleets
- The agreements may not be efficient



Recommendation 3.6 (Page 25)

The Finance and Administration Cabinet should work with the Public Protection Cabinet to determine whether the current maintenance agreement is beneficial to the commonwealth.



Finding Area 4: Tracking Fleet Costs

- The Finance and Administration Cabinet did not actively track expenditures by certain categories prior to FY 2018
 - However, cost information for prior years existed in the accounting system
- 200 KAR 40:020, sec. 2(2) requires a reasonably priced vehicle fleet



Recommendation 3.7 (Page 28)

The Finance and Administration Cabinet should continue to track expenditures broken down by certain categories related to agency rates in order to properly evaluate future written justifications and cost-effectiveness and inventory reports submitted by agencies with separate fleets.



Finding Area 5: Underutilized Vehicles

- In FY 2019, agencies drove 926 leased vehicles (24 percent) less than 5,000 miles
- Underutilization identified as a major issue in 2016, with about 15 percent of vehicles driven less than 5,000 miles per year



Recommendation 3.8

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The Finance and Administration Cabinet should continue to track the mileage of leased vehicles to identify potentially underutilized vehicles. It should also develop a process to work with agencies to determine whether the assignment of identified vehicles should be continued, modified, or rescinded.



Finding Area 6: Absent Policies And Procedures

- Formal processes and policies related to five areas were not present
 - Alternative fuel vehicles
 - Requests for investigatory vehicles
 - Justifications and cost-effectiveness reports
 - Underutilized vehicles
 - Classification of permanently assigned vehicles



Recommendation 3.9

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The Finance and Administration Cabinet should develop a formal strategy for replacing state-owned passenger vehicles and light-duty trucks with more energy-efficient alternatives. It should also report benchmarks and revisions to the strategy as part of its annual reporting to the Legislative Research Commission under KRS 45A.625(2).



Recommendation 3.10

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The Finance and Administration Cabinet should review its "Agency Guide For The Commonwealth's Vehicles" and 200 KAR 40:020 to ensure that guidance is detailed enough for agencies to understand. At a minimum, the following should be reviewed:



Recommendation 3.10 (Cont.)

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- Details on requests to license a vehicle with a nonofficial license plate.
- Details related to annual cost-effectiveness and inventory reports, as envisioned by 200 KAR 4:020, sec. 2(3)(c).
- For underutilized vehicles, identifying requirements for agency assignment.
- Updating the guide to reflect allowed assignments of permanently assigned vehicles.



Conclusion

- FAC has an important role in fleet management
 - Central fleet: all aspects of vehicle use
 - Independent fleets: efficiency, procurement, liability, disposal



Conclusion

- Policies had areas that could be improved
 - Fleet justifications
 - Cost-effectiveness reports
 - Central fleet costs
- Improving policies will help Finance and Administration Cabinet staff



Conclusion

- FAC should track underutilized vehicles
- FAC should submit alternative-fuel reports and suggest changes to statutory language