

# Report on Department Fleet/Mileage

**Department: Inspector General** \_\_\_\_\_

**Secretary: Elizabeth Smith** \_\_\_\_\_

The purpose of this report is to prompt an analysis of fleet management and mileage reimbursement within each Department and assist in the formulation of a report to the Governor on how to achieve greater efficiency and cost savings in this area. **The report template includes sections for three projects for your convenience. This number is not a goal or target. You may add or delete boxes for as many projects as you submit.**

## **ACTION PLAN FOR PROJECT 1:**

### 1. Project Title

Automobile Fleet Expense Reduction

#### 1.1. Brief description of project, goal, and action plan.

The Department of Inspector General assembled a team composed of individuals from each consolidated agency or team and created a plan for implementation of cost saving activities. The resulting plan was broken down into five distinct steps:

- 1) Analysis – This step entailed determining the required data for the team to use in making the best decisions.
- 2) Assessment – This step involved gathering the data from the Analysis stage and quantifying that data among relevant factors. These factors primarily utilized historical patterns to understand historical demand. Those data points were then used in calculations to quantify an overall monthly cost for each vehicle across four different options. These options included the following:
  - a. Not changing anything
  - b. Reimburse employees for use of their personal car when used for the business of the State of Arkansas.
  - c. Renting a vehicle as needed.
  - d. Renting vehicles on a month-by-month basis
- 3) Results – The assessment stage results were reviewed which seemed to indicate the optimum number of necessary vehicles to be maintained in a fleet. However, other factors were then considered. The Medicaid Inspector Function has an expected increased demand for vehicle usage in FY20 due to an expected increase in field audits. Additionally, the department has a van which normally carries multiple people on each trip. We calculated the break-even point in terms of shared riders to be greater than the number of people that have historically shared usage of the van. Lastly, the Department must consider the restrictions for federal funds which do not allow the sharing of some vehicles across the department.

This plan involves transferring three of the fully depreciated vehicles to the state marketing and redistribution unit. The remaining four vehicles will remain under the stewardship of a single fleet manager. Three of these vehicles will be allowed to be used for any state business in the department while one vehicle will be restricted to Medicaid use only.

- 4) Action Plan – The costs of the individual trips will be allocated to the program sponsoring its use. This means that cost will be attributed to the funds for Fair Housing, Internal Audit or the Office of the Medicaid Inspector General as appropriate.

If a department vehicle is not available for use, the employee and his or her manager can request the use of their own personal vehicle. This usage, upon approval by both the designated fleet manager and the department CFO, will be reimbursed to the employee at the standard per mile rate allowed by the State of Arkansas.

The department has decided to mandate a safe driver program that will involve two steps. Firstly, a mandatory education program will be provided to the department personnel. At some point, employees will not be allowed to drive a department vehicle without completion of the program. Secondly, the department will utilize the Arkansas State Vehicle Safety Program to identify any employee who could be considered high risk.

- 1.2. Identify any additional resources required for the implementation and success of this plan.

The department will create a department wide policy regarding the usage of both fleet and personal vehicles. The policy likely will necessitate the capture of employee driver's licenses and the use of the State Vehicle Safety Program.

We anticipate no obstacles for any of these activities.

- 1.3. Are there any anticipated costs associated with the plan? Does your current budget have sufficient funds to cover all anticipated costs?

We do not anticipate any additional costs associated with this plan, and the plan itself will not require any additional funding

- 1.4. How will you measure the success and results of your plan? Include forecasts of cost savings, efficiencies achieved, etc.

The department currently estimates an annual savings of \$2,000, based upon the historical trend of usage. However, as has been previously noted, there is an expectation of an increase of field activity this year resulting in greater car usage. The fleet manager will, therefore, create an analytical report comparing the actual expense to the other afore-mentioned options based upon actual usage and mileage.

With regards to the three vehicles returned to Marketing and Redistribution, the department anticipates receiving a credit. Historical analysis indicates that the average vehicle nets over 20% of the purchase price as a credit to agency when transferring vehicles to the Marketing and Redistribution unit. If that trend holds true, the department anticipates a credit of \$8,700.

- 1.5. What is the implementation timeline and key action steps for this plan? How will you track progress?

The analysis has been completed and a decision has been made on the consensual course of action. All the activities involved in the course of action will be completed prior to December 1, of 2019.

- 1.6. Identify any obstacles to the implementation and success of this plan.

The possibility of a significant increase or decrease in demand for the vehicle usage will change the predicted results. Furthermore, all but one of the vehicles are over 10 years old. A loss of the use of one of the vehicles could result in an increase of usage of personal mileage reimbursement as well as a dramatic increase of repair expenses.

1.7. How could Department of Transformation and Shared Services provide support to the Department?

The Department of Transformation and Shared Services will be of a great help to small agencies if it would create a fleet to be shared by the small departments and agencies and that could have cost allocated on some basis of usage or possession. That would allow the smaller entities such as DIG to share cost of newer vehicles instead of attempting to manage older cars that are likely more prone to breakdown.

**Additional thoughts/comments:**