University Vehicles and Fuel Usage

November 29, 2017

Office of Internal Audit and Compliance
UNIVERSITY VEHICLES AND FUEL USAGE

BACKGROUND

The University owned at least 189 automobiles, 46 trailers, and 72 ATV/UTV/golf carts at June 30, 2017. All of these assets are permanently assigned to University departments or the University’s Motor Pool operations, as shown at Exhibit 01. Operating policy Chapter 9 (Transportation and Parking Policies) provides guidance for vehicle usage, maintenance, Motor Pool rental, and gasoline credit cards.

The University’s Motor Pool operations provide a fleet of automobiles available for “rent” by any department for a fee (daily and/or per mile). These operations are based at both the Springfield and West Plains campuses. Motor pool financial activity for the two years ended June 30, 2017 is at Exhibit 02.

OBJECTIVE AND SCOPE

The objectives were to review controls and procedures related to University owned vehicles and fuel purchases. The scope included, but was not necessarily limited to, the fiscal year ended June 30, 2017.

SUMMARY

Our review concluded that the Department of Safety and Transportation should review Motor pool rental rates and fleet usage periodically to ensure rates are competitive and the supply of vehicles meets the
needs of the University. In addition, Safety and Transportation should improve controls and procedures over fuel credit cards and more clearly mark ATV/UTV/golf carts as being University owned.

We recommended University departments improve compliance with University Operating Policy 9.04 on vehicle usage and tracking.

We recommended the College of Agriculture reevaluate the use and necessity of some automobiles, trailers, and ATV/UTV/golf carts owned (including items held as scrap) and establish procedures to track bulk fuel usage at all locations.

We recommended that Motor Pool and Property Control staff work together to ensure assets are correctly recorded with sufficient identifying information such as make, model, year of manufacture, and serial number or VIN.

Our review noted some newer University owned vehicles and ATV/UTV/golf carts that were not adequately insured against physical damage. We recommended the Office of Procurement Services establish criteria for University departments to use when determining which University assets to insure.

Finally, we recommended improved expense tracking and monitoring for economy and efficiency of the West Plains Motor Pool operations.

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Audit Field Work Completed: 10/31/2017
OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT RESPONSES

1. Springfield Campus Motor Pool

The Springfield Campus Motor Pool vehicle fleet consists of 24 vehicles including: 2 sedans, 9 minivans, and 13 12-passenger vans.

A. Motor Pool Rates

The University's Department of Safety and Transportation has not reviewed usage rates for Motor Pool vehicles since 2013 when the current rates were established. University departments renting a vehicle through Motor Pool pay a daily rental fee plus a fee per mile to cover fuel and other related expenses. Since the rental rate structure includes a component for fuel costs, the rate should be reviewed periodically when significant changes in fuel prices occur.

At the time the current rates were established, fuel prices had increased substantially and the department needed to change rates to cover increasing fuel costs. In recent years, fuel prices have declined and now other transportation contracts provide a more competitive environment and often a lower cost option for University departments.

The charts below show the cost of renting vehicles through the University’s Motor Pool and through the state contract with Enterprise Rent-A-Car.

<table>
<thead>
<tr>
<th>Vehicle Type</th>
<th>Daily Rental Fee</th>
<th>PLUS Mileage Fee (up to 300 miles)</th>
<th>PLUS Mileage Fee (over 300 miles)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sedan</td>
<td>$35</td>
<td>$0.35 per mile</td>
<td>$0.55 per mile</td>
</tr>
<tr>
<td>Mini Van</td>
<td>$40</td>
<td>$0.35 per mile</td>
<td>$0.55 per mile</td>
</tr>
<tr>
<td>12-passenger Van</td>
<td>$55</td>
<td>$0.35 per mile</td>
<td>$0.55 per mile</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Vehicle Type</th>
<th>Daily Rental Fee</th>
<th>PLUS Mileage Fee (up to 300 miles)</th>
<th>PLUS Mileage Fee (over 300 miles)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sedan</td>
<td>$33</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Mini Van</td>
<td>$54</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>12-passenger Van</td>
<td>$101</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

We compared the cost of renting a motor pool vehicle to the cost of renting a car from Enterprise and paying for fuel. We used scenarios where the vehicle would be used 1-5 days, and driven up to 500 miles. Our comparison found renting a sedan from motor pool always cost more than renting from Enterprise Rent-A-Car. Motor pool rates for mini vans are only competitive if driving less than 200 miles over a period of three or more days.

The motor pool rates for 12-passenger vans are the most competitive when compared to Enterprise Rent-A-Car. For example, when driving less than 200 miles in one day, less than 300 miles in two days, less than 400 miles in three days, and so forth, motor pool 12-passenger vans are the less expensive option.

In order to provide efficient and competitive services to University departments, the Department of Safety and Transportation should periodically review rates and compare rates to those of the University’s outside contractor to ensure rates are competitive.
B. Motor Pool Vehicle Usage

The University's Department of Safety and Transportation has not reviewed fleet usage by vehicle type to determine if the vehicle demand of University Departments matches the supply of vehicles available. The chart below summarizes the usage of each vehicle type:

<table>
<thead>
<tr>
<th>Vehicle Type (#)</th>
<th>Total Miles</th>
<th>Lowest Usage (miles per vehicle)</th>
<th>Highest Usage (miles per vehicle)</th>
<th>Total Trips</th>
<th>Lowest Trips (per vehicle)</th>
<th>Highest Trips (per vehicle)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sedan (2)</td>
<td>5,353</td>
<td>1,715</td>
<td>3,638</td>
<td>20</td>
<td>7</td>
<td>13</td>
</tr>
<tr>
<td>Mini Van (14)</td>
<td>33,049</td>
<td>0</td>
<td>15,970</td>
<td>117</td>
<td>0</td>
<td>42</td>
</tr>
<tr>
<td>12-passenger Van (8)</td>
<td>124,009</td>
<td>1,232</td>
<td>17,153</td>
<td>349</td>
<td>8</td>
<td>42</td>
</tr>
</tbody>
</table>

The demand for sedan rental from motor pool is quite low, with the two sedans only rented a total of 20 times during the entire year. A reason for this could be attributed to the lack of a competitive rate for sedans (see Motor Pool Rates above).

A demand for minivans appears to exist with a total of 117 trips during the year. However, two of the 14 minivans were not used at all and appear to have sat for years without use, but not sent to surplus. One minivan was driven only 24 miles during the year, and two other minivans were only rented 10 times during the year. This may indicate the motor pool fleet contains more mini vans than needed.

The eight 12-passenger vans had the most usage with 349 total trips. This is likely due to the more competitive rate offered by Motor Pool for this type of vehicle.

Reviewing usage information is necessary to ensure the efficiency and effectiveness of the motor pool fleet. Careful consideration should be applied to each vehicle type to ensure the number and type of vehicles owned is sufficient to meet demand, but not excessive.

Recommendations

A. Review motor pool rental rates and determine if rates could be set at a more competitive level.

B. Review motor pool vehicle fleet usage periodically to ensure the demand for each vehicle type is appropriate for the supply available. Also, vehicles with no or low usage should be reviewed periodically for possible surplus.

Management’s Responses

Thomas R. Johnson, Director of Safety and Transportation, provided the following responses:

A. Motor Pool rental rates will be reviewed and adjusted accordingly on an annual basis, beginning in January 2018, in line with the university’s fee schedule timeline.

B. Review of fleet usage will occur every six months beginning January 15, 2018. Four minivans are going to surplus for disposal. It is evident that Motor Pool rates cannot compete with Enterprise rates for sedans. Motor Pool will eliminate the sedans and explore a trade in of the sedans currently in the Motor Pool fleet for replacement of vehicles as warranted to upgrade the fleet.

2. Departmental Automobiles Trailers, ATV/UTV/Golf Carts

Outside of the 24 automobiles used for motor pool operations, the University owns approximately 165 departmental automobiles (not including scrap), 46 trailers, and 72 ATV/UTV/Golf Carts (including
electric vehicles). Departmental assignment for these automobiles, trailers, and ATV/UTV/Golf Carts is shown at Exhibit 01. These departments are responsible for the purchase, insurance, fuel and maintenance costs of each asset.

A. Usage Logs and Mileage and Maintenance Reporting

Departmental usage logs are not always maintained, or when maintained, some were not always complete and accurate. Additionally, vehicle mileage is not always reported into the University’s tracking system on a monthly basis by departments. Operating Policy 9.04, University Fleet Vehicle Policy, requires usage logs to be maintained at a department level, and monthly mileage and maintenance reporting to be logged into the web-based motor pool and vehicle tracking system.

We found no departmental usage logs for 16 vehicles, and usage logs were inadequate or incomplete for an additional 9 vehicles.

We found mileage was not logged for 12 of 12 months for five departmental automobiles, mileage was not logged for 9-11 of 12 months for 12 departmental automobiles, mileage was not logged for 6-8 of 12 months for 35 departmental automobiles, and mileage was not logged for 3-5 of 12 months for 14 departmental automobiles (66 automobiles total). The University’s web-based vehicle tracking system sends regular emails to department personnel to remind them of reporting requirements.

The failure to track usage by departments not only violates University policy, but also creates disparities when reviewing fuel efficiencies, makes it more difficult to support the automobile’s purpose and necessity, and causes annual reporting to the Department of Natural Resources to be inaccurate.

B. Inventory Procedures

Asset lists maintained by both motor pool and property control are incomplete and sometimes inaccurate. Motor pool maintains a listing of all automobiles, trailers, or ATV/UTV/Golf Carts in a web-based fleet management system in effort to track licenses, fuel card assignment, and maintenance history. Property control maintains a listing of all University owned automobiles, trailers, ATV/UTV/Golf Carts with a value of more than $5,000 for accounting purposes.

Auditors compared these two lists, contacted various departments, and completed various physical inventories to determine the accuracy of both listings. We found 65 items owned by the University at June 30, 2017, were not included on the property control listing. Many of these items are donated assets that were not reported to property control when received. In addition, three items were recorded twice and two items listed were not owned by the University. Further, the list included numerous errors in year of manufacture, manufacturer name, and VIN/Serial number.

Similarly, we found 33 items owned by the University at June 30, 2017, were not included on the motor pool listing, and 6 items listed were not owned by the University. The majority of items owned but not included on the list were found to be ATV/UTV/golf carts never reported to motor pool by departments or property control.

Because our numbers reflect only those assets we located during sporadic physical inventories, these numbers are likely larger than reported above. Operating policy 8.17 “Property Control Procedures” and Section 34.125 RSMo., require an annual physical inventory. Review of certain inventory records determined this has not been completed on an annual basis, which likely created some of the discrepancies noted below. Additionally, Property Control and Motor Pool staff need to work together more closely to ensure the completeness and accuracy of asset listings.
C. Vehicle Use

The College of Agriculture needs to reevaluate the use and necessity of automobiles, trailers, and ATV/UTV/golf carts owned (including items held as scrap). As shown at Exhibit 01, the College of Agriculture has 48 automobiles, 12 trailers, and at least 17 ATV/UTV/golf carts. These assets are used in the operation of the Darr Agricultural Center, Mt. Grove Fruit Experiment Station, Shealy Farm, and Journagan Ranch. During our audit, we talked with department personnel who identified certain assets as unused, costing more to fix than worth, or unneeded scrap. Many of these assets continue to be licensed by the University and reported on asset listings similar to other frequently utilized vehicles. To ensure economy, efficiency, and effective use of assets, the necessity and use of each asset should be periodically evaluated and unneeded assets should be properly disposed.

D. Insurance & Security

Risk of loss, theft, and damage could be further mitigated through additional insurance, and improved property ownership identification.

D.1. Insurance

The University's Procurement Services Department is responsible for purchasing insurance coverage, other than liability insurance which is automatically provided by the State of Missouri, for the University. Procurement Services contacts University departments with assets insured with the additional insurance via email annually to verify which automobiles, trailers and electric vehicles to insure for the upcoming year. Each University department determines which assets within their respective departments need additional (beyond liability) insurance.

We noted approximately 100 University owned automobiles and trailers qualify, but are not covered by comprehensive and collision insurance. There is no criteria for University departments to use when determining which assets should have comprehensive and collision insurance. For example, two of the uninsured automobiles are 2016 and 2017 models, while some departments chose to insure vehicles over 20 years old. For the year ended June 30, 2017, the annual cost of comprehensive and collision insurance was only about $162 per vehicle with a $500 deductible. Additionally, the email communication from Procurement Services was not always sent to department personnel in decision-making positions (budget authority).

Finally, 60 ATV/UTV/Golf Carts have no insurance coverage for physical damage outside of the University’s property insurance, which has a deductible of $100,000. While these assets do not quality for comprehensive and collision insurance coverage, separate insurance through an Island Marine policy could provide this additional coverage for these assets. Based upon recent purchases of Club Cars, John Deere Gators, and other makes/models, these items costs $10,000–$20,000 each.

To better manage the University’s risk of loss, the Office of Procurement Services needs to establish a set of criteria for determining which University owned vehicles, trailers, and ATV/UTV/golf carts should be insured against physical damage. The criteria could include the value, condition and age of the asset as well as the degree and type of use.
D.2. Security of Assets

University ATV/UTV/Golf carts are not always noticeably tagged as property of the University. Since these items are not required to be titled or registered with the Missouri Department of Revenue and are smaller in size, which makes them more susceptible to theft. While Property Control places a very small tag showing “SMSU” and the property number on the asset, Motor Pool does not consistently tag these assets with the larger ATV/UTV/golf cart tags that clearly identifies them as University property.

Recommendations

A. In compliance with University Operating Policy 9.04, all departments should ensure departmental usage logs are maintained in a complete and accurate manner, and mileage and maintenance are reported to the web-based motor pool and vehicle tracking system on a monthly basis.

B. Complete annual physical inventories as required by policy and state law. Upon completion of the inventory, motor pool and property control should reconcile their lists to ensure both are complete. Both Motor Pool and Property Control staff should also ensure assets are correctly recorded into the system, with sufficient identifying information such as make, model, year of manufacture, and serial number or VIN.

C. The College of Agriculture should perform a review of all automobiles, trailers, ATV/UTV/golf carts and consider proper disposition of assets that are no longer in use.

D.1. We recommend the Office of Procurement Services establish a set of criteria for determining which University owned vehicles, trailers, and ATV/UTV/golf carts should be insured against physical damage.

D.2. We recommend Motor Pool more clearly mark ATV/UTV/golf carts as being owned by the University.

Management’s Responses

A. Internal Audit in cooperation with Motor Pool personnel has made contact with Administrators from each department to discuss noncompliance with University Operating Policy 9.04 in an effort to improve compliance.

Matthew D. Morris, Vice President for Administrative Services, and Thomas R. Johnson, Director of Safety and Transportation, provided the following response:

B. Motor Pool and Property Control will work together to update the vehicle inventory by January 31, 2018 and maintain the inventory in accordance with University policies and State statutes. A process will be set in place to ensure the inventory is reviewed annually, by June 30, with assistance from departments who hold vehicles in their departmental inventory. Property Control will work with Procurement and the Foundation to implement a procedure to ensure all vehicles acquired by the University, through purchase or donation, are properly accounted for in the inventory at the time the vehicle is procured.

Michael E. Klem, Coordinator of Facilities Maintenance and Support Services for the College of Agriculture, provided the following response:

C. We will begin the process of surplusing vehicles and trailers that are not being used and will not be utilized in the future.

Mike Wills, Director of Procurement, provided the following response:
D.1. All University owned vehicles, trailers, and ATV/UTV/golf carts valued at $5,000.00 or more should be insured for physical damage. All University vehicles, regardless of value and type, continue to be insured for liability.

The Office of Procurement Services should transmit the ongoing annual vehicle update request to the College Deans and Vice Presidents, instead of sending the request to the departmental administrative assistants.

Users should no longer have the option to select inclusion of physical damage insurance coverage for vehicles, trailers, and ATV/UTV/golf carts valued above $5,000.00. Departments should list on the annual update all University owned regular and off-road vehicles and trailers with a value at or above the threshold. Physical damage insurance coverage should apply, and the cost of coverage should be charged to the operating units. If coverage is also desired for assets with lower valuations, users should list those assets as well.

Thomas R. Johnson, Director of Safety and Transportation, provided the following response:

D.2. Motor Pool is working to ensure all ATV/UTV/Golf Carts are visibly marked with a university decal, provided by Motor Pool, identifying them as being owned by the University by December 15, 2017. Written confirmation of installation from departments that own these vehicles will be required. Motor Pool will provide decals to Property Control to ensure new purchases and donations are properly marked as well.

3. Voyager Fuel Cards and Bulk Fuel Tanks

As of October 3, 2017, the University had 323 active fuel cards on 278 accounts (some accounts have more than one active card). Charges on these cards totaled approximately 100,000 during the year ended June 30, 21017. In addition, the university maintains 11 bulk fuel tanks for vehicles and equipment usage at five separate locations. Bulk fuel for these tanks cost approximately $34,500 during the year ended June 30, 2017.

A. Segregation of Fuel Card Related Duties

The duties of fuel card activation or deactivation; issuance or retention; billing reconciliation, allocation and approval; and tracking are not segregated. One Administrative Specialist within the Safety and Transportation department is responsible for requesting new credit cards from the vendor, receiving and activating those cards, assigning cards to a vehicle, providing cards to departments, and setting usage limits. This same Administrative Specialist also receives the credit card statement, allocates all charges to department funds, prepares and approves the payment request form and forwards the request to Financial Services for payment without any independent or supervisory oversight. Voyager fuel credit card charges totaled more than $100,000 during the year ended June 30, 2017.

Failure to adequately segregate duties creates unnecessary risk for misuse, loss or theft. To ensure adequate safeguards over fuel cards and related billings, these duties should be segregated to the extent possible, and where additional segregation may be impractical, documented supervisory oversight should be applied.

B. Departmental Review of Fuel Cost

University departments do not receive a copy of the monthly fuel credit card statement to allow for reconciliation of departmental receipts and charges. As departmental employees use fuel credit cards, receipts for each fueling are received and maintained at the department level. As noted above, the Safety and Transportation Administrative Specialist receives the monthly fuel credit card statement, and allocates costs to each department based upon card assignment, prepares and approves the payment request form and forwards the information to Financial Services for payment. The departments are not asked to approve the fuel credit card charges prior to payment. Failure to reconcile fuel credit
card receipts to the monthly statement increases the risk that billing and allocation inaccuracies would go undetected.

C. Excess Liability and Number of Fuel Card Accounts

The University has more active fuel credit cards than necessary, and some credit limits are unnecessarily high, creating excess liability and increasing risk of loss. The University obtains a fuel credit card for every license plate number, regardless of vehicle type or need resulting in 323 active fuel credit cards. If the vehicle does not need fuel (trailers) or if the vehicle is fueled in a different manner (bulk fuel), the credit card is kept in the motor pool office.

During our review, we found 161 of the 323 total active fuel credit cards were stored in the motor pool office. These 161 active fuel credit cards had a monthly potential liability of $206,000. This includes 41 active cards with a monthly credit limit of $43,000 assigned to trailers, and 8 cards with a monthly credit limit of $8,000 maintained for departmental vehicles that use bulk fuel. These fuel credit cards appear unnecessary and should be deactivated. Also included are 87 cards with a monthly credit limit of $131,000 maintained for 24 motor pool vehicles. Maintaining 87 fuel credit cards for only 24 vehicles appears excessive. Both the number of fuel credit cards and the credit limits on these cards should be reduced. The remaining fuel credit cards on hand could also be reduced in number and credit limit.

In addition, 14 active fuel credit cards held by University were never used during fiscal year 2017 because the assigned vehicle used bulk fuel. However, these active cards carried a monthly credit limit of $14,000.

Maintaining all these active fuel credit cards is unnecessary and places an excessive amount of risk on the University.

D. Tracking Fuel Cards

The master list of all fuel credit cards maintained by motor pool contains some inaccuracies. Operating Policy 9.09, Use of Gasoline Credit Cards, requires motor pool to maintain a master list of all issued fuel credit cards. The prepared list includes a portion of the card number, vendor vehicle identification number, University assigned plate number, associated department, number of cards for that account, and whether the card is held by motor pool or the department. During our review of this list, we found the card number was not clear or was not accurate for five cards, four cards listed were not active, two active cards were not included in the list, and information regarding plate number, department, number of cards, or location of the card was inaccurate for 35 cards. Completeness and accuracy of this master list is crucial to policy compliance and tracking.

E. Tracking use of Bulk Fuel and Ensuring Vendor Invoice Accuracy

Some bulk fuel usage is not tracked. During the fiscal year ended June 30, 2017, the University purchased 3,485 gallons of clear diesel fuel, 6,591 gallons of dyed diesel fuel, and 8,654 gallons of unleaded gasoline, at a cost of approximately $34,500. Bulk fuel purchased during the year ended June 30, 2017 was as follows:
The majority of fuel was used by the College of Agriculture for farming operations at the Darr Agricultural Center, Shealy Farm, Mt. Grove Fruit Experiment Station, and Journagan Ranch. While meters have been installed on the bulk tanks located at the Mt. Grove Fruit Experiment Station, and a log showing the amount of fuel used for each asset is maintained, similar controls have not been established at the other three locations. As a result, there is no documentation to show that the fuel was used for University purposes. Further, tracking the use of bulk fuels allows for the comparison of fuel used to vendor invoices to ensure fuel charged by the vendor is reasonable.

Recommendations

A. Segregate the duties of activation, issuance, reconciliation, allocation, approval and maintenance of fuel cards to ensure one person cannot issue themselves a card and allocate the cost to any department without the need for supervisory or secondary approval.

B. The Department of Safety and Transportation should develop procedures to provide University departments with a copy of their portion of the Voyager fuel credit card statement, and obtain confirmation from University departments that statement charges agree with individual credit card receipts.

C. Review the purpose and credit limit of each active fuel credit card at least annually. If the card is not necessary, cancel the account and destroy all associated cards. If credit limits are excessive or insufficient, adjust as necessary.

D. Ensure the master list of fuel cards is complete and accurate.

E. The College of Agriculture should establish procedures to track bulk fuel usage at all locations.

Management’s Responses

Thomas R. Johnson, Director of Safety and Transportation, provided the following responses:

A. The Director of Safety and Transportation will provide written supervisory approval beginning immediately. This duty will be transferred to the Transportation Manager once that person is hired. Once the Transportation Manager is in place, segregation of duties will be implemented.

B. Motor Pool will provide a monthly statement to each department by budget number and require written confirmation beginning January 10, 2018, in conjunction with the next billing cycle. The Director of
Safety and Transportation will provide supervisory review. This duty will be transferred to the Transportation Manager once the person is hired.

C. Voyager cards are assigned to a license plate, not individual vehicles. Motor Pool will reduce the amount of duplicate cards from four to two per license plate. Cards that were not necessary have been deactivated and destroyed. Credit limits will be reviewed annually and adjusted, as necessary. The Director of Safety and Transportation will provide supervisory control. This duty will be transferred to the Transportation Manager once the person is hired.

Michael E. Klem, Coordinator of Facilities Maintenance and Support Services for the College of Agriculture, provided the following response:

D. The College of Agriculture is in the process of amending our current bulk fuel processes regarding purchase, utilization and logging of bulk fuel use at all our facilities using bulk fuel. Current gravity-feed tanks will be replaced with up-to-date tanks with metering systems and spill containment. All bulk fuel use will be logged as it is used and recorded.

4. West Plains Campus Motor Pool

The West Plains Campus Motor Pool vehicle fleet consists of 4 vehicles. Our review of West Plains Motor Pool procedures identified two areas where procedures could be improved:

Tracking Motor Pool Expenses

Expenses related to the three trucks used for physical plant operations were charged to the fund used to track motor pool vehicle expenses. Fuel and maintenance expenses totaling over $10,000 for the two years ended June 30, 2017 were included in the motor pool fund instead of the physical plant operations fund. Additionally, insurance related to motor pool vehicles totaling approximately $1,300 was not charged to the motor pool fund.

To make it easy to quickly and accurately assess the financial condition of the motor pool operation all motor pool related expenses should be charged to Fund D92000 (West Plains Motor Vehicle Services).

Cost Benefit Analysis

The four motor pool vehicles used on the West Plains campus range between 7 and 16 years of age and three have more than 125,000 miles, creating increased maintenance costs and decreased fuel efficiency. The West Plains motor pool bills other departments $0.37 per mile for the use of vehicles. This rate is very competitive and in many cases, motor pool vehicle usage is cheaper for departments than renting a vehicle through another contracted service provider. However, revenue generated through operations is not sufficient to care for the fleet long-term or to replace aging vehicles. During the fiscal year ended June 30, 2017, one of the motor pool vehicles generated a loss, costing more in maintenance and fuel than it generated in revenue.

After making corrections for the misclassified fuel, maintenance and insurance expenses noted above, the West Plains motor pool operations generated a small profit of $6,983 during the two years ended June 30, 2017 (see Exhibit 02). However, the profit is not sufficient to replace the aging fleet, or pay for increasing costs, and as noted above, the profit was utilized for physical plant truck expenses so is no longer in this fund.

To monitor the economy, efficiency and long-term health of motor pool operations at the West Plains campus, an analysis should be performed that includes a review of current rates to ensure competitiveness yet sufficient profit for fleet maintenance and fuel costs of aging vehicles, and the ultimate replacement of fleet vehicles when necessary.

Recommendation
Charge only motor pool related expenses to the West Plains Motor Vehicle Services Fund then monitor the activity in this fund to determine the economy and efficiency of the motor pool operations.

**Management’s Responses**

Scott Schneider, Director of Business and Support Services, provided the following response:

*In efforts that can ensure continued operations of the motor pool, increased monitoring of the vehicles will be completed and the vehicles taken out of service when operational costs exceed revenues generated. Employees are being encouraged to use rental vehicles through a state contract that can cost less to operate on trips longer than 150 miles.*

*The Maintenance and Repair departmental vehicles do not provide revenue into the motor pool fund and future operations of these departmental vehicles will be conducted through that department’s budget.*
### Exhibit 01 – Automobiles, Trailers, ATV/UTV & Golf Carts Owned by the University

<table>
<thead>
<tr>
<th></th>
<th>Vehicles</th>
<th>Trailers</th>
<th>ATV/ UTV/ Golf Carts</th>
<th>Total Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provost</td>
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<td>0</td>
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</tr>
<tr>
<td>College of Agriculture(^1)</td>
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<td>Vice President for Research &amp; Economic Development &amp; International Programs</td>
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<tr>
<td>Vice President for University Advancement</td>
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<td>0</td>
</tr>
<tr>
<td>Intercollegiate Athletics &amp; Entertainment</td>
<td>3</td>
<td>1</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>Other</td>
<td>2</td>
<td>0</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>West Plains Campus</td>
<td>7</td>
<td>3</td>
<td>1</td>
<td>11</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>189</td>
<td>46</td>
<td>72</td>
<td>307</td>
</tr>
</tbody>
</table>

\(^1\) The College of Agriculture also has 5 automobiles and 2 ATV/UTV/Golf Carts which are held for scrap. These are not included in the above numbers.

\(^2\) One vehicle from the College of Natural & Applied Sciences and 2 automobiles and 2 ATV/UTV/Golf Carts from the Vice President for Administrative Services were designated surplus but still owned by the University as of June 30, 2017. These items are included in the list above.
Exhibit 02 – Financial Information for Motor Pool Activity at Springfield and West Plains Campuses

<table>
<thead>
<tr>
<th>Springfield Campus</th>
<th>Fiscal Years Ended June 30,</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2016</td>
<td></td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td>$123,448</td>
<td>$122,509</td>
<td></td>
</tr>
<tr>
<td>Rental revenue</td>
<td>$123,448</td>
<td>$122,509</td>
<td></td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td>$37,903</td>
<td>$37,269</td>
<td></td>
</tr>
<tr>
<td>Employee wages and benefits</td>
<td>$8,727</td>
<td>$24,712</td>
<td></td>
</tr>
<tr>
<td>Maintenance</td>
<td>$19,487</td>
<td>$17,658</td>
<td></td>
</tr>
<tr>
<td>Gasoline/fuel</td>
<td>$4,961</td>
<td>$3,957</td>
<td></td>
</tr>
<tr>
<td>New vehicles</td>
<td>$71,078</td>
<td>$113,462</td>
<td></td>
</tr>
<tr>
<td><strong>Net Profit(Loss) from Motor Pool Activities</strong></td>
<td>$52,370</td>
<td>$9,047</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>West Plains Campus</th>
<th>Fiscal Years Ended June 30,</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2016</td>
<td></td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td>$8,203</td>
<td>$10,013</td>
<td></td>
</tr>
<tr>
<td>Rental revenue</td>
<td>$8,203</td>
<td>$10,013</td>
<td></td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td>$-</td>
<td>$-</td>
<td></td>
</tr>
<tr>
<td>Employee wages and benefits</td>
<td>$2,782</td>
<td>$2,148</td>
<td></td>
</tr>
<tr>
<td>Maintenance</td>
<td>$2,067</td>
<td>$2,830</td>
<td></td>
</tr>
<tr>
<td>Gasoline/fuel</td>
<td>$664</td>
<td>$742</td>
<td></td>
</tr>
<tr>
<td><strong>Net Profit(Loss) from Motor Pool Activities</strong></td>
<td>$2,690</td>
<td>$4,293</td>
<td></td>
</tr>
</tbody>
</table>