



MICHIGAN

OFFICE OF THE AUDITOR GENERAL

AUDIT REPORT



THOMAS H. McTAVISH, C.P.A.
AUDITOR GENERAL

The auditor general shall conduct post audits of financial transactions and accounts of the state and of all branches, departments, offices, boards, commissions, agencies, authorities and institutions of the state established by this constitution or by law, and performance post audits thereof.

– Article IV, Section 53 of the Michigan Constitution

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Michigan
Office of the Auditor General
REPORT SUMMARY

Performance Audit

Report Number:
 071-0136-07

Vehicle and Travel Services

Department of Management and Budget

Released:
 February 2009

Vehicle and Travel Services (VTS) provides State agencies, colleges, and universities with vehicles and customer service solutions for their business needs. VTS's services include vehicle ordering, delivery, maintenance, radio installation, motor pools, and remarketing services. The Department of Management and Budget (DMB) is responsible for making and administering the State of Michigan Standardized Travel Regulations (STR).

Audit Objective:

To assess the effectiveness of selected departments' implementation of STR.

Audit Conclusion:

We concluded that the implementation of STR by selected departments was moderately effective. We noted one reportable condition (Finding 1).

Reportable Condition:

Selected departments did not sufficiently monitor travel reimbursement transactions to ensure that reimbursement was made in compliance with STR (Finding 1).

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Audit Objective:

To assess the efficiency of the utilization of the State's motor fleet.

Audit Conclusion:

We concluded that the utilization of the State's motor fleet was moderately efficient. We noted one reportable condition (Finding 2).

Reportable Condition:

VTS should improve its monitoring of the utilization of all of its motor fleet vehicles (Finding 2).

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Audit Objective:

To assess the efficiency of State purchased car wash services.

Audit Conclusion:

We concluded that State purchased car wash services were efficient. However, we noted one reportable condition (Finding 3).

Reportable Condition:

VTS did not sufficiently monitor vendor invoices or, in conjunction with State agencies, ensure that State employees complied with car wash guidelines (Finding 3).

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Audit Objective:

To assess the effectiveness of DMB's efforts to monitor and enforce controls over motor fleet fuel purchases.

Audit Conclusion:

We concluded that DMB's efforts to monitor and enforce controls over motor fleet fuel purchases were effective. Our report does not include any reportable conditions related to this audit objective.

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Agency Response:

Our audit report contains 3 findings and 3 corresponding recommendations. DMB's preliminary response indicated that it agrees with all of the recommendations and will comply with them.

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A copy of the full report can be obtained by calling 517.334.8050 or by visiting our Web site at: <http://audgen.michigan.gov>



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THOMAS H. MCTAVISH, C.P.A.
AUDITOR GENERAL

February 13, 2009

Ms. Lisa Webb Sharpe, Director
Department of Management and Budget
Lewis Cass Building
Lansing, Michigan

Dear Ms. Webb Sharpe:

This is our report on the performance audit of Vehicle and Travel Services, Department of Management and Budget.

This report contains our report summary; description of agency; audit objectives, scope, and methodology and agency responses and prior audit follow-up; comments, findings, recommendations, and agency preliminary responses; three exhibits, presented as supplemental information; and a glossary of acronyms and terms.

Our comments, findings, and recommendations are organized by audit objective. The agency preliminary responses were taken from the agency's responses subsequent to our audit fieldwork. The *Michigan Compiled Laws* and administrative procedures require that the audited agency develop a formal response within 60 days after release of the audit report.

We appreciate the courtesy and cooperation extended to us during this audit.

AUDITOR GENERAL

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Description of Agency

Vehicle and Travel Services (VTS) is part of the Agency Services Division, Department of Management and Budget (DMB). VTS provides State agencies, colleges, and universities with vehicles and customer service solutions for their business needs. VTS's services include vehicle ordering, delivery, maintenance, radio installation, motor pools, and remarketing services. VTS leases its fleet from a private leasing company contractor. As of August 2007, VTS had over 7,300 vehicles, including 281 vehicles for colleges and universities. The State allows colleges and universities to order vehicles through the State's leasing package so they can take advantage of the large volume discount. The colleges and universities are responsible for all costs of the vehicles they lease.

VTS separates the State's fleet into two pools: the DMB motor pool and the agency pool. VTS maintains the DMB motor pool vehicles for State employees to use for business purposes, and these vehicles are not assigned to any one agency or employee. When a State employee uses a DMB motor pool vehicle, VTS bills the responsible department a fixed daily rate and a rate per mile for the actual miles driven. VTS assigns agency pool vehicles to a particular State department for that department's employees to use for business purposes. VTS bills the departments a predetermined monthly lease rate, an insurance rate, and a rate per mile for the actual miles driven.

DMB is responsible for making and administering the State of Michigan Standardized Travel Regulations (STR) for the reimbursement of travel expenses incurred by both classified and non-classified employees for mileage, meal, lodging, airfare, and other costs. The Civil Service Commission is responsible for approving STR and any amendments, the reimbursement rates, and the process used to establish the travel reimbursement rates for classified State employees, whereas DMB has this responsibility for non-classified State employees. When travel expenses are incurred, State employees are responsible for preparing and submitting travel expense vouchers* to their departments for approval and processing. DMB has delegated responsibility to each State department for preaudit and certification of travel expenditures. The State incurred mileage, meal, lodging, airfare, and other expenditures and reimbursements totaling \$25,225,901 in fiscal year 2006-07 (see Exhibit 3, presented as supplemental information).

* See glossary at end of report for definition.

VTS accounts for its operations in the Motor Transport Fund. This Fund was created by Act 260, P.A. 1947, and continued by Act 431, P.A. 1984, as amended (Sections 18.1213 - 18.1215 of the *Michigan Compiled Laws*). VTS had 45 employees as of December 31, 2007, and its operating expenditures for fiscal year 2006-07 were \$53,534,000.

Audit Objectives, Scope, and Methodology and Agency Responses and Prior Audit Follow-Up

Audit Objectives

Our performance audit* of Vehicle and Travel Services (VTS), Department of Management and Budget (DMB), had the following audit objectives:

1. To assess the effectiveness* of selected departments' implementation of the State of Michigan Standardized Travel Regulations (STR).
2. To assess the efficiency* of the utilization of the State's motor fleet.
3. To assess the efficiency of State purchased car wash services.
4. To assess the effectiveness of DMB's efforts to monitor and enforce controls over motor fleet fuel purchases.

Audit Scope

Our audit scope was to examine the program and other records of Vehicle and Travel Services and selected departments' travel expenditures. Our audit was conducted in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and such other auditing procedures as we considered necessary in the circumstances. Our audit procedures, conducted from April 2007 through February 2008, generally covered the period October 1, 2004 through September 30, 2007.

These audit procedures included testing a random selection of vehicles for usage and replacement, reviewing the controls over vehicle fuel cards, analyzing VTS's monitoring of State-owned fuel tanks, testing a random sample of car wash vendors and then judgmentally selecting invoices and car wash logs of services performed, and testing a random sample of travel expenditures of seven judgmentally selected State departments (Departments of Agriculture, Community Health, Corrections, Human Services, Labor and Economic Growth, Transportation, and Treasury). We selected

* See glossary at end of report for definition.

these departments because they had the highest dollar amount of travel expenditures during our audit period or had a high number of employees with official work stations at home.

We obtained information from the State's accounting records of travel expenditures and reimbursements made to State classified and non-classified employees (see Exhibits 1 through 3, presented as supplemental information). We did not audit this information and, accordingly, we express no conclusion on it.

Audit Methodology

To establish our audit objectives and to gain an understanding of Statewide standard vehicle and travel processes and procedures, we conducted a preliminary review. This included interviewing various VTS personnel; reviewing policies and procedures, contracts, and applicable statutes; and obtaining and reviewing reports from VTS's fleet management databases. We also reviewed STR and other departmental policies and procedures, when applicable.

To assess the effectiveness of selected departments' implementation of STR, we identified the five departments (Community Health, Corrections, Human Services, Labor and Economic Growth, and Transportation) with the largest dollar amount of travel expenditures recorded for the period October 1, 2004 through April 30, 2007. These five departments expended \$44,364,916 (59.7%) of the \$74,360,562 of travel expenditures recorded Statewide during this period. From the travel expenditure population at the five largest departments, we selected and reviewed a random sample of 249 travel expenditures totaling \$65,350. We projected the results of our sample to the population and the results can be found in Finding 1. In addition, we reviewed a random sample of 71 travel expense vouchers from a population of 1,267 employees whose official work station is their home from four departments (Agriculture, Labor and Economic Growth, Transportation, and Treasury).

To assess the efficiency of the utilization of the State's motor fleet, we randomly selected 25 vehicles per reviewed month from a population averaging 136 DMB motor pool vehicles, 50 vehicles from a population of 4,654 agency pool vehicles that were considered normal daily use vehicles, and 25 Michigan Department of State Police vehicles from a population of 1,889 Michigan Department of State Police vehicles to determine if utilization percentages were realized. We reviewed monthly usage of the vehicles for four randomly selected months. In addition, we reviewed the criteria used for vehicle maintenance and replacement and tested a random selection of 56 vehicles

from a population of 4,078 to determine if vehicles were replaced as required. Further, we reviewed vehicles permanently assigned to specific State employees to determine if these individuals had sufficient business mileage and/or had justification for requiring a permanently assigned vehicle.

To assess the efficiency of State purchased car wash services, we selected 48 random and 10 judgmental car wash vendors for 137 car wash invoices and car wash logs from 2,795 services performed during the period October 1, 2004 through April 30, 2007. We reviewed these invoices and logs to determine whether each type of car wash service performed was allowable and whether the frequency of car wash services purchased was within policy. In addition, we performed an analysis of payments made to vendors for purchased car wash services. We projected the results of our sample to the population and the results can be found in Finding 3.

To assess the effectiveness of DMB's efforts to monitor and enforce controls over motor fleet fuel purchases, we obtained and reviewed reports that disclosed the frequency of usage and the types of purchases (fuel purchases, vehicle maintenance, and vehicle accessories) made on the fuel cards. We also obtained and reviewed various reports generated from VTS's database regarding the activity at State-owned fueling locations.

When selecting activities or programs for audit, we use an approach based on assessment of risk and opportunity for improvement. Accordingly, we focus our audit efforts on activities or programs having the greatest probability for needing improvement as identified through a preliminary review. Our limited audit resources are used, by design, to identify where and how improvements can be made. Consequently, we prepare our performance audit reports on an exception basis.

Agency Responses and Prior Audit Follow-Up

Our audit report contains 3 findings and 3 corresponding recommendations. DMB's preliminary response indicated that it agrees with all the recommendations and will comply with them.

The agency preliminary response that follows each recommendation in our report was taken from the agency's written comments and oral discussion subsequent to our audit fieldwork. Section 18.1462 of the *Michigan Compiled Laws* and the State of Michigan Financial Management Guide (Part VII, Chapter 4, Section 100) require DMB to develop a formal response to our audit findings and recommendations within 60 days after release of the audit report.

We released our prior performance audit of Vehicle and Travel Services, Department of Management and Budget (07-136-98), in November 1999. Within the scope of this audit, we followed up 4 of the 5 prior audit recommendations. VTS complied with 1 prior audit recommendation, was in the process of implementing new procedures and systems to comply with 2 recommendations, and 1 recommendation was no longer applicable.

COMMENTS, FINDINGS, RECOMMENDATIONS,
AND AGENCY PRELIMINARY RESPONSES

IMPLEMENTATION OF STANDARDIZED TRAVEL REGULATIONS

COMMENT

Audit Objective: To assess the effectiveness of selected departments' implementation of the State of Michigan Standardized Travel Regulations (STR).

Audit Conclusion: We concluded that the implementation of STR by selected departments was moderately effective. Our audit disclosed one reportable condition* related to compliance with STR (Finding 1).

FINDING

1. Compliance With STR

Selected departments did not sufficiently monitor travel reimbursement transactions to ensure that reimbursement was made in compliance with STR. Insufficient monitoring of reimbursements increases the risk of noncompliance and the potential for abuse. We estimated that the State incurred costs of \$1,372,968 that were not in compliance with STR related to mileage, meal, lodging, and other miscellaneous reimbursements for the period October 1, 2004 through April 30, 2007.

Department of Management and Budget (DMB) Administrative Guide procedure 0420.02 states that travel expense vouchers should be prepared, audited, certified, and submitted to the departments' respective accounting offices for payment processing. In addition, some departments have implemented policies and criteria regarding travel for their own departmental employees.

The State incurred \$29,338,949, \$30,891,911, and \$14,129,702 for employee travel expenditures and reimbursements for fiscal year 2004-05, fiscal year 2005-06, and the period October 1, 2006 through April 30, 2007, respectively. We analyzed these populations and identified the five departments with the largest dollar amount of travel expenditures. These five departments processed travel expenditures totaling \$17,165,386, \$18,540,871, and \$8,658,659 for fiscal year 2004-05, fiscal year 2005-06, and the period October 1, 2006 through April 30,

* See glossary at end of report for definition.

2007, respectively. We randomly sampled 249 travel expenditures from these five departments for the period October 1, 2004 through April 30, 2007. Of the 249 travel expense vouchers, 176 contained mileage reimbursements, 186 contained meal reimbursements, 98 contained lodging reimbursements, and 105 contained other miscellaneous expenditure reimbursements. Our review noted:

- a. Of the 176 mileage reimbursements, we determined that the State improperly reimbursed employees in 88 (50.0%) instances. In 41 of the 88 instances (23.3% of the 176 reimbursements), the State reimbursed employees at the premium mileage rate* without proper documentation. DMB Administrative Guide procedure 0410.07 allows drivers to be reimbursed at the premium mileage rate if no State motor vehicle is available, if no Vehicle and Travel Services (VTS) motor pool is maintained, or if an occasional daily travel assignment is less than 100 miles and the driver has not refused the use of an available State motor vehicle. However, because DMB did not have a process in place to document whether a State vehicle was available at the time the employee received approval for the use of a personal vehicle in lieu of a State vehicle, DMB and State agencies had difficulty documenting the lack of availability and could not validate that the use of premium mileage was appropriate. Furthermore, our evaluation of the utilization of DMB motor pool vehicles and agency pool vehicles noted that both types of pool vehicles were underutilized (Finding 2), suggesting that, in some cases, a State vehicle was likely available.

In 33 of the 88 instances (18.8% of the 176 reimbursements), employees claimed mileage that exceeded standard mileage calculations. STR states that the mileage calculation should be based on the current Department of Transportation map of Michigan or calculated by an industry mileage calculator*.

In 14 of the 88 instances (8.0% of the 176 reimbursements), the State reimbursed employees for mileage traveled within the employees' official work station (OWS) vicinity. Also, because these trips were generally less than 100 miles, the employees were often reimbursed for mileage at the premium mileage rate. STR defines the entire Lansing metropolitan area as one OWS.

* See glossary at end of report for definition.

Although for income tax purposes, Internal Revenue Service (IRS) Publication 463 allows taxpayers to claim as a deduction miles traveled between their designated work location and another work location, STR does not provide for reimbursement of those miles.

We used a statistical estimation method to project the improper reimbursement to employees for mileage identified in our sample to the population of each selected department. Based on our audit testing results, there is a 95% probability that the actual improper payments were at least \$1,149,306 for the period October 1, 2004 through April 30, 2007.

- b. Of the 186 meal reimbursements, we determined that the State reimbursed employees in 11 (5.9%) instances for meals that were not within the specific time periods referenced in STR. In addition, the State reimbursed employees in 2 (1.1%) instances for meals when the employee was within his/her OWS vicinity.

We used a statistical estimation method to project the improper reimbursement to employees for meals identified in our sample to the population of each selected department. Based on our audit testing results, there is a 95% probability that the actual improper payments were at least \$178,647 for the period October 1, 2004 through April 30, 2007.

STR and DMB Administrative Guide policy allow employees to be reimbursed for meals within specific time periods when they are conducting official business away from their OWS and prohibit reimbursement for meals when the employees are located at their home or OWS. In addition, the schedule of travel rates for classified and non-classified employees, published annually, provides the amount allowed for each meal.

- c. Of the 98 lodging reimbursements, we determined that the State reimbursed employees in 2 (2.0%) instances for lodging that exceeded the State approved rate without the travel services contractor's approval for the higher rate.

We used a statistical estimation method to project the improper reimbursement to employees for lodging identified in our sample to the population of each selected department. Based on our audit testing results,

there is a 95% probability that the actual improper payments were at least \$15,570 for the period October 1, 2004 through April 30, 2007.

STR section 6.3 states that only the lodging expenses paid, not to exceed the maximum plus tax, is allowable with a receipt for reimbursement. In addition, if lodging rates exceed the maximum amount, the travel services contractor is required to be used for booking hotel reservations.

- d. Of the 105 other miscellaneous expenditure reimbursements, we determined that the State reimbursed employees in 5 (4.8%) instances for parking expenses incurred within their OWS vicinity. In addition, the State reimbursed employees in 6 (5.7%) instances for ineligible incidental expenses.

We used a statistical estimation method to project the improper reimbursement to employees for other miscellaneous expenditures identified in our sample to the population of each selected department. Based on our audit testing results, there is a 95% probability that the actual improper payments were at least \$29,445 for the period October 1, 2004 through April 30, 2007.

STR states that there will be no reimbursement for normal everyday parking costs that employees incur when they are not in travel status and that the entire Lansing metropolitan area shall be designated as one OWS. STR also allows employees to be reimbursed for incidental expenses, such as fees and tips given to porters, baggage carriers, and hotel maids of \$2.00 per day, when in overnight travel status.

RECOMMENDATION

We recommend that departments sufficiently monitor travel reimbursement transactions to ensure that reimbursement is made in compliance with STR.

AGENCY PRELIMINARY RESPONSE

DMB agrees and will comply. DMB informed us that STR needs to be revised to align with IRS regulations. DMB indicated that it will revise STR and continue to communicate to and consult with agencies as to their role in monitoring travel reimbursements. VTS informed us that it has already implemented a process to respond to drivers if a vehicle is not available from the DMB-managed motor

vehicle pools. In addition, VTS indicated that it is acquiring motor pool software that will improve the management of DMB motor vehicle pools.

UTILIZATION OF THE STATE'S MOTOR FLEET

COMMENT

Audit Objective: To assess the efficiency of the utilization of the State's motor fleet.

Audit Conclusion: We concluded that the utilization of the State's motor fleet was moderately efficient. Our audit disclosed one reportable condition related to motor fleet utilization (Finding 2).

FINDING

2. Motor Fleet Utilization

VTS should improve its monitoring of the utilization of all of its motor fleet vehicles. The State incurred lease and insurance costs for vehicles that were not utilized efficiently and, as identified in Finding 1, part a., the State may have incurred unnecessary premium mileage costs for the use of employee personal vehicles when a motor fleet vehicle was available.

Section 18.1213(2) of the *Michigan Compiled Laws* (Act 431, P.A. 1984) allows DMB to issue directives relative to the purchasing, leasing, maintaining, operating, replacing, and disposing of motor vehicles for all State agencies and for assigning vehicles, permanently or temporarily, to State agencies.

VTS has established an informal 70% utilization goal for its DMB motor pool vehicles. VTS has not established a formal or informal utilization goal for agency pool vehicles. In addition, VTS reviews the number of DMB motor pool vehicles in use at a particular time each business day and monitors the number of miles accumulated by an agency pool vehicle on a monthly basis. However, establishing formal utilization goals and monitoring both daily usage and mileage for all of its motor fleet vehicles may provide VTS with more comprehensive information to better analyze effective utilization.

We reviewed vehicle utilization for DMB motor pool vehicles and agency pool vehicles for the months of July 2006 and January, April, and June 2007 as follows:

- a. We reviewed the usage of 25 randomly selected DMB motor pool vehicles for each of the four months, totaling a review of 100 usage instances. In 51 (51.0%) instances, vehicle usage failed to meet the 70% utilization goal. In 9 of the 51 instances, vehicle utilization rates ranged from 0% to 30%; in 16 instances, vehicle utilization rates ranged from 31% to 50%; and in 26 instances, vehicle utilization rates ranged from 51% to 68%.
- b. We reviewed the usage of 50 randomly selected agency pool vehicles, totaling a review of 190 usage instances. Because VTS had not established a utilization goal for agency pool vehicles, we used the DMB motor pool vehicle goal of 70% utilization. In 89 (46.8%) instances, vehicle usage failed to meet 70% utilization. In 30 instances, vehicle utilization rates ranged from 0% to 30%; in 30 instances, vehicle utilization rates ranged from 31% to 50%; and in 29 instances, vehicle utilization rates ranged from 51% to 65%. In addition, of the 50 vehicles reviewed, 12 (24.0%) vehicles were utilized at or below 65% for all four of the months reviewed.

RECOMMENDATION

We recommend that VTS improve its monitoring of the utilization of all of its motor fleet vehicles.

AGENCY PRELIMINARY RESPONSE

DMB agrees and will comply. VTS indicated that it is acquiring motor pool software that will improve the management of DMB motor vehicle pools. VTS informed us that the software will be capable of assisting agencies in more effectively managing their motor vehicle pools. VTS also indicated that it currently reviews mileage reports, fuel usage information, and samples of travel logs to assess vehicle utilization. Vehicles are turned in or redeployed to other areas of the fleet based on these reviews. In addition, VTS informed us that travel logs are maintained manually; therefore, there is not currently an automated way to monitor daily usage of vehicles.

PURCHASED CAR WASH SERVICES

COMMENT

Audit Objective: To assess the efficiency of State purchased car wash services.

Audit Conclusion: We concluded that State purchased car wash services were efficient. However, our audit disclosed one reportable condition related to car wash services (Finding 3).

FINDING

3. Car Wash Services

VTS did not sufficiently monitor vendor invoices or, in conjunction with State agencies, ensure that State employees complied with car wash guidelines. As a result, DMB incurred additional costs for some car wash services.

DMB's procedure for processing car wash vendor invoices states that vendors are required to include six elements on each invoice: the date of service, vehicle number/license plate number, cost of service, type of service, State agency, and employee signature. The procedure further states that follow-up is required by DMB if the vendor invoice does not include the required information and payment will not be issued until the appropriate information is obtained. Also, DMB's car wash guidelines provide guidance relating to the frequency of and maximum allowable cost for the types of car wash services. The guidelines provide that a basic car wash should be obtained not more than once a week, a basic car wash and interior cleaning should be obtained not more than once a month, and a thorough cleaning (i.e., detailing) is allowed only once a year unless otherwise justified and reported to DMB.

We reviewed 137 vendor invoice payments that contained 2,795 car wash services performed during the period October 1, 2004 through April 30, 2007. These payments totaled \$31,830. Our review disclosed:

- a. VTS incurred \$2,976 in excess car wash service expenditures over the 31-month period for car washes, interior cleanings, and/or detailing performed more frequently than the car wash guidelines allowed. When projected, we determined that the State may have paid \$200,614 for excessive car wash services over the 31-month period.

- b. VTS paid in excess of the maximum amount allowable for 74 (2.6%) of the 2,795 car wash services by a total of \$748. When projected, we determined that the State may have paid \$27,132 in excessive car wash service fees over the 31-month period.
- c. VTS made authorized payments for services without ensuring that all required information was submitted with the invoice. We noted that of 2,795 car wash services provided, there were 538 (19.2%) instances in which the State employee authorizing signature was missing; 209 (7.5%) instances in which the date of service was missing, and 57 (2.0%) instances in which the type of service was missing. As a result, VTS could not ensure that the services were in compliance with the car wash guidelines related to frequency and cost of services prior to making payments. We estimated that VTS may have paid \$7,555 in unsupported payments.

RECOMMENDATION

We recommend that VTS sufficiently monitor vendor invoices and, in conjunction with State agencies, ensure that State employees comply with car wash guidelines.

AGENCY PRELIMINARY RESPONSE

DMB agrees and will comply. VTS and Financial Services informed us that they have implemented preaudit processes for cash wash invoices. Also, VTS indicated that it will continue to educate drivers regarding car wash guidelines.

MOTOR FLEET FUEL PURCHASES

COMMENT

Audit Objective: To assess the effectiveness of DMB's efforts to monitor and enforce controls over motor fleet fuel purchases.

Audit Conclusion: **We concluded that DMB's efforts to monitor and enforce controls over motor fleet fuel purchases were effective.** Our report does not include any reportable conditions related to this audit objective.

SUPPLEMENTAL INFORMATION

VEHICLE AND TRAVEL SERVICES
Department of Management and Budget

State Employee Mileage Reimbursements for the State of Michigan
For Fiscal Years 2004-05 Through 2006-07

	Fiscal Year 2004-05			Fiscal Year 2005-06		
	Standard*	Premium	Total	Standard*	Premium	Total
Executive branch departments:						
Agriculture	\$ 509,803	\$ 340,825	\$ 850,628	\$ 463,661	\$ 289,255	\$ 752,916
Attorney General	142,757	22,724	165,481	120,244	23,125	143,369
Civil Rights	54,610	21,870	76,479	47,637	19,431	67,068
Civil Service**	4,499	5,144	9,644	2,963	3,911	6,874
Community Health	411,976	257,400	669,376	411,583	346,329	757,912
Corrections	624,186	1,239,996	1,864,183	559,919	1,563,231	2,123,150
Education	158,520	66,648	225,168	129,394	63,895	193,289
Environmental Quality	551,522	81,490	633,012	572,524	54,687	627,211
History, Arts and Libraries	28,125	5,010	33,135	30,765	5,519	36,283
Human Services	1,094,068	1,250,933	2,345,001	1,086,180	1,433,415	2,519,595
Information Technology	186,298	213,148	399,447	197,329	260,524	457,852
Labor and Economic Growth	946,506	839,431	1,785,937	1,022,431	871,562	1,893,993
Management and Budget	34,172	121,657	155,829	45,119	113,682	158,801
Michigan Strategic Fund	103,981	28,590	132,571	66,898	28,798	95,696
Military and Veterans Affairs	4,992	57,527	62,518	18,911	30,061	48,972
Natural Resources	323,375	124,643	448,018	288,434	127,984	416,418
State	86,581	313,024	399,605	78,556	318,243	396,800
State Police	156,538	68,994	225,532	126,904	59,066	185,971
Transportation	740,543	1,092,159	1,832,703	712,211	1,298,441	2,010,652
Treasury	165,356	452,709	618,065	162,223	515,176	677,399
Michigan Gaming Control Board	12,094	4,547	16,641	10,446	5,345	15,791
Michigan Lottery	19,172	14,567	33,739	15,864	15,879	31,743
Total executive branch departments	\$ 6,359,676	\$ 6,623,035	\$ 12,982,711	\$ 6,170,196	\$ 7,447,559	\$ 13,617,755
Executive Office	\$ 5,131	\$ 5,867	\$ 10,999	\$ 6,946	\$ 9,167	\$ 16,113
Total Executive Office	\$ 5,131	\$ 5,867	\$ 10,999	\$ 6,946	\$ 9,167	\$ 16,113
Judiciary	\$ 94,050	\$ 137,459	\$ 231,509	\$ 106,008	\$ 145,886	\$ 251,894
Total judicial branch	\$ 94,050	\$ 137,459	\$ 231,509	\$ 106,008	\$ 145,886	\$ 251,894
House of Representatives	\$ 13,299	\$ 432,091	\$ 445,390	\$ 8,957	\$ 477,566	\$ 486,523
Legislative Service Bureau		2,090	2,090		1,570	1,570
Office of the Auditor General	15,735	314	16,049	17,989	500	18,489
Senate	5,740	214,705	220,446	6,407	245,437	251,844
Senate Fiscal Agency		2,136	2,136		3,048	3,048
Total legislative branch	\$ 34,775	\$ 651,336	\$ 686,110	\$ 33,353	\$ 728,121	\$ 761,474
Total Statewide	\$ 6,493,632	\$ 7,417,697	\$ 13,911,329	\$ 6,316,503	\$ 8,330,733	\$ 14,647,236

* The standard mileage rate is the rate of reimbursement to an employee who has elected to drive a private vehicle in lieu of a State vehicle.

** Executive Order No. 2007-30 abolished the Department of Civil Service as of August 26, 2007.

UNAUDITED
Exhibit 1

Fiscal Year 2006-07		
Standard*	Premium	Total
\$ 341,380	\$ 227,213	\$ 568,593
126,785	33,642	160,427
45,037	19,309	64,346
2,324	3,240	5,564
357,380	281,235	638,615
582,868	1,456,760	2,039,628
76,628	53,189	129,817
419,748	49,722	469,470
17,201	2,220	19,421
837,080	1,157,914	1,994,994
150,653	210,863	361,517
794,945	683,497	1,478,442
57,760	80,577	138,337
70,409	22,049	92,458
16,510	16,630	33,140
197,959	72,242	270,201
53,928	301,469	355,397
64,287	34,591	98,878
583,396	1,139,519	1,722,915
140,737	459,848	600,584
9,392	5,233	14,626
14,336	17,775	32,110
<u>\$ 4,960,744</u>	<u>\$ 6,328,736</u>	<u>\$ 11,289,480</u>
<u>\$ 6,067</u>	<u>\$ 8,295</u>	<u>\$ 14,362</u>
<u>\$ 6,067</u>	<u>\$ 8,295</u>	<u>\$ 14,362</u>
<u>\$ 142,017</u>	<u>\$ 88,196</u>	<u>\$ 230,213</u>
<u>\$ 142,017</u>	<u>\$ 88,196</u>	<u>\$ 230,213</u>
<u>\$ 18,759</u>	<u>\$ 515,096</u>	<u>\$ 533,856</u>
	574	574
11,084		11,084
4,736	223,773	228,508
	3,137	3,137
<u>\$ 34,579</u>	<u>\$ 742,580</u>	<u>\$ 777,158</u>
<u>\$ 5,143,406</u>	<u>\$ 7,167,806</u>	<u>\$ 12,311,212</u>

VEHICLE AND TRAVEL SERVICES
Department of Management and Budget

State Employee Meal Reimbursements for the State of Michigan
For Fiscal Years 2004-05 Through 2006-07

	Fiscal Year 2004-05			Fiscal Year 2005-06		
	Taxable*	Nontaxable	Total	Taxable*	Nontaxable	Total
Executive branch departments:						
Agriculture	\$ 316,896	\$ 252,859	\$ 569,754	\$ 265,524	\$ 210,749	\$ 476,274
Attorney General	33,997	25,022	59,019	30,284	19,295	49,579
Civil Rights	7,544	6,044	13,588	7,552	6,571	14,124
Civil Service**	1,335	2,811	4,146	1,163	2,523	3,686
Community Health	128,067	227,297	355,364	122,184	239,398	361,582
Corrections	326,663	182,487	509,150	197,926	263,968	461,894
Education	21,276	63,809	85,085	21,349	87,009	108,357
Environmental Quality	189,208	117,763	306,971	190,591	127,812	318,403
History, Arts and Libraries	2,261	13,011	15,272	2,012	11,408	13,419
Human Services	274,454	491,300	765,755	270,481	539,031	809,512
Information Technology	78,838	46,565	125,403	78,257	57,991	136,248
Labor and Economic Growth	564,815	439,887	1,004,703	589,070	455,759	1,044,828
Management and Budget	28,838	17,157	45,994	30,016	20,934	50,950
Michigan Strategic Fund	24,686	20,206	44,892	17,367	15,210	32,577
Military and Veterans Affairs	16,833	34,011	50,844	15,836	32,483	48,319
Natural Resources	219,178	207,021	426,199	205,991	201,598	407,588
State	93,352	52,574	145,927	86,117	49,908	136,025
State Police	150,851	295,524	446,374	154,258	293,496	447,754
Transportation	498,909	572,922	1,071,830	508,283	589,861	1,098,144
Treasury	89,715	134,517	224,232	89,526	148,749	238,275
Michigan Gaming Control Board	6,498	15,132	21,630	6,198	14,943	21,141
Michigan Lottery	87,116	14,215	101,331	111,092	13,067	124,159
Total executive branch departments	\$ 3,161,329	\$ 3,232,133	\$ 6,393,463	\$ 3,001,076	\$ 3,401,763	\$ 6,402,839
Executive Office	\$ 72	\$ 188	\$ 260	\$ 47	\$ 279	\$ 326
Total Executive Office	\$ 72	\$ 188	\$ 260	\$ 47	\$ 279	\$ 326
Judiciary	\$ 26,404	\$ 82,112	\$ 108,515	\$ 26,128	\$ 67,943	\$ 94,071
Total judicial branch	\$ 26,404	\$ 82,112	\$ 108,515	\$ 26,128	\$ 67,943	\$ 94,071
House of Representatives	\$	\$ 4,001	\$ 4,001	\$	\$ 3,621	\$ 3,621
Legislative Service Bureau	26	304	329	59	63	122
Office of the Auditor General	5,987	21,477	27,464	8,283	27,438	35,721
Senate		226	226		56	56
Senate Fiscal Agency	80	99	179	45	135	180
Total legislative branch	\$ 6,093	\$ 26,107	\$ 32,199	\$ 8,387	\$ 31,312	\$ 39,699
Total Statewide	\$ 3,193,898	\$ 3,340,539	\$ 6,534,437	\$ 3,035,638	\$ 3,501,297	\$ 6,536,935

* Taxable meals are incurred for trips not involving overnight lodging. These costs will be included on the employee's wage and tax statement (W-2) as other income, and reimbursement will be taxed.

** Executive Order No. 2007-30 abolished the Department of Civil Service as of August 26, 2007.

UNAUDITED
Exhibit 2

Fiscal Year 2006-07		
Taxable*	Nontaxable	Total
\$ 247,513	\$ 112,260	\$ 359,774
32,465	23,348	55,813
6,085	7,813	13,898
1,114	2,718	3,832
112,313	212,105	324,418
242,931	205,975	448,906
19,916	56,473	76,389
160,634	96,840	257,474
1,668	8,155	9,824
219,994	478,699	698,693
67,147	32,382	99,530
539,896	312,930	852,826
29,808	14,668	44,476
14,432	12,340	26,773
16,004	27,863	43,867
172,589	155,370	327,960
79,293	32,464	111,757
91,477	185,251	276,729
453,139	457,068	910,206
82,003	125,873	207,876
5,603	34,503	40,106
92,941	10,679	103,620
<u>\$ 2,688,967</u>	<u>\$ 2,605,778</u>	<u>\$ 5,294,745</u>
<u>\$ 10</u>	<u>\$ 16</u>	<u>\$ 26</u>
<u>\$ 10</u>	<u>\$ 16</u>	<u>\$ 26</u>
<u>\$ 25,695</u>	<u>\$ 89,748</u>	<u>\$ 115,443</u>
<u>\$ 25,695</u>	<u>\$ 89,748</u>	<u>\$ 115,443</u>
<u>\$ 117</u>	<u>\$ 876</u>	<u>\$ 993</u>
117	145	262
3,611	7,395	11,005
	122	122
58		58
<u>\$ 3,786</u>	<u>\$ 8,538</u>	<u>\$ 12,324</u>
<u>\$ 2,718,458</u>	<u>\$ 2,704,079</u>	<u>\$ 5,422,537</u>

VEHICLE AND TRAVEL SERVICES
Department of Management and Budget

State Employee Travel Expenditures and Reimbursements for the State of Michigan
For Fiscal Years 2004-05 Through 2006-07

	Mileage for Fiscal Years			Meals for Fiscal Years			Lodging for Fiscal Years		
	2004-05	2005-06	2006-07	2004-05	2005-06	2006-07	2004-05	2005-06	2006-07
Executive branch departments:									
Agriculture	\$ 850,628	\$ 752,916	\$ 568,593	\$ 569,754	\$ 476,274	\$ 359,774	\$ 140,080	\$ 176,573	\$ 141,484
Attorney General	165,481	143,369	160,427	59,019	49,579	55,813	82,913	59,845	74,592
Civil Rights	76,479	67,068	64,346	13,588	14,124	13,898	8,583	15,244	16,540
Civil Service*	9,644	6,874	5,564	4,146	3,686	3,832	4,105	5,904	6,247
Community Health	669,376	757,912	638,615	355,364	361,582	324,418	525,032	554,307	509,579
Corrections	1,864,183	2,123,150	2,039,628	509,150	461,894	448,906	295,914	412,767	294,477
Education	225,168	193,289	129,817	85,085	108,357	76,389	171,683	210,072	131,126
Environmental Quality	633,012	627,211	469,470	306,971	318,403	257,474	212,150	231,893	190,581
History, Arts and Libraries	33,135	36,283	19,421	15,272	13,419	9,824	31,489	26,859	18,982
Human Services	2,345,001	2,519,595	1,994,994	765,755	809,512	698,693	849,301	881,862	827,534
Information Technology	399,447	457,852	361,517	125,403	136,248	99,530	90,556	125,497	72,932
Labor and Economic Growth	1,785,937	1,893,993	1,478,442	1,004,703	1,044,828	852,826	802,815	893,301	623,398
Management and Budget	155,829	158,801	138,337	45,994	50,950	44,476	37,993	58,393	34,750
Michigan Strategic Fund	132,571	95,696	92,458	44,892	32,577	26,773	42,104	37,337	28,399
Military and Veterans Affairs	62,518	48,972	33,140	50,844	48,319	43,867	65,933	70,111	64,534
Natural Resources	448,018	416,418	270,201	426,199	407,588	327,960	107,400	104,066	68,998
State	399,605	396,800	355,397	145,927	136,025	111,757	104,621	101,141	72,788
State Police	225,532	185,971	98,878	446,374	447,754	276,729	669,401	644,417	420,801
Transportation	1,832,703	2,010,652	1,722,915	1,071,830	1,098,144	910,206	1,175,020	1,266,178	926,008
Treasury	618,065	677,399	600,584	224,232	238,275	207,876	328,490	389,771	329,187
Michigan Gaming Control Board	16,641	15,791	14,626	21,630	21,141	40,106	36,168	31,109	75,585
Michigan Lottery	33,739	31,743	32,110	101,331	124,159	103,620	27,413	25,123	24,226
Total executive branch departments	\$ 12,982,711	\$ 13,617,755	\$ 11,289,480	\$ 6,393,463	\$ 6,402,839	\$ 5,294,745	\$ 5,809,165	\$ 6,321,769	\$ 4,952,748
Executive Office	\$ 10,999	\$ 16,113	\$ 14,362	\$ 260	\$ 326	\$ 26	\$ 652	\$ 1,595	\$ 790
Total Executive Office	\$ 10,999	\$ 16,113	\$ 14,362	\$ 260	\$ 326	\$ 26	\$ 652	\$ 1,595	\$ 790
Judiciary	\$ 231,509	\$ 251,894	\$ 230,213	\$ 108,515	\$ 94,071	\$ 115,443	\$ 144,271	\$ 159,100	\$ 158,440
Total judicial branch	\$ 231,509	\$ 251,894	\$ 230,213	\$ 108,515	\$ 94,071	\$ 115,443	\$ 144,271	\$ 159,100	\$ 158,440
House of Representatives	\$ 445,390	\$ 486,523	\$ 533,856	\$ 4,001	\$ 3,621	\$ 876	\$ 26,769	\$ 19,089	\$ 8,302
Legislative Service Bureau	2,090	1,570	574	329	122	262	103		
Office of the Auditor General	16,049	18,489	11,084	27,464	35,721	11,005	53,964	56,469	16,698
Senate	220,446	251,844	228,508	226	56	122	701	740	1,575
Senate Fiscal Agency	2,136	3,048	3,137	179	180	58	272	1,020	146
Total legislative branch	\$ 686,110	\$ 761,474	\$ 777,158	\$ 32,199	\$ 39,699	\$ 12,324	\$ 81,808	\$ 77,319	\$ 26,721
Total Statewide	\$ 13,911,329	\$ 14,647,236	\$ 12,311,212	\$ 6,534,437	\$ 6,536,935	\$ 5,422,537	\$ 6,035,895	\$ 6,559,782	\$ 5,138,699

* Executive Order No. 2007-30 abolished the Department of Civil Service as of August 26, 2007.

Airfare for Fiscal Years			Other for Fiscal Years			Total for Fiscal Years		
2004-05	2005-06	2006-07	2004-05	2005-06	2006-07	2004-05	2005-06	2006-07
\$ 37,085	\$ 50,378	\$ 31,606	\$ 136,582	\$ 151,720	\$ 146,507	\$ 1,734,130	\$ 1,607,861	\$ 1,247,964
50,620	50,959	59,158	28,218	25,742	30,467	386,252	329,493	380,457
			8,883	9,324	7,792	107,533	105,760	102,575
1,072	2,800	4,451	1,490	1,647	1,490	20,456	20,911	21,583
187,663	190,233	129,560	61,121	64,724	51,823	1,798,556	1,928,759	1,653,996
8,595	12,400	6,636	89,033	91,236	83,632	2,766,874	3,101,447	2,873,279
90,277	108,261	70,074	29,221	40,916	26,745	601,434	660,894	434,150
78,013	84,701	54,540	42,687	43,098	32,936	1,272,833	1,305,306	1,005,000
8,970	7,478	1,671	8,088	5,521	3,470	96,954	89,561	53,368
167,240	223,725	169,447	148,955	160,646	144,159	4,276,252	4,595,338	3,834,827
31,572	63,601	17,565	29,661	39,967	23,955	676,639	823,165	575,497
314,680	338,446	138,372	169,638	169,769	121,646	4,077,773	4,340,337	3,214,685
16,939	30,340	12,237	7,831	12,315	8,104	264,587	310,799	237,905
3,984	7,896	13,960	11,160	10,829	8,532	234,711	184,335	170,122
51,606	49,417	40,730	13,959	13,056	13,245	244,861	229,875	195,516
115,671	94,753	56,866	25,960	29,172	18,983	1,123,248	1,051,998	743,007
10,475	8,787	5,505	13,481	14,373	12,221	674,108	657,126	557,669
234,139	262,044	185,207	53,146	59,318	41,313	1,628,592	1,599,504	1,022,928
148,256	182,682	160,874	18,122	17,334	10,600	4,245,931	4,574,991	3,730,605
163,982	168,781	145,374	119,258	127,446	118,572	1,454,028	1,601,672	1,401,592
23,462	18,164	45,639	9,070	8,002	17,296	106,971	94,208	193,250
7,666	7,067	6,820	14,013	13,770	13,557	184,162	201,862	180,333
<u>\$ 1,751,968</u>	<u>\$ 1,962,914</u>	<u>\$ 1,356,291</u>	<u>\$ 1,039,577</u>	<u>\$ 1,109,923</u>	<u>\$ 937,045</u>	<u>\$ 27,976,883</u>	<u>\$ 29,415,200</u>	<u>\$ 23,830,308</u>
\$	\$ 1,377	\$	\$ 208	\$ 711	\$ 591	\$ 12,118	\$ 20,122	\$ 15,769
\$ 0	\$ 1,377	\$ 0	\$ 208	\$ 711	\$ 591	\$ 12,118	\$ 20,122	\$ 15,769
\$ 16,115	\$ 15,606	\$ 16,615	\$ 18,817	\$ 32,755	\$ 35,941	\$ 519,227	\$ 553,426	\$ 556,652
\$ 16,115	\$ 15,606	\$ 16,615	\$ 18,817	\$ 32,755	\$ 35,941	\$ 519,227	\$ 553,426	\$ 556,652
\$ 14,075	\$ 6,677	\$ 1,318	\$ 2,123	\$ 2,707	\$ 673	\$ 492,358	\$ 518,616	\$ 545,024
			31	47	9	2,553	1,739	844
8,535	10,745	2,437	5,442	3,295	1,144	111,454	124,719	42,367
82	803		273	314	763	221,728	253,758	230,969
		593	43	84	34	2,629	4,332	3,968
\$ 22,693	\$ 18,225	\$ 4,348	\$ 7,912	\$ 6,447	\$ 2,622	\$ 830,721	\$ 903,163	\$ 823,172
<u>\$ 1,790,775</u>	<u>\$ 1,998,122</u>	<u>\$ 1,377,253</u>	<u>\$ 1,066,513</u>	<u>\$ 1,149,837</u>	<u>\$ 976,199</u>	<u>\$ 29,338,949</u>	<u>\$ 30,891,911</u>	<u>\$ 25,225,901</u>

GLOSSARY

Glossary of Acronyms and Terms

DMB	Department of Management and Budget.
effectiveness	Program success in achieving mission and goals.
efficiency	Achieving the most outputs and outcomes practical with the minimum amount of resources.
IRS	Internal Revenue Service.
mileage calculator	An on-line routing or mapping engine, e.g., MapQuest Maps - Driving Directions or Yahoo! Maps - Driving Directions.
OWS	official work station.
performance audit	An economy and efficiency audit or a program audit that is designed to provide an independent assessment of the performance of a governmental entity, program, activity, or function to improve public accountability and to facilitate decision making by parties responsible for overseeing or initiating corrective action.
premium mileage rate	The rate of reimbursement to an employee who has prior approval to use a private vehicle or when a State vehicle is unavailable to the employee.
reportable condition	A matter that, in the auditor's judgment, represents either an opportunity for improvement or a significant deficiency in management's ability to operate a program in an effective and efficient manner.
STR	State of Michigan Standardized Travel Regulations.

travel expense
voucher

A form completed by a State employee that identifies specific travel information when requesting reimbursement of travel expenses.

VTS

Vehicle and Travel Services.

