



PERFORMANCE AUDIT REPORT

**Reviewing the Operations of the
Kansas Highway Patrol Motor Vehicle Program**

Executive Summary *with Conclusions and Recommendations*

**A Report to the Legislative Post Audit Committee
By the Legislative Division of Post Audit
State of Kansas
December 1996**

Legislative Post Audit Committee

Legislative Division of Post Audit

THE LEGISLATIVE POST Audit Committee and its audit agency, the Legislative Division of Post Audit, are the audit arm of Kansas government. The programs and activities of State government now cost about \$7 billion a year. As legislators and administrators try increasingly to allocate tax dollars effectively and make government work more efficiently, they need information to evaluate the work of governmental agencies. The audit work performed by Legislative Post Audit helps provide that information.

We conduct our audit work in accordance with applicable government auditing standards set forth by the U.S. General Accounting Office. These standards pertain to the auditor's professional qualifications, the quality of the audit work, and the characteristics of professional and meaningful reports. The standards also have been endorsed by the American Institute of Certified Public Accountants and adopted by the Legislative Post Audit Committee.

The Legislative Post Audit Committee is a bipartisan committee comprising five senators and five representatives. Of the Senate members, three are appointed by the President of the Senate and two are appointed by the Senate Minority Leader. Of the Representatives, three are appointed by the Speaker of the House and two are appointed by the Minority Leader.

Audits are performed at the direction of the Legislative Post Audit Committee. Legislators or

committees should make their requests for performance audits through the Chairman or any other member of the Committee. Copies of all completed performance audits are available from the Division's office.

LEGISLATIVE POST AUDIT COMMITTEE

Senator Lana Oleen, Chair
Senator Anthony Hensley
Senator Phil Martin
Senator Alicia L. Salisbury
Senator Don Steffes

Representative James E. Lowther, Vice-Chair
Representative Tom Bradley
Representative Duane Goossen
Representative Sheila Hochhauser
Representative Ed McKechnie

LEGISLATIVE DIVISION OF POST AUDIT

800 SW Jackson
Suite 1200
Topeka, Kansas 66612-2212
Telephone (913) 296-3792
FAX (913) 296-4482
E-mail: LPA@mail.ksleg.state.ks.us

The Legislative Division of Post Audit supports full access to the services of State government for all citizens. Upon request, Legislative Post Audit can provide its audit reports in large print, audio, or other appropriate alternative format to accommodate persons with visual impairments. Persons with hearing or speech disabilities may reach us through the Kansas Relay Center at 1-800-766-3777. Our office hours are 8:00 a.m. to 5:00 p.m., Monday through Friday.

**Reviewing the Operations of the
Kansas Highway Patrol Motor Vehicle Program**

EXECUTIVE SUMMARY

LEGISLATIVE DIVISION OF POST AUDIT

**Question 1: Are the Highway Patrol's Current
Fleet Management Procedures the
Most Effective and Efficient?**

*The Highway Patrol purchases vehicles with a police package. In page 3
recent years, only one manufacturer has offered a police package in a full-
size vehicle. As a result, the price for that model has risen substantially.
The Patrol has experimented with other types of cars, but has found none
that are better performing or more cost-effective. The Patrol purchases all
its vehicles for a given year at one time. Although this practice requires
storage, it's the only practical option because the manufacturer only does
one police package production run each year. The Patrol retires its
vehicles at 49,500 miles and resells them. Generally the resale of vehicles
has been directly to local units of government instead of through the
State's Surplus Property Program.*

Conclusion: *In general, the Kansas Highway Patrol appears to page 8
be operating its fleet in an efficient and effective manner. The predomi-
nant use of the Crown Victoria has been justified based on the operating
results of other vehicles in the fleet. The sharp price increase for this car
is consistent with nationwide trends. Also, the department's low-mileage
replacement policy has been well received by most participating local
agencies.*

Recommendations: *As a result of their observations and page 9
analysis, the auditors make the following suggestions for improving the
Kansas Highway Patrol's fleet management policies:*

1. *Establish a system to forecast vehicle replacements on an individ-
ual basis and make this projection the basis of the replacement
order. Consideration should also be given for accident replace-
ments.*
2. *Analyze further the costs and benefits of multi-purpose vehicles
such as the Jeep Cherokee and whether they should be used on a
limited basis.*
3. *Review the information in the computerized vehicle files on a
regular basis to ensure that purchasing, operating and resale data
is complete and accurate.*

*The Highway Patrol responded that it would modify certain as-
pects of its fleet operations, but didn't identify any specific changes it
would make.*

Question 2: Are the Highway Patrol's Current Vehicle Replacement Policies the Most Cost-Effective?

The Highway Patrol's largest fleet operating cost is the cost of purchasing its vehicles. The more frequently vehicles are replaced, the greater this cost in any given year. Ongoing operating costs include fuel and maintenance. Both of these costs appear to increase somewhat on a per-mile basis as vehicle mileage increases, but the difference doesn't appear to be large. The more frequently vehicles are replaced, the lower this cost in any given year. As vehicles are driven more miles, their resale value decreases. The more frequently vehicles are replaced, the greater the resale proceeds in any given year. The most cost-effective replacement policy would result in the lowest total cost—purchase costs plus operating costs less proceeds from resale. page 10

Conclusion: *All of the cost analyses performed as part of the audit indicate that the current replacement of vehicles at 49,500 miles is preferable to the previous high mileage replacement methodology. At 49,500 miles the Kansas Highway Patrol vehicles have a higher resale value, lower maintenance costs and should require less State funding. However, due to the absence of reliable cost information of vehicles driven 50,000 to 70,000 miles, we could not positively state the 49,500 was the optimal replacement point. This number has been taken from a 26 year-old Missouri policy. It is unclear from the data obtained what actual resale at slightly higher mileage levels would be.* page 16

Recommendation: *The auditors recommend that the Kansas Highway Patrol implement procedures to study the potential resale value of vehicles in the 50,000 to 70,000 mile range and to determine, based on empirical data, the optimal replacement point for the fleet. The auditors think that the analysis of the replacement mileage level should be an ongoing process that continues beyond the initial implementation of the current policies. Unlike Missouri, which is operating under 23 year-old assumptions, the Kansas Highway Patrol should review the replacement mileage of vehicles on a frequent basis and adjust its policies to maximize the fleet's resale value.* page 16

Appendix A: Motor Vehicle Fund Estimated Budget page 17
FY 1994 and FY 2001

Appendix B: Motor Vehicle Fleet Sales Database page 19
Fiscal Year 1996

Appendix C: Agency Response page 27

This audit was conducted by McBride, Lock & Associates, a certified public accounting firm under contract with the Legislative Division of Post Audit. This Executive Summary was prepared by the staff of Legislative Post Audit. If you need any additional information about the audit's findings, please contact Randy Tongier at the Division's offices. Our address is: Legislative Division of Post Audit, 800 SW Jackson Street, Suite 1200, Topeka, Kansas 66612. You also may call (913) 296-3792, or contact us via the Internet at: LPA@PostAudit.ksleg.state.ks.us.

