

oppaga Progress Report



August 2001

Report No. 01-35

Management Services Makes Progress by Implementing OPPAGA Recommendations

at a glance

The Legislature and the Department of Management Services Support Program implemented many of the recommendations from our 1998 report. State agencies are now collecting and reporting data on vehicle assignment and utilization. The program streamlined purchasing to eliminate outmoded practices that caused unnecessary delays. Also, the program consolidated its three federal surplus property distribution centers, which will result in an annual savings of \$163,128 and a reduction of eight full-time equivalent employee positions.

The department is in the process of implementing other OPPAGA recommendations relative to motor vehicle operations, which could save between \$800,000 and \$2.4 million annually.

Purpose

In accordance with state law, this progress report informs the Legislature of actions taken by the Department of Management Services (DMS) in response to a 1998 OPPAGA report.^{1,2} This report assesses the extent to

which our earlier findings and recommendations have been addressed.

Background

The Department of Management Services' Support Program seeks to provide government entities access to best-value commodities and services through centralized purchasing, federal property assistance, and fleet management. The Support Program's functions can be grouped into five major areas.

Aircraft Management. The program establishes policies, rules, and procedures that guide agencies in acquiring, using, operating, and disposing of aircraft; and operates and maintains the state's Executive Aircraft Pool on a 24-hour basis. The pool enables executives, such as the Governor and Cabinet members and their authorized passengers, to travel to locations where commercial airline service is limited or not available.

Federal Property Assistance. The program acquires and distributes donated federal surplus property to eligible organizations in Florida, including state agencies, local governments, and nonprofit health and education organizations. The department assesses fees to agencies and local governments receiving surplus property. These fees are used to support program operations.

¹ Section 11.45(7)(f), *F.S.*

² *Program Evaluation and Justification Review: Support Program Administered by the Department of Management Services, Report No. 98-08*, August 1998.

Motor Vehicle and Watercraft Management.

The program develops technical specifications for state term contracts for purchasing passenger and special purpose vehicles, watercraft, and heavy equipment. Program staff also develop vehicle rental contracts for use by state agencies and local governments.

Supplier Diversity. The program provides leadership and guidance to state agencies and universities on certification and registration of minority vendors. The Office of Supplier Diversity measures state agency spending on goods or services produced by certified minority businesses and conducts compliance audits of these businesses.

Purchasing Oversight. The program takes advantage of state government market share in two ways. It establishes state term contracts and negotiated price agreements that allow state agencies and local governments to buy commodities and services at a discount. Negotiated price agreements allow agencies to more easily obtain emerging technologies and services, such as Internet web site design services.

Status of Prior Recommendations

Overall, the Legislature and the department have acted to implement many of the recommendations in OPPAGA's prior report for improving motor vehicle utilization, streamlining the purchasing process, and evaluating whether there is a continued need for multiple centers for distributing federal surplus property. However, several recommendations relating to improving the use of motor vehicles have not been implemented. We continue to believe that adopting these latter recommendations would improve the program's operations and performance. The department is in the process of implementing our recommendations that it contract with a private garage network for use

by state agencies and contract with a private company to provide a managed maintenance program. However, the Legislature did not adopt our recommendation that employees with assigned state-owned vehicles reimburse the state for their commuter miles on these vehicles.

Improve motor vehicle utilization

The Legislature amended the law to implement several of our prior report's recommendations relating to motor vehicle utilization, including

- requiring agency heads to assign vehicles based on specific criteria such as a minimum number of miles an employee is expected to drive annually on state business;
- requiring agency heads to report annual vehicle information on assigned state-owned and personal vehicle use;
- requiring agencies, when assigning vehicles, to give priority to employees who drive more than 15,000 miles annually on state business; and
- requiring the Department of Management Services to compute a break-even mileage point for agencies to use in determining the cost-effectiveness of providing state vehicles to employees who drive personal vehicles extensively for state business.

Although the law was changed, it is not yet clear how agencies have implemented these changes. Therefore, OPPAGA is conducting a separate study of agencies' motor vehicle use that will be published this fall.

In addition, the department has established procedures to closely monitor and evaluate the demand for aircraft pool services and utilization. For Fiscal Year 1999-2000, the department met over 95% of the demand for Priority One flights.³

³ Priority One flights include the Governor, Lieutenant Governor, Cabinet Officers, the Chief Justice of the Supreme Court, the President of the Senate and the Speaker of the House.

The Department of Management Services is in the process of implementing our recommendations that it contract with a private garage network for use by state agencies and contract with a private company to provide a managed maintenance program. Program staff reported that they are currently developing an Invitation to Negotiate for a state term contract for vehicle maintenance services. They indicated that the contract should be established by October 2001.

We believe that proper selection of a vehicle maintenance contractor should be a priority. Currently, state agencies make their own arrangements for vehicle maintenance services, and our prior review found that substantial savings could be achieved through consolidated purchasing. We estimate that the state could save between \$800,000 and \$2.4 million annually through a contract with a vehicle repair network.

Also, the Legislature did not adopt our recommendation that employees with assigned state-owned vehicles reimburse the state for their commuter miles on these vehicles. Because many assigned state-owned vehicles are used for commuting, OPPAGA continues to recommend that the Legislature require reimbursement of commuter miles by state employees.

Streamline the purchasing process

The department and the Legislature also took action to implement most of our prior report's recommendations for improving the state's purchasing process. Consistent with our recommendation, the program eliminated a rule that required agencies to post notices of all exceptions to state contracts 72 hours before the purchases can be made. This requirement unnecessarily delayed state agency purchases.

The 1999 Legislature also amended the law as we recommended, raising the dollar thresholds for agency purchases that do not require approval by the program. Our prior report noted that the program rarely denied agency

purchasing requests that still required its approval. For example, the program approved 99.6% of the agency term contract exception requests in Fiscal Year 1997-98. State agencies are now authorized to make purchases without department approval at a higher dollar level. This saves time for state agencies and allows program staff to further concentrate their efforts on activities that provide the most benefit to the state.

In addition, the department has taken steps to improve communication with state agencies on purchasing initiatives. Currently, information is routinely disseminated to agencies' purchasing directors electronically.

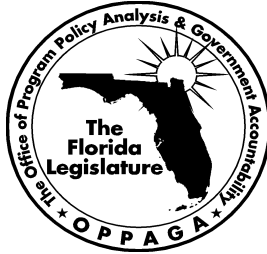
Evaluate the need for multiple federal surplus property distribution centers

The department implemented our recommendation that it closely monitor the trend of declining quantity and quality of federal surplus property and evaluate the need to continue to maintain multiple distribution centers. Although there was sufficient demand for the department to justify the operation of the program's three distribution centers at the time of our prior review, long-term reductions in federal property available could reduce the need to operate all three facilities.

The department proposed consolidating its three federal surplus property distribution centers into one center/administrative office during Fiscal Year 2001-02. The Legislature approved this action and eliminated eight full-time equivalent positions and reduced program costs by \$163,128 annually.

The Florida Legislature

Office of Program Policy Analysis and Government Accountability



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