Fleet Operations at the Health and Human Services Commission

- The Commission lacked sufficient controls to ensure that it manages its vehicle fleet according to the *Texas State Vehicle Fleet Management Plan* and its own policies.

- Nearly a quarter of the 264 vehicles that were pending-sale had been in that status for 4 to 13 years.

- The Commission does not have a process to verify that drivers are operating only those types of vehicles for which they are eligible.

- The Commission should consistently obtain approval from the Comptroller's Office when its total vehicles exceed the approved limit.

Lisa R. Collier, CPA, CFE, CIDA
State Auditor

The Health and Human Services Commission (Commission) has established policies for managing its vehicle fleet according to applicable requirements. However, the Commission lacked sufficient controls to ensure that those processes are managed and implemented appropriately.

HIGH

INACCURATE FLEET DATA

Decentralized administration over fleet vehicles has contributed to the Commission having inaccurate data and inconsistently implementing applicable policies and procedures.
Chapter 1-A | p. 7

MEDIUM

PENDING-SALE AND DISPOSED VEHICLES

The Commission has processes in place for disposing of vehicles. However, it does not require its vehicles pending sale to be disposed of within a certain timeframe.
Chapter 1-B | p. 12

LOW

FLEET SIZE

As of September 2022, the Commission obtained approval from the Comptroller's Office for the fleet size of 1,850 vehicles.
Chapter 2 | p. 18

MEDIUM

DRIVER ELIGIBILITY

The Commission lacked a process to verify that drivers are operating only the vehicles they are licensed and qualified to drive.
Chapter 3 | p. 21

Note on Confidential Findings

To minimize security risks, auditors communicated in a separate report to the Commission details about other audit findings related to certain user access controls and the implementation status of three information technology-related recommendations made in a prior audit report.

PRIORITY

One finding was rated Priority because of issues that could critically affect the Commission's ability to effectively administer its information security function. Immediate action should be taken to reduce the risk.

MEDIUM

One finding was rated Medium, indicating moderate risk. Action is needed to address the noted concerns and reduce risks to a more desirable level.

Auditors made recommendations in the confidential report to address the findings. The Commission agreed with the recommendations.

That separate report references confidential information. Pursuant to Standard 9.61 of the U.S. Government Accountability Office's *Government Auditing Standards*, certain information was omitted from this report because that information was deemed to present potential risks related to public safety, security, or the disclosure of private or confidential data. Under the provisions of Texas Government Code, Section 552.139, the omitted information is also exempt from the requirements of the Texas Public Information Act.

Summary of Management Response

Auditors made recommendations to address the issues identified during this audit and discussed in this report. Those recommendations are provided at the end of each chapter in this report. The Commission agreed with the recommendations.

Ratings Definitions

Auditors used professional judgment and rated the audit findings identified in this report. The issue ratings identified for each chapter were determined based on the degree of risk or effect of the findings in relation to the audit objective.

PRIORITY: Issues identified present risks or effects that if not addressed could ***critically affect*** the audited entity's ability to effectively administer the program(s)/function(s) audited. Immediate action is required to address the noted concern(s) and reduce risks to the audited entity.

HIGH: Issues identified present risks or effects that if not addressed could ***substantially affect*** the audited entity's ability to effectively administer the program(s)/function(s) audited. Prompt action is essential to address the noted concern(s) and reduce risks to the audited entity.

MEDIUM: Issues identified present risks or effects that if not addressed could ***moderately affect*** the audited entity's ability to effectively administer the program(s)/function(s) audited. Action is needed to address the noted concern(s) and reduce risks to a more desirable level.

LOW: The audit identified strengths that support the audited entity's ability to administer the program(s)/function(s) audited or the issues identified do not present significant risks ***or*** effects that would negatively affect the audited entity's ability to effectively administer the program(s)/function(s) audited.

For more on the methodology for issue ratings, see Report Ratings in Appendix 1.
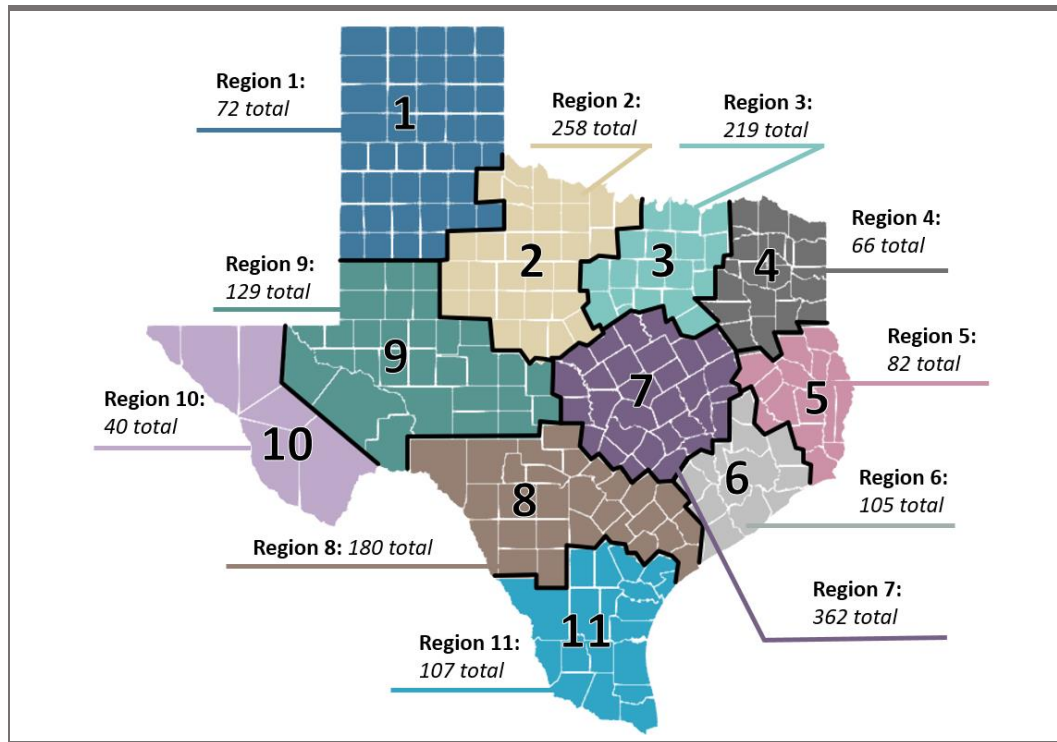
Background Information

Fleet Operations

The Health and Human Services Commission (Commission) manages fleet vehicles for 42 locations, which includes regions, facilities, and programs located throughout the state (see Figure 1). As of September 2022, the Commission had 1,620 active vehicles and 264 pending-sale vehicles for a total of 1,884 fleet vehicles. More than half of these vehicles were vans[1] and small buses used to transport clients.

Fleet Management Office. In 2009 the Commission established the Fleet Management Office to consolidate and standardize business processes for its fleet services. The Fleet Management Office was directed to provide expanded fleet oversight and services, which included training staff who operate vehicles at the Commission's 42 locations.

Figure 1

Active Fleet Inventory and Distribution

Region 1:
72 total

Region 2:
258 total

Region 3:
219 total

Region 4:
66 total

Region 9:
129 total

Region 5:
82 total

Region 10:
40 total

Region 6:
105 total

Region 8: *180 total*

Region 7:
362 total

Region 11:
107 total

Source: The Commission.

---

[1] Vans include mini-vans, passenger vans, cargo vans, and wheelchair vans.

Statewide Fleet Management Plan. The 76th Legislature amended Texas Government Code, Chapter 2171, to direct the Office of Vehicle Fleet Management to adopt a statewide fleet management plan to improve the administration and operation of the state's vehicle fleet. Managed by the Office of the Comptroller of Public Accounts (Comptroller's Office), the Office of Vehicle Fleet Management developed the *Texas State Vehicle Fleet Management Plan*, which applies to all state-owned vehicles (see text box for more information).

> ***Texas State Vehicle Fleet Management Plan*** **(Plan)**
>
> - Identifies standard processes for establishing the appropriate number and type of state-operated vehicles.
> - Requires the Commission to maintain written policies and procedures governing fleet operations.
>
> Source: The Plan.

Texas Fleet Management System. To meet reporting requirements established by Legislature, the Comptroller's Office implemented the Texas Fleet Management System (TxFS), which serves as the state's official record of state vehicle data. Agencies are required to enter certain vehicle information into TxFS on a defined basis. The Comptroller's Office compiles this information and submits it to the Legislature biennially in the State of the Fleet report. According to the *State of the Fleet 2023 Report on the Status and Operation of Vehicles Within the State of Texas*, the Commission had the largest fleet of all entities that are required to use TxFS.

The Commission uses TxFS as its system of record for vehicle information used for its fleet operations. In addition, vehicle information is also entered in the Centralized Accounting and Payroll/Personnel System (CAPPS) for asset management purposes. The Commission has established a weekly interface between CAPPS and the State Property Accounting System (SPA), with the intent of ensuring consistency between those two systems (see Figure 2 on the next page).
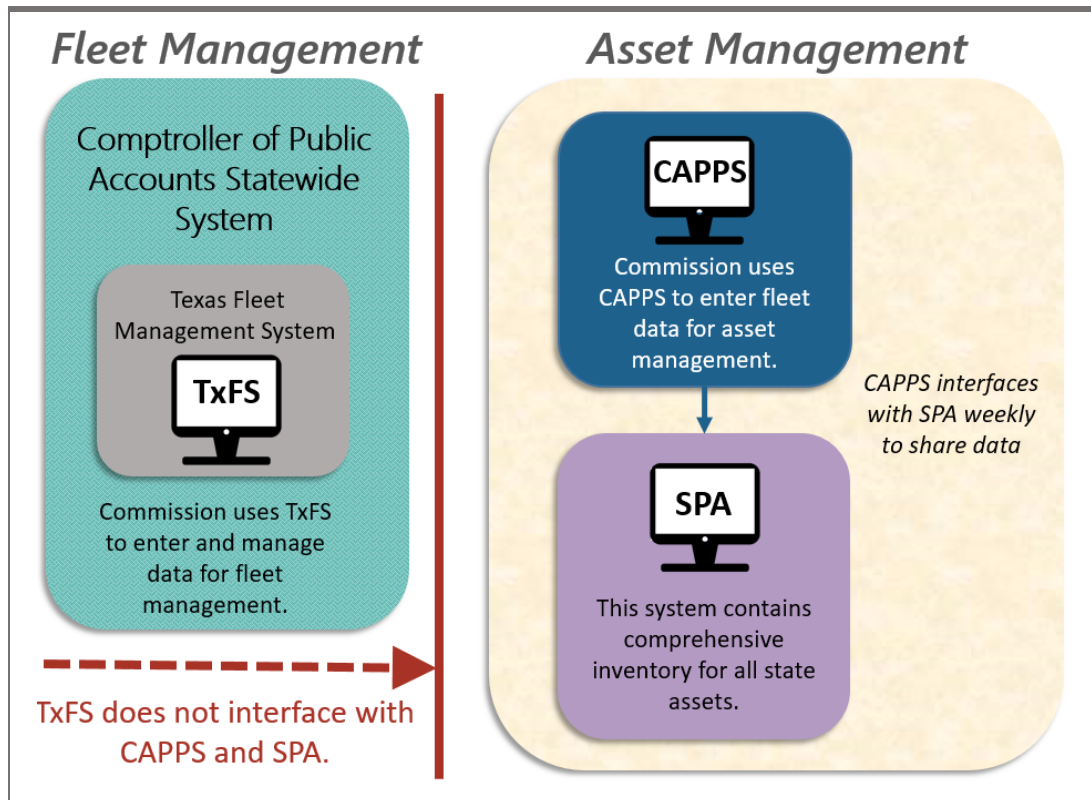
Figure 2

Systems Used to Record Vehicle Data

Source: The Commission.

HIGH

Chapter 1-A
Inaccurate Fleet Data

The Health and Human Services Commission (Commission) had policies for managing its vehicle fleet but lacked sufficient controls and consistent documentation, resulting in errors in the Texas Fleet Management System (TxFS), the Centralized Accounting and Payroll/Personnel System (CAPPS), and the State Property Accounting System (SPA).

> **The Commission does not have adequate controls in place to ensure that vehicle fleet information entered into TxFS is complete and accurate.**

Decentralization. Fleet managers at the Commission's 42 locations are responsible for ensuring that fleet data is entered into TxFS. However, the role of fleet manager is typically assigned as an additional responsibility to an employee with an existing position. Therefore, fleet managers do not directly report to the Fleet Management Office; instead they report to management at their location.

This decentralized administration has contributed to inaccuracies in TxFS, as well as an inconsistent implementation of Commission policies and procedures for the fleet vehicles.

Inaccuracies in TxFS. The vehicle information in TxFS, which is used to manage the Commission's fleet and for legislative reports, was not always accurate when compared to (1) the supporting documentation or (2) auditors'

review of the physical vehicles at the locations[2] selected for on-site testing.

The sample of vehicle records pulled for testing included vehicles that were (1) actively in use, (2) pending sale, and (3) disposed.

The *Texas State Vehicle Fleet Management Plan* (Plan) requires that agencies collect and enter certain information in TxFS. However, the Commission does not have controls in place to verify that the information entered into TxFS contains accurate vehicle information.

- **Vehicle Information.** For the active, pending-sale, and disposed vehicles tested, TxFS contained discrepancies within at least one of the fields (see text box for a list of fields tested). Specifically:

  o *Active Vehicles*. Six (24 percent) of the 25 active vehicles tested contained errors related to the VIN, make/model, year, or asset class code. Additionally, approximately half of the vehicles' fuel and mileage information was not reported accurately in TxFS.

  o *Pending-Sale Vehicles*. Seven (28 percent) of the 25 pending-sale vehicles tested contained errors related to the vehicle status, asset identification number, and vehicle model.

  o *Disposals*. Five (71 percent) of the 7 disposals tested contained errors related to the asset identification number and vehicle model.

  The errors identified may be attributed to inconsistent completion of the monthly vehicle usage reports.

- **Repair Costs.** Vehicle repairs costing at least $2,000 require approval in accordance with Commission policy. All[3] repairs tested were approved by appropriate personnel. However, expenses for 7 (64 percent) of 11

> **Required Data Fields in TxFS**
>
> **Vehicle Identification Number (VIN):** Vehicle identification number issued by the manufacturer.
>
> **Asset Class Code:** Vehicle type defined by SPA class codes.
>
> **Make/Model:** Vehicle manufacturer and specific model.
>
> **Year:** The year the car was manufactured.
>
> **Physical Location:** Location code for where the vehicle is assigned.
>
> **License Plate:** License plate number as listed on the registration.
>
> Source: The Plan.

---

[2] Auditors stratified testing samples based on four of the top five locations with the most vehicles in a pending-sale status. Those four locations were: Denton State Supported Living Center, Austin State Supported Living Center, Mexia State Supported Living Center, and San Antonio State Hospital.

[3] One of the 11 repairs sampled was orally approved, according to a Commission director, but documentation could not be provided.

repairs recorded in TxFS did not match the Commission's documentation.

For example, one of the repair costs entered into TxFS was for $22,852.92, but the actual amount was $11.08, according to the Commission's documentation. The Commission asserted that this entry was a typo.

The total reported in TxFS for the repairs tested was overstated by $25,958.

Recording inaccurate information in TxFS may lead to providing erroneous data in legislative reports.

The Commission does not consistently track or document its active vehicle usage as required.

The Plan and Commission policy require drivers to complete and submit monthly vehicle usage reports. These monthly usage reports include the vehicle description, trip purpose, destination, ending mileage, and refueling cost and quantity. These reports are then used to update the required vehicle information in TxFS.

However, for 18 (72 percent) of 25 active vehicles reviewed, the reports were incomplete, could not be located, or were not submitted.

Because the information from those reports is used for the data entry into TxFS and most of the reports were not fully completed or turned in as required, the information entered in TxFS may not be accurate.

Vehicle data is inconsistent among the systems the Commission uses: TxFS, CAPPS, and SPA.

While the Commission uses TxFS as its system of record for fleet management, it also enters its vehicle information into CAPPS for asset management purposes; CAPPS interfaces weekly with SPA. The TxFS, CAPPS, and SPA systems contained discrepancies in the fields tested for the active, pending-sale, and disposed vehicles sampled. Those errors can be attributed to the Commission's process for manually and separately entering information into TxFS and CAPPS.

Recommendations

The Commission should:

- Review vehicle information it enters into TxFS to ensure that the data is accurate.

- Develop and implement processes to ensure that its locations complete monthly vehicle usage reports as required in its policy.

- Implement and document a process to maintain fleet data consistency across TxFS, CAPPS, and SPA.

Management's Response

Views of Management:

Business Operations concurs with the 3-part recommendation.

Corrective Action:

- Business Operations will identify a full-time equivalent(s) (FTE) as needed to perform enhanced monitoring of system data including monthly exception report development and distribution of error reports to the location Fleet Managers as needed. Higher level management will be notified of continued discrepancies and the importance of complete and accurate data via email (all locations) and in monthly leadership meetings (for State Hospital (SH)/State Supported Living Center (SSLC) locations). The Fleet Management Office will set up a schedule for new employee and refresher fleet system training on a recurring basis.

  The Fleet Management Office (FMO) will submit a request to Comptroller of Public Accounts – Office of Vehicle Fleet Management (CPA – OVFM) to make Texas Fleet System (TxFS) modifications to give and/or limit oversight edit capabilities as appropriate so that data corrections to the identified fields can be made in the most advantageous and accurate manner possible.

- The FMO will utilize the FTE(s) identified in Bullet 1 to also accomplish new functions related to vehicle use exception reporting from TxFS. FMO will provide report results to facility fleet managers and then escalate as needed to facility leadership via emails and discussion on monthly facility leadership calls (for SH/SSLC locations). Results would also be forwarded to appropriate Management levels (via email) for the other (non-SH/SSLC) HHSC and DSHS regional and State Office locations.

  Business Operations will explore the potential use of a Fleet Telematics system to allow for automated internet-based data capture of fuel and mileage details that would populate monthly usage reports and Fleet system data fields. If such a system is deemed viable for the agency, future funding to procure would be requested.

- Business Operations will work with other divisions (AMO and IT) having CAPPS/SPA access to identify and correct existing discrepancies between those systems and TxFS.

Implementation Date:

August 31, 2024

Responsible Person:

Deputy Associate Commissioner, Health and Specialty Care System (HSCS), Facility Operation Support

Director, HHS Enterprise Fleet Management

Chapter 1-B

> **MEDIUM**

Pending-Sale and Disposed Vehicles

The Commission disposed of vehicles appropriately, but it should strengthen its processes for vehicles pending sale.

The Commission had developed a process for disposing of vehicles.

For the sample of vehicles tested with a disposed status in TxFS, all of the applicable forms were completed and supported that the vehicle was auctioned appropriately.

As of September 1, 2022, almost 24 percent of the 264 vehicles pending sale had been in that status from 4 to 13 years.

TxFS Vehicle Status Definitions

Pending sale. A pending-sale status indicates the vehicle is available for transfer to another Commission agency, or for sale at auction. After the transfer or sale, the TxFS status should be changed to "disposed."

Disposed. A disposed status indicates the vehicle has left the Commission's possession, via either transfer to another agency or sale.

Source: The Commission.

The Commission did not have a policy that requires its vehicles pending sale to be either disposed or updated in TxFS within a certain timeframe. Consequently, vehicles have remained in pending-sale status for an extended amount of time (see text box for status definitions). When the Commission does not communicate that a vehicle is intended for disposal, vehicles may linger in pending-sale status in TxFS and lose value.

Figure 3 on the next page lists the 10 longest periods that vehicles had been in the pending-sale status as of September 1, 2022.

Figure 3

Vehicles With the Longest Time Spent Pending
As of September 1, 2022

Location of Vehicle	Number of Years in Pending-sale Status
Denton State Supported Living Center	13.2
Austin State Supported Living Center	12.6
Mexia State Supported Living Center	9.2
Corpus Christi State Supported Living Center	8.7
Austin State Supported Living Center	7.6
Austin State Supported Living Center	7.4
Austin State Supported Living Center	7.4
Denton State Supported Living Center	7.0
Denton State Supported Living Center	7.0
Denton State Supported Living Center	7.0

Source: The Commission.

As required by Commission policy, when a location has determined that a vehicle needs to be disposed, the location's fleet manager will notify the Fleet Management Office (see text box). The Fleet Management Office will then advertise the vehicle to the Commission's other locations. However, the Commission stated that this process did not occur for any of the pending-sale or disposed vehicles during the audit scope[4].

In addition, for 18 (75 percent) of the 24 pending-sale vehicles tested[5], the Commission did not complete or submit the required asset management form that signifies that the vehicle is ready for disposal.

Health and Human Services (HHS) Fleet Policy

When a location communicates that a functioning vehicle is no longer needed, the Fleet Management Office will then notify all of the Commission fleet managers that the vehicle is available. If another fleet manager requests it, the originating agency's asset manager transfers the vehicle to the requesting Commission location.

Source: *HHS System Fleet Management Policy*.

---

[4] The audit scope is September 1, 2021, through August 31, 2022.
[5] Of the 25 pending-sale vehicles sampled for testing, 1 was disposed in 2017 and the status had not been updated to disposed in TxFS. This vehicle was not reviewed for the use of asset management forms because it was disposed prior to the consolidation of some health and human services agencies in 2017.

When a location does not send the required forms, the process for disposing of the vehicle is not initiated and vehicles stay in pending-sale status in TxFS. As of September 1, 2022, the Commission had 264 vehicles pending sale, and at least 63 of those vehicles had been in that status between 4 and 13 years. Figure 4 summarizes the total number of vehicles pending sale; Figure 5 provides specifics on the vehicles that had been in pending-sale status for at least 4 years.

Figure 4

Total Number of Vehicles Pending Sale
As of September 1, 2022

Number of Years Pending Sale	Number of Vehicles
0–1.9	123
2–3.9	78
4–5.9	40
6–13.9	23
Total	**264**

Source: The Commission.

Figure 5

Number of Vehicles Pending Sale by Location[a]
As of September 1, 2022

Physical Location	Number of Vehicles	Average Pending-Sale Age	Percentage of Overall Pending Sales
Mexia State Supported Living Center	19	5.3 years	7.2%
Austin State Supported Living Center	14	6.1 years	5.3%
Denton State Supported Living Center	13	6.3 years	4.9%
Terrell State Hospital	8	6.0 years	3.0%
Brenham State Supported Living Center	5	4.5 years	1.9%
Abilene State Supported Living Center	2	5.3 years	0.8%
Waco Center for Youth	1	6.2 years	0.4%
Corpus Christi State Supported Living Center	1	8.7 years	0.4%
Total	**63**	**6.1 years**	**24%**

[a] This list includes vehicles that have been pending sale for at least four years.

Source: The Commission.

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The Commission did not always update vehicles' statuses from pending-sale to disposed after it no longer owned the vehicle.

Of the 25 pending-sale vehicles tested, 4 (16 percent) did not have the appropriate status in TxFS; those vehicles were actually sold between 2017 and February 2020. When pending-sale vehicles are not updated in TxFS with the appropriate information, legislative reporting on fleet vehicle information may be inaccurate.

Recommendations

The Commission should:

- Develop and implement processes to ensure that the Fleet Management Office is notified of any intentions to dispose of vehicles so it can internally communicate this information to other facility managers, in accordance with Commission policy.

- Develop and implement policies and procedures for timely vehicle disposals to ensure that vehicles are not in a pending-sale status for extended time frames.

- Ensure that vehicles' statuses are appropriately updated in TxFS to disposed after the Commission no longer owns the vehicles.

Management's Response

Views of Management:

Business Operations concurs with the 3-part recommendation.

The surplus process is initiated at the facility and regional level. The Asset Management Office (AMO) does not identify the surplus assets but does assist facilities and regions with identifying approved routes of disposal. Requests come to AMO for approval of disposal methods. AMO shares the surplus with other facilities via email before it is posted on TFC surplus website. The surplus process should be completed within the fiscal year it was advertised.

Corrective Action:

- This recommendation has already been resolved – The Fleet Management Office (FMO) has provided a list of vehicles currently marked as "Pending Sale" (in the Fleet system TxFS) to all HHSC Fleet Managers across the agency. Additionally, FMO has reminded all fleet managers to report (to FMO) new (future) vehicles their specific location plans to surplus so that they can be advertised agency wide. These reminders will continue to go out on a regular basis to all locations.

- AMO will update the surplus process on the AMO guide to ensure that all surplus requests and disposal be completed within the fiscal year the request was submitted. The facility coordinator will be required to move all excess identified to the pre-surplus mail code location. AMO will run pre-surplus reports to identify any that have been stagnant for over 3 months. AMO will communicate with facility/regional inventory coordinator to ensure timely completion of surplus and disposal process.

- Business Operations will identify an FTE(s) (same FTE(s) identified in Recommendation 1 – Bullet 1) as needed to accomplish new functions to develop/run new reports from TxFS and coordinate status updates of pending sale vehicles with the AMO, location Fleet Managers and location Asset Managers. Upon receipt of disposed status updates from AMO or location asset managers, FMO will

direct location Fleet Managers to update TxFS and will then verify the updates are made. (FMO may choose to update the system centrally if CPA-OVFM makes requested changes to TxFS to allow central oversight edits – see Recommendation 1 – Bullet 1 of audit report)

Implementation Date:

September 1, 2023

Responsible Person:

Deputy Associate Commissioner, HSCS, Facility Operation Support

Director, HHS Enterprise Fleet Management

Disposals Manager, Asset Management Office

LOW

Chapter 2
Fleet Size

As of September 2022, the Commission had obtained approval from the Office of the Comptroller of Public Accounts (Comptroller's Office) for a fleet size of 1,850 vehicles (see text box for information on fleet size).

However, the Commission should strengthen its processes to ensure that it obtains approval from the Comptroller's Office before expanding its fleet beyond the approved limit.

Fleet Size Definition

Fleet size is the maximum number of vehicles an agency may have, as determined by the Comptroller's Office.

The plan requires agencies to notify and obtain approval from the Comptroller's Office to increase their operational fleet size.

Source: *Texas State Vehicle Fleet Management Plan.*

The Commission was legislatively required to reorganize its agencies in 2017, which resulted in an influx of vehicles.
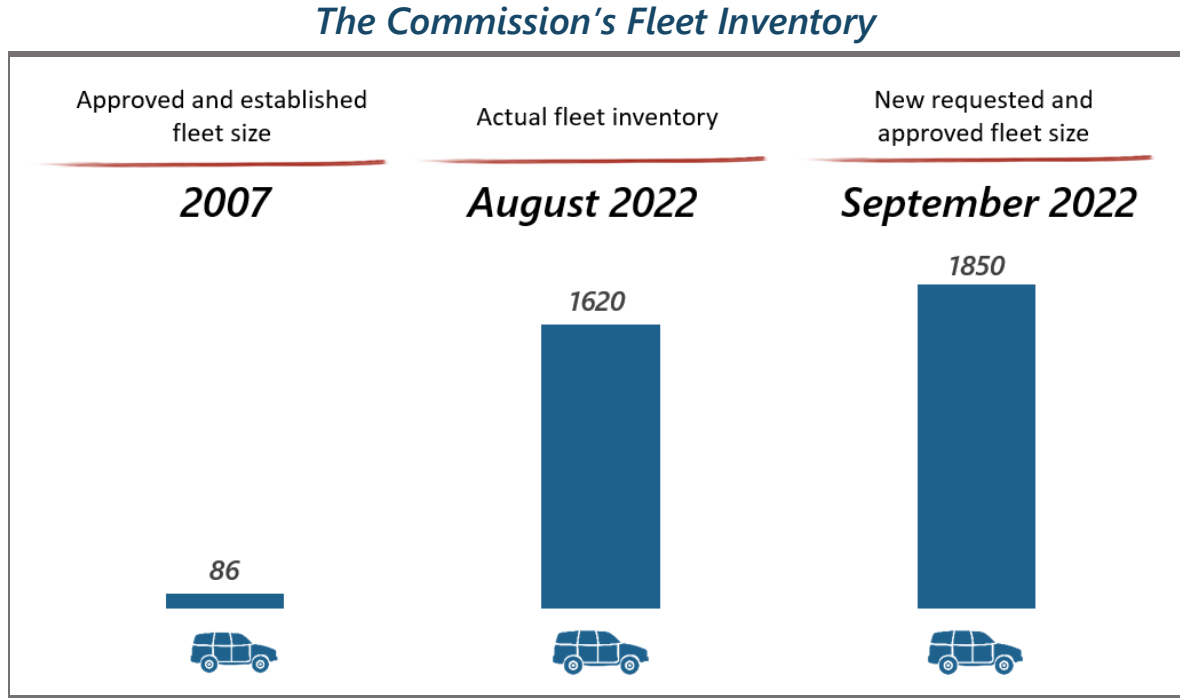
As a result of that 2017 consolidation, the fleets of the former Department of Assistive and Rehabilitative Services and the Department of Aging and Disability Services were absorbed by the Commission. The Commission's approved fleet size at the time of the consolidation was 86 vehicles, which the Comptroller's Office had approved in 2007. The Commission did not request approval from the Comptroller's Office to increase that limit until after auditors inquired about it.

Subsequently, the Commission submitted a request to the Comptroller's Office in September 2022 to increase its fleet size to 1,850 active vehicles, which the Comptroller's Office approved. The Commission stated that this new fleet size was submitted to accommodate both current and planned inventory.

Ensuring that it has an accurate, approved vehicle fleet size could help the Commission and the State adequately assess the needs of the fleet.

Figure 6 shows the growth of the Commission's actual and approved fleet inventory since 2007.

Figure 6

The Commission's Fleet Inventory

Approved and established fleet size	Actual fleet inventory	New requested and approved fleet size
2007	August 2022	September 2022
86	1620	1850

Sources: The Comptroller's Office and the Commission.

Recommendation

The Commission should develop a process to update its fleet size with the Comptroller of Public Accounts – Office of Vehicle Fleet Management as needed.

Management's Response

Views of Management:

Business Operation concurs with this recommendation.

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Corrective Action:

The process already exists and is defined and controlled by the Comptroller of Public Accounts – Office of Vehicle Fleet Management (CPA-OVFM). Business Operations Fleet Management Office (FMO) will follow the process as outlined by CPA-OVFM and has already worked with them to correct the fleet size discrepancies identified in the audit report. The updates with CPA-OVFM (to clear the discrepancies) happened outside the timeframe of the audit documentation sample pulls.

Implementation Date:

This recommendation has been implemented.

Responsible Person:

Deputy Associate Commissioner, HSCS, Facility Operation Support

Director, HHS Enterprise Fleet Management

> **MEDIUM**

Chapter 3
Driver Eligibility

The Commission had a process in place to ensure that it performed driving record checks and verified that drivers completed defensive driving requirements.

However, the Commission lacked adequate processes for verifying that drivers are operating only the types of vehicles for which they are eligible and communicating changes in driver eligibility status.

For all 25 drivers tested, the Commission performed annual driver record checks and verified the drivers completed required defensive driving training.

The Commission's policy requires that its Fleet Management Office annually reviews its drivers' records using a process that accesses the Department of Public Safety's records via the Driver Record Request System (DRRS) (see text box for information about that system). The Commission developed logic within DRRS to determine the total number of points assigned to a driver's record. That logic provided a reasonable and effective method to determine whether drivers have violations on their records that would preclude them from operating fleet vehicles.

> **Driver Record Request System (DRRS)**
>
> DRRS is an internally developed web-based application administered by its Fleet Management Office. This system tracks Commission employees' eligibility to operate fleet vehicles by submitting requests for driving records to the Department of Public Safety via an automatic batch system.
>
> Source: The Commission.

The Commission did not have processes in place to verify that drivers are operating only the vehicles that they are eligible to drive.

As required by Commission policy, all drivers operating a Commission vehicle to transport clients to conduct state business must possess certain valid license

types for operating specific types of Commission vehicles, such as vehicles that are larger or more specialized than a standard passenger vehicle. However, the Commission does not track the types of vehicles its drivers operate; as a result, it could not provide documentation that it verified whether drivers possessed the required license types or qualifications and training specific to certain vehicle types.

The Commission asserted that it is the drivers' responsibility to ensure that they possess the appropriate license types for the vehicles they operate at the Commission. If the Commission does not track its drivers, the licenses they possess, and the types of vehicles they are operating, it cannot ensure that (1) its drivers obtained the specialized knowledge and training required for certain vehicles, especially when transporting clients or (2) it effectively protects its vehicles and clients.

The Commission should ensure that it always communicates to appropriate personnel when a driver becomes ineligible.

The *HHS Fleet Management Policy* indicates that if an employee's driving status changes, such as when a driver becomes ineligible to operate a vehicle, the Fleet Management Office will notify the appropriate contact at the driver's location. The Fleet Management Office could not provide documentation showing that it had notified the location-specific personnel of the change in eligibility status for 1 (20 percent) of 5 ineligible drivers tested.

Notifying the appropriate personnel of drivers' ineligibility to operate vehicles is essential to appropriately safeguarding both Commission fleet vehicles and the passengers being transported.

Recommendations

The Commission should develop and implement processes to:

- Track the types of vehicles its drivers operate and verify that drivers possess the required license types and necessary qualifications and training.

- Notify the appropriate fleet managers when a driver's status changes, or when an employee is ineligible to drive, and maintain documentation to demonstrate that appropriate staff were notified of eligibility issues.

Management's Response

Views of Management:

Business Operations concurs with the 2-part recommendation.

Corrective Action:

- Business Operations will identify an FTE(s) (same FTE(s) identified in Recommendation 1 – Bullet 1) as needed to accomplish new functions to develop/run new reports related to employee Driver License class, eligibility and vehicle classes associated with individual Driver's License class. FMO will forward these reports to the agency wide locations and instruct that they be placed on the local share drive/SharePoint so that all program areas using/dispatching vehicles can view the lists before making vehicle assignments. Fleet Policy will be updated to reflect this.

- The Fleet Operations Business team and the IT Administrative Applications team will develop business rules and processes (manual, automated, or a mix of both) required to identify driver status changes, ineligibility, and the appropriate audiences for notifications.

  Based on the rules and processes that are agreed upon by the Fleet Operation Business team and IT Administrative Application team, funding will be requested to complete the required changes. The implementation will be contingent on funding availability.

Milestones:

Milestone 1: The Fleet Operations Business team will develop use cases and requirements.	Completed by 8/31/23.
Milestone 2: The IT Administrative Applications team will complete a sizing and estimation for implementation of the required changes and submit it to the Driver Record Request System team.	Completed by 10/31/23.
Milestone 3: The Fleet Operations Business team will establish funding for changes through the intake process.	Completed by 1/31/24.
Milestone 4: The required changes to the manual and automated processes will be implemented.	Completed by 12/31/24.

Implementation Date:

December 31, 2024

Responsible Person:

Deputy Associate Commissioner, HSCS, Facility Operation Support

Director, HHS Enterprise Fleet Management

Director, IT Applications

Appendix 1

Objective, Scope, and Methodology

Objective

The objective of this audit was to determine whether the Health and Human Services Commission (Commission) has processes and related controls to help ensure that it manages its vehicle fleet according to applicable requirements.

Scope

The scope of this audit included the Commission's fleet vehicles recorded in the Texas Fleet Management System (TxFS) and related systems from September 1, 2021, to August 31, 2022.

The scope also included a review of significant internal control components related to the Commission's fleet operations.

The following members of the State Auditor's staff performed the audit:

- Michelle Rodriguez, CFE (Project Manager)
- Becki Franklin, CISA, CFE, CGAP, CICA (Assistant Project Manager)
- Ava Shahparasti
- Cheri Jones, MBA
- Erica Chapa, CPA
- Michael Bennett
- Ro Amonett, MPA
- Ann E. Karnes, CPA (Quality Control Reviewer)
- Jeannette Quiñonez Garcia, CPA (Audit Manager)

Methodology

We conducted this performance audit from June 2022 through February 2023 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. In addition, during the audit, matters not required to be reported in accordance with *Government Auditing Standards* were communicated to Commission management for consideration.

Addressing the Audit Objective

During the audit, we determined whether the Commission had processes and related controls to help ensure that it manages its vehicle fleet according to applicable requirements by:

- Interviewing members of the Commission's management staff, as well as staff in the Office of Vehicle Fleet Management at the Office of the Comptroller of Public Accounts (Comptroller's Office), to gain an understanding of the fleet management processes and controls.

- Identifying criteria used during testing:

    o Texas Government Code, Chapters 403, 2171, and 2175.

    o Texas Administrative Code, Title 34, Rule 20.435.

    o Texas Transportation Code, Chapter 521.

    o *HHS* [Health and Human Services] *Asset Management Guide,* April 2021.

    o *HHS Information Security Controls* (version 1.2.2), December 2021.

    o *HHS System Fleet Management Policy*.

    o The Comptroller's Office's:

        ▪ *SPA* [State Property Accounting System] *Process User's Guide.*

- ▪ *Texas State Vehicle Fleet Management Plan*, March 2020 and 2022.

- Performing data analysis of vehicle information in TxFS to verify asset classification codes were in compliance with the *SPA Process User's Guide*.

- Testing to determine whether active, pending-sale, and disposed vehicle information recorded in TxFS was supported, accurately reported, and complied with Commission policies. In addition, verified that key field information in TxFS was consistent with information in SPA and the Centralized Accounting and Payroll/Personnel System (CAPPS).

- Testing vehicle repair expenditures equal to or over $2,000 to determine whether the appropriate approvals and information in TxFS were recorded accurately.

- Testing driver eligibility through a review of (1) the automated process used to validate driver records, (2) appropriate email notifications to the location, and (3) other supporting documentation.

- Testing selected user access for systems related to fleet management.

Auditors selected the nonstatistical samples described in Figure 7 on the next page for tests of compliance and controls. Figure 7 shows the population, the sample size, the sampling methodology used for testing, and whether the samples were representative. If a sample was representative, it would be appropriate to project those test results to the population, but the accuracy of the projection could not be measured. If a sample was not representative, it would not be appropriate to project those test results to the populations.

Figure 7

Total Populations and Samples Selected for Testing

Description	Population [a]	Sample Size	Sampling Methodology [b]	Representative Determination
Active Vehicles	362	25	Random Sample	Not Representative
Pending Vehicles	135	25	Random Sample	Not Representative
Vehicle Disposals	35	7	Random Sample	Representative
Vehicle Repairs Requiring Approval	54	11	Random Sample	Representative
Driver Eligibility	10,412	30	25 random samples; 5 risk-based items were selected for ineligible drivers.	Not Representative

[a] The total populations included 1,620 active vehicles and 264 pending-sale vehicles. These populations were stratified based on four of the top five locations that had the most vehicles in a pending-sale status. The four locations reviewed for onsite active and pending-sale vehicle testing were Denton State Supported Living Center, Austin State Supported Living Center, Mexia State Supported Living Center, and San Antonio State Hospital.

[b]The **random** sample selection was designed to ensure that the sample included applicable vehicles. For active and pending-sale samples, auditors stratified testing samples as stated above. For vehicle disposals, samples were chosen from all locations. For vehicle repair samples, auditors selected from only the vehicle repairs costing $2,000 or more, since approvals are required above that threshold. The **risk-based** sample for driver eligibility was chosen to address specific risk factors identified in the population; the selected items had a high potential for error.

Data Reliability and Completeness

Auditors obtained access to the TxFS system from the Commission, analyzed data queries and report parameters, and analyzed the population, including reviewing key fields for validity, reasonableness, and completeness. As discussed in the report, the data in TxFS was not always reliable. However, this data was the most complete information available, and auditors used the data for the purposes of this audit.

Auditors also assessed the reliability and completeness of the data used to determine driver eligibility in the Driver Record Retrieval System (DRRS). Due to the issues discussed in the confidential report, the data was of undetermined reliability. However, this data was the most complete information available, and auditors used the data for the purposes of this audit.

Report Ratings

In determining the ratings of audit findings, auditors considered factors such as financial impact; potential failure to meet program/function objectives; noncompliance with state statute(s), rules, regulations, and other requirements or criteria; and the inadequacy of the design and/or operating effectiveness of internal controls. In addition, evidence of potential fraud, waste, or abuse; significant control environment issues; and little to no corrective action for issues previously identified could increase the ratings for audit findings. Auditors also identified and considered other factors when appropriate.

Appendix 2

Related State Auditor's Office Reports

Figure 8

Report Number	Report Name	Release Date
23-014	*An Audit Report on Property and Surplus Management at Texas Tech University*	December 2022
23-009	*An Audit Report on Capital Assets at the Parks and Wildlife Department*	November 2022
23-005	*An Audit Report on the Health and Human Services Commission's Medicaid Managed Care Rate-setting Process*	October 2022
22-015	*An Audit Report on the Centralized Accounting Payroll/Purchasing System Financials at the Health and Human Services Commission*	December 2021
19-006	*An Audit Report on Vehicle Fleet Management at Selected State Entities*	October 2018

Copies of this report have been distributed to the following:

Legislative Audit Committee

The Honorable Dan Patrick, Lieutenant Governor, Joint Chair

The Honorable Dade Phelan, Speaker of the House, Joint Chair

The Honorable Joan Huffman, Senate Finance Committee

The Honorable Robert Nichols, Member, Texas Senate

The Honorable Greg Bonnen, House Appropriations Committee

The Honorable Morgan Meyer, House Ways and Means Committee

Office of the Governor

The Honorable Greg Abbott, Governor

Health and Human Services Commission

Ms. Cecile Erwin Young, Executive Commissioner