



**Government of St. Lucia**

**Report of the Director of Audit  
On the  
Management of Government Vehicles**

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## EXECUTIVE SUMMARY

In order to support the operations of government agencies, Ministries and departments use government owned vehicles to carry out a number of their core activities including dispatching of document, transporting mail, collecting stores and transporting officers for banking of cash. The vehicles are also used to transport overseas delegates and local officials to and from the airports, for state security and surveillance, fire rescue, and several other activities. As at March 2013, six (6) large agencies of government owned three hundred and eighteen (318) vehicles. They included (1) Ministry of Health Wellness, Human Services and Gender Relations, (2) Ministry of Agriculture, Food Production, Fisheries and Rural Development, (3) Ministry of Infrastructure Port services and transport, (4) Ministry of Education Human Resource Development and Labour, (5) Office of the Prime Minister, (6) Ministry of Home Affairs (St. Lucia Fire Service and the Police Department).

Ministries purchased new vehicles without consideration for service delivery and operating costs factors. The justifications given for the acquisition of new vehicles were devoid of any information on operations, maintenance cost, and impact on the existing fleet. Most ministries could not confirm the correct numbers of vehicles in their custody and the locations of some vehicles. Further, the Transport Division did not have updated information on vehicle insurance neither could they provide a master list of all government owned vehicles.

There were inadequate controls in place to prevent the misuse and abuse of government vehicles despite several circulars from the Prime Minister, the Cabinet Secretary and the Ministry of Finance. Ministries used government vehicles for a wide variety of purposes, including dropping children of officials to school, personal errands for officials and staff. All of those purposes were deemed official, as long as management authorized them. Both drivers and supervisors had varying roles and responsibilities across agencies. Not all transport officers controlled keys to the government vehicles.

The manner in which the ministries and departments maintained the expenditure records made it difficult to apportion the operating costs to the individual vehicles in their fleet. Vouchers used for the purchase of fuel were incomplete. Most agencies did not reconcile the vouchers issued with the receipts from the gas stations to determine whether the authorized vehicle received the correct amount of fuel.

These serious weaknesses have led to a very inefficient and ineffective vehicle management system across ministries and departments. Immediate corrective action must be taken to alleviate the problems highlighted in this report.

## 1.0 INTRODUCTION

The Office of the Director of Audit conducts its audits under the authority of the Revised Laws of Saint Lucia Chapter 15:19 (Audit Act). The International Auditing Standards for Supreme Audit Institutions (ISSAI) issued by the International Organization of Supreme Audit Institutions (INTOSAI) guided us in conducting the audit. A qualified team of auditors conducted this audit.

### 1.1 Background

The issue of the abuse and mismanagement of government vehicles has plagued the government service for many years now. In 1989, the Office of the Director of Audit conducted an audit on the use of government vehicles. Since then the situation has exacerbated and government employees, the public and media, have expressed growing concerns about the abuse, unauthorized use and overall mis-management of government vehicles. In this context, the Office of the Director of Audit decided to carry out an operational audit on the management of government vehicles in the public service.

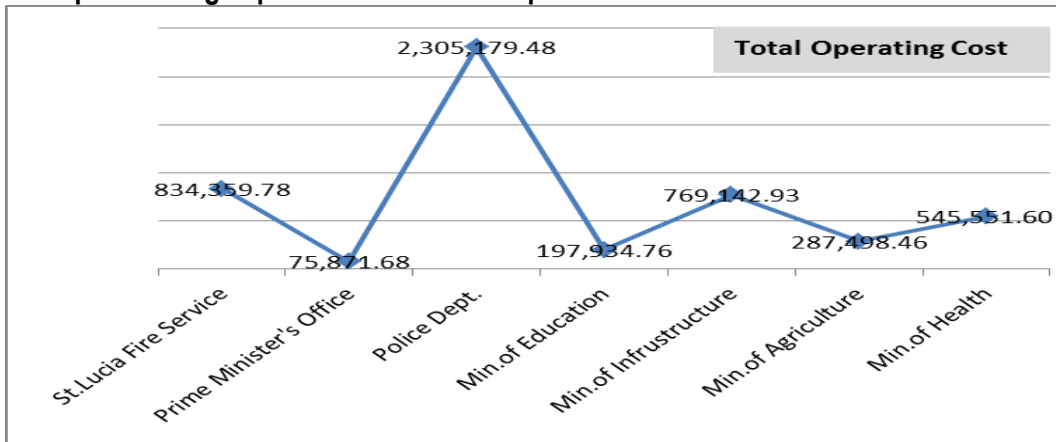
In order to support the operations of government agencies, ministries and departments use government owned vehicles to carry out a number of their core activities including dispatching document, transporting mail, collecting stores and transporting officers for banking of cash. Vehicles were also used to, transport overseas delegates and local officials to and from the airports, state security and surveillance, fire rescue, and several other activities. As at March 2013, six large agencies of government owned three hundred and eighteen (318) vehicles. The agencies included:

#### 2012/2013

| Agency   | No. of Vehicles |
|--|-----------------|
| Ministry of Health Wellness, Human Services and Gender Relations         | 30              |
| Ministry of Agriculture Food Production, Fisheries and Rural Development | 35              |
| Ministry of Infrastructure Port Services and Transport                   | 63              |
| Ministry of Education Human Resource Development and Labour              | 13              |
| Office of the Prime Minister   | 16              |
| Ministry of Home Affairs (St. Lucia Fire Service)                        | 41              |
| Ministry of Home Affairs (Police Department)                             | 120             |
| <b>Total number of vehicles</b>  | <b>318</b>      |

The Government of St Lucia spent large sums of money yearly on fuel, tyres, oil, repairs and servicing of its fleet of vehicles. The following graph represents expenditure of approximately 5 million dollars incurred by six (6) agencies for the financial year 2012/2013.

**Graph showing expenditure of vehicle operations**



## 1.2 History of the changes in the administration of government vehicles

According to our audit research, as far back as 1982 the Prime Minister expressed his concern about the abuse and unauthorized use of government vehicles in several memos to heads of ministries and departments. In September 1983, the Prime Minister issued another memorandum with subject **“Abuse of Government Vehicles”**. The memorandum outlined controls for the use of government vehicles after working hours, on weekends and holidays. The document highlighted parking areas, and authorization for vehicle use.

At the time there existed gross non-compliance with the instructions given in these memos and as a result, on January 31, 1984 another memorandum was issued by the Cabinet Secretary and this time the memo identified specific controls for the proper accountability of those vehicle. Some of the controls included:

- (a) A transport officer who shall be of level of Executive Officer and above shall be appointed for each Ministry/Department-such officer will be responsible for -monitoring the use of all the vehicles assigned to his Ministry or Department;
- (b)
  - (i) All vehicle keys shall be lodged with the Transport Officer on each afternoon before or shortly after 4:30p.m.
  - (ii) All keys tagged with the vehicle registration number.
- (c) Where vehicles are required for official use after normal hours, authorization in the prescribed form duly signed by the Permanent Secretary/Head of Department or an officer designated by him must be obtained and kept in the vehicle during the period of its use.
- (d) The permit (authorization) is to return to the Transport Officer on the first working day following the date of the assignment.

The prescribed form obtainable in booklet form at the Government Printery contains the following information:

- (1) Period for which vehicle's use is authorized;
  - (2) Name of officer authorized to use vehicle;
  - (3) District within which vehicle will be used;
  - (4) Purpose of assignment;
  - (5) Reading of the speedometer at time of authorization;
  - (6) Reading of speedometer at time key is deposited at Police Station.
- (e) On completion of assignment, the vehicle is to be lodged at the Port Police Station where the Police Constable will sign the authorization card and return it to the official;
- (f) The Police station will be stocked with cards for recording the receipt and delivery of keys, which are deposited at the Station as at (e) above
- (g) Cards with entries shall be forwarded to the respective ministries addressed to the Permanent Secretary on a fort-nightly basis.

From since that time, abuse and unauthorized use of government vehicles has not changed significantly. Since 1984, several other memorandums and circulars on the same subject were issued to government employees. These included:

| <b>DATE</b>                     | <b>AUTHOR</b>                                  | <b>TARGET GROUP</b>                                | <b>SUBJECT</b>                                    |
|---------------------------------|--|--|---|
| April 6 <sup>th</sup> 1988      | Secretary to the Cabinet                       | All Permanent Secretaries and Heads of Departments | Misuse and abuse of Government vehicles           |
| January 31 <sup>st</sup> 1989   | Secretary to the Cabinet                       | All Permanent Secretaries and Heads of Departments | Guidelines for the use of Government Vehicles     |
| April 8 <sup>th</sup> 1991      | Honourable Prime Minister                      | All Permanent Secretaries and Heads of Departments | General abuse of government vehicles              |
| May 10 <sup>th</sup> 1993       | Honourable Prime Minister                      | All Permanent Secretaries and Heads of Departments | Abuse of government vehicles                      |
| July 25 <sup>th</sup> 1995      | Director of Finance                            | All Permanent Secretaries and Heads of Departments | Motor vehicle basic allowance                     |
| September 12 <sup>th</sup> 2003 | Secretary to the Cabinet                       | All Permanent Secretaries and Heads of Departments | Use of government vehicles by Travelling Officers |
| May 23 <sup>rd</sup> 2008       | Permanent Secretary Ministry of Finance        | All Permanent Secretaries and Heads of Departments | Use of government vehicles by Travelling Officers |
| October 25 <sup>th</sup> 2010   | Honourable Prime Minister                      | All Permanent Secretaries and Heads of Departments | Use of Government Vehicles                        |
| September 17 <sup>th</sup> 2012 | Permanent Secretary Ministry of Infrastructure | All Permanent Secretaries and Heads of Departments | Registration of Government vehicles               |
| February 12 <sup>th</sup> 2013  | Director of Finance                            | All Permanent Secretaries and Heads of Departments | Vehicle procurement guidelines                    |

### **1.3 Audit Objective**

The objectives of our audit were:

- To determine whether there were policies and procedures in place for the safeguard and effective management of the government fleet of vehicles.
- To determine whether there were controls in place to prevent the misuse and abuse of the government vehicles.
- To determine whether the ministries and departments measured or recorded the operating costs of government vehicles.

### **1.4 Audit Scope**

The scope of the audit focused on the following: acquiring and safeguarding of government vehicles; controlling the use of the vehicles; and cost and maintenance of vehicles.

The audit covered three hundred and eighteen (318) vehicles in the custody of the following ministries and departments:

- Ministry of Health Wellness, Human Services and Gender Relations
- Ministry of Agriculture, Food Production, Fisheries and Rural Development
- Ministry of Infrastructure Port Services and Transport
- Ministry of Education Human Resource Development and Labour
- Office of the Prime Minister
- Ministry of Home Affairs (St. Lucia Fire Service and the Police Department)

Data and evidence collected covered the three -year period, 2011- 2013.

### **1.5 Methodology**

In achieving the objectives we gathered sufficient, competent and appropriate evidence, reported findings, concluded against the established audit objectives and where appropriate, made recommendations for improvement.

The methodology involved:

#### **1.5.1 Sampling**

The audit focused on three hundred and eighteen (318) vehicles in the custody of six ministries and departments. Those ministries and departments had the largest fleets and represented 32% of the total number of ministries and departments in the public service.

### **1.5.2 Document review and data analysis**

This included log books, personal files for drivers, vehicles registers and logs, gas vouchers, Insurance lists, accident reports, and key registers. The analysis covered financial information from the treasury financial system (SMARTSTREAM).

### **1.5.3 Site Visits**

Site visits were carried out at the parking areas of some ministries and departments to ascertain the existence and physical conditions of some of the vehicles.

### **1.5.4 Interviews**

Semi-structured interviews were carried out with senior management, drivers and supervisors of the selected agencies to understand fleet management practices.

### **1.5.5 Good practices**

Literature reviews were carried out to gain experience and learn good practices. Good practices were resourced from publications on line.



## **FINDINGS AND RECOMMENDATIONS**

### **2.0 ACQUIRING AND SAFEGUARDING OF GOVERNMENT VEHICLES**

#### **2.1 Ministries did not consider service delivery and operating costs factors when purchasing new vehicles.**

Government ministries and departments purchase vehicles every financial year. Some of these vehicles were purchased under donor-funded projects while others were purchased from allocated budgetary funds. The Ministry of Finance processed the requests. Vehicles were procured according to the procurement procedures set out in the Revised Laws of St. Lucia Cap 15.01 (Financial and procurement Regulations).

Based on our audit research, ministries did not consider service delivery and operating costs factors when purchasing new vehicles. The justifications given for the acquisition of new vehicles were devoid of any information on operations, maintenance cost, and impact on the existing fleet.

In February 2013, recognizing that the fleet operations was based exclusively on non-measured output at the ministerial and departmental levels and did not give due consideration for service delivery and operating costs when vehicles were purchased, the Ministry of Finance issued Circular No. DOF 003/2013. The objective was to standardize the acquisition of motor vehicles by ensuring that ministries and departments disclosed pertinent information that would help with service delivery and operating costs when purchasing a vehicle.

The circular recommended that the vehicle submissions must include the following criteria and factors:

- Required usage Impact of new vehicle on existing fleet impact of maintenance cost
- Expected useful life
- Functionality (Fuel type and consumption, transmission, emission rating, engine capacity )

In order to justify the need to acquire a new vehicle, the guidelines also require that ministries and departments identify the vehicle-operating costs.

#### **2.2 Size of government fleet was not known**

Accounting for government vehicles is decentralized. Currently, government does not have a central oversight on fleet management functions carried out across ministries and departments. Therefore, management in each ministry or department should ensure that their agencies have a comprehensive list of all government owned vehicles that includes particulars of the vehicle, (make, model colour, registration number engine & chassis number) location and condition (working order, under repairs, written off sold etc.).

We requested a list of the vehicles from the selected ministries and departments. Unfortunately, we did not get a list of total vehicles but we received the list of insured vehicles for the year.

Since we were not able to obtain a comprehensive list of the total fleet of vehicles operated by the ministries and departments, we contacted the Transport Division of the Ministry of Infrastructure for this information. The Transport Division is charged with the responsibility of maintaining information on all vehicles registered to drive on St Lucia's roads including government owned vehicles.

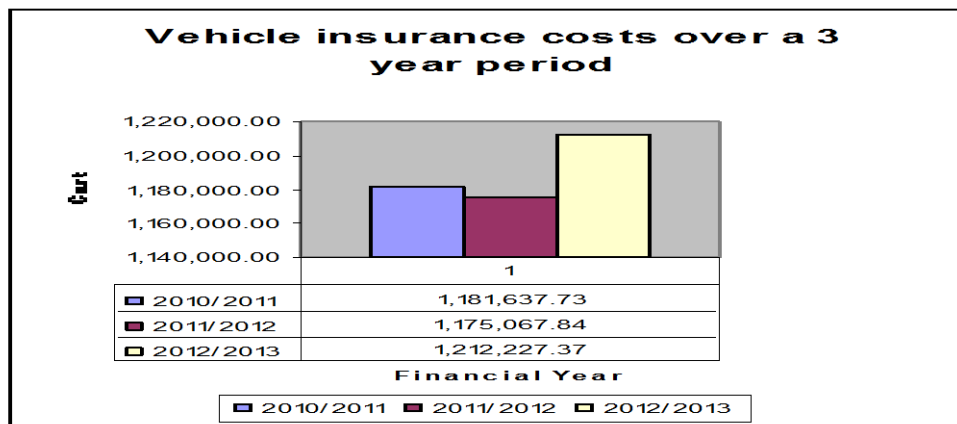
The Transport Division was not able to provide us with a master list of all government owned vehicles. Consequently, we were not able to determine the true inventory of the government vehicle fleet.

### 2.2.1 Vehicle insurance was not communicated to the Transport Division

Officers who are entrusted with the responsibility of maintaining government vehicles should ensure that all vehicles are registered, roadworthy and insured. Our audit revealed that ministries and departments insured their fleet on a yearly basis. We saw evidence of the tendering process, insurance documents accompanied by the list of vehicles insured.

We also noted the insurance list did not include vehicles, which were not road worthy, broken down, under repair, changed agency, sold or written off. However, if during the year those vehicles became road-worthy, the ministry would insure them separately and include on the list.

As we stated previously, we did not get a comprehensive list of the government vehicle fleet notwithstanding, we found that the cost of insurance for all government vehicles increased during the last financial year. Our analysis showed that there was a slight increase of 2.59% from 2010/2011 compared with 2012/2013.



This situation is rather disturbing because the ministries and departments, which are the custodians of the fleet of vehicles, failed to maintain complete listings of their vehicles.

Even more disturbing is that the Transport Division, which has the overall responsibility for the database, could not produce a master listing. This situation can pose a number of risks, which can cause the government to lose track of their vital assets including unauthorized sales, changes in engine and chassis numbers, and changes in ownership etc...

We found that some agencies failed to provide the Transport Division with the renewed insurance information on the fleet of vehicles in their custody. Therefore, insured vehicles would appear in the transport database as uninsured.

The Permanent Secretary of the Ministry of Infrastructure recognized this weakness and expressed concern in a circular to all Permanent Secretaries dated September 17, 2012. The circular indicated that the Transport Division motor vehicle database did not capture the annual registrations of a significant number of government vehicles.

Some agencies were still not complying with the circular at the time of this audit. Our interviews with the Transport/Executive Officers of some of the ministries/departments revealed that most of those officers were not aware that they should communicate the yearly update of the insured information to the Transport Division.

The law requires motorists to display the annual registration stickers obtained from the Ministry of Infrastructure on the windshields of vehicles. We noted that some vehicles did not display stickers on their windshields.

## **Recommendations**

***Ministries should show adequate evidence of usage, impact of new vehicle on existing fleet, expected useful life and functionality when submitting proposals for acquiring a new vehicle as required by Circular No. DOF003/2013.***

***Ministries and departments should have a comprehensive list of the fleet of vehicles in their custody separate from the list that is prepared for insurance purposes.***

***Ministries and departments should communicate insurance information for government vehicles to the Transport Division.***

### 3.0 CONTROLLING OF THE GOVERNMENT FLEET OF VEHICLES

#### 3.1 Drivers were not given directives for operating the government vehicles

It is the responsibility of management to give all drivers of government vehicles directives for the safe operation of the vehicles.

We determined that only two out of seven sampled agencies actually gave the drivers written guidelines or procedures for operating the government vehicles.

##### 3.1.1 Log books were not properly maintained

Section 54 No. 45 of the *(Procurement and Stores Regulations Chapter 15:01 of the Revised Laws of Saint Lucia* states, ***“An accounting officer shall ensure that log books are kept in respect of each vehicle or other equipment assigned to his or her Department. Logbooks shall be in such form as the Accountant General may approve and shall be used to record—***

- (a) Details of travelling done or works performed;***
- (b) Details of oils, fuels and spares used;***
- (c) Details of servicing or repairs;***
- (d) Authorization for travel or other operation;***
- (e) Accounting officers shall designate authorized officers who shall be responsible for checking log books and reporting on any misuse of or damage to vehicles or equipment assigned to their Departments.***
- (f) Accounting officers shall ensure that log books are checked at least once every month and that reports of misuse of or damage to vehicles or equipment are submitted to the Director of Finance and Planning.***
- (g) If it is proved to the satisfaction of the Director that an officer should be held responsible for any misuse of or damage to any vehicle or equipment assigned to him or her or to his or her control, such officer may be liable under PART 10 of the Act.***

The Regulations only addressed issues regarding logbooks and liability in case of misuse. According to widely accepted best practices, management should consider the issues listed below in any regulation or policy on managing a fleet of vehicles.

- *Motor Vehicle Safety*
- *Organization and Responsibilities*
- *Vehicle Use (official/unofficial)*

- *Chain of command*
- *Driver Selection*
- *Vehicle Selection, Inspection and Maintenance*
- *Transport Officer and Driver Training*
- *Driver Safety*

Although the Prime Minister's Office and Ministry of Finance issued circulars and memos on the subject – **“Use of Government Vehicles”**, however the circulars still failed to address the aforementioned issues. Those issues are critically important in setting the tone and control parameters for the efficient operation of a government fleet.

We interviewed drivers and supervisors and asked key questions concerning the maintenance of the logbooks. The following is an analysis of the responses received

Twenty-five (25) drivers said that they were aware of the regulation about the maintenance of logbooks while two (2) were not aware. They all said that they maintained a logbook for each vehicle and that they entered the relevant information every time they used the vehicles.

We interviewed eleven (11) supervisors and they responded as follows:

- All supervisors indicated that they were aware of the rules regarding the use of government vehicles and there was someone responsible for checking fleet logbooks.
- All supervisors indicated that it was quite possible for the drivers to use the vehicles for unofficial purposes while on official journeys. In most cases, this was very difficult to prove and all the supervisors had to go on was the time taken to complete the official journey.
- Three (3) supervisors did not periodically check the vehicle logbooks for completeness.

In order to corroborate the responses from the interviews, we took a sample of logbooks from each agency and examined them for completeness and compliance with the regulations.

Our audit revealed that the drivers poorly maintained the logbooks. We found that logbooks lacked information such as:

- Evidence of checks by supervisors on a monthly basis
- Time of journeys
- Authorization of journeys
- Total mileage of journey
- Authorization of trips outside of normal working hours
- Speedometer reading
- Oils, fuels and spares used

- Servicing or repairs
- Breakdowns
- Accidents and defects

The present system of manual data capture in the logbooks and recording makes it difficult to obtain information for proper management of the vehicles.

### **3.1.2 No clear policies on the specific purposes for which ministries and departments should use government vehicles**

Agencies used government vehicles for a wide range of routine and non-specialized tasks such as dispatching documents, transporting mail, collecting stores, transporting officers for banking of cash collected, transporting overseas delegates and local officials to and from the airport, however, there were no clear policy guidelines on the specific purposes for the use of government vehicles.

In the absence of clear policy guidelines on the specific purposes and uses of government vehicles, we found that agencies used government vehicles for a wide variety of questionable purposes. These included dropping the children of senior public servants and ministers to school and attending to personal errands for officials and staff. Management deemed those journeys as official as long as they were authorized. This situation made it somewhat difficult to apply sanctions or disciplinary action for misuse of government vehicles.

### **3.1.3 No one officer had custody of keys and issued authorization passes**

The transport officers did not control the custody of keys to government vehicles. In some cases, building security officers were responsible for issuing and receiving keys, however they did not have an authorized list of persons to whom they should issue the vehicle keys.

We found that the registers at the building security officer's station lacked information such as signature of officer issuing keys, date driver returned, time driver returned, vehicle number returned, name of returning driver and signature of officer receiving keys.

We interviewed several transport officers from the sampled agencies who indicated that any senior level manager could give authorization for trips without their knowledge or permission. In those instances, it was difficult to track the whereabouts of the vehicles.

We noted that Permanent Secretaries also collected keys for government vehicles. In most instances, they did not disclose the reasons for use of the vehicles. This provides an opportunity for senior officers to override controls by exercising authority and applying pressure to the transport officers who are lower level workers.

The weaknesses identified with respect to authorization of vehicles are serious breakdowns in controls and as a result have left government vehicles open to misuse and abuse.

### **3.1.4 Noncompliance with authorization for use of vehicles after working hours**

All agencies except for the Police Garage and The Office of the Prime Minister, granted written and signed authorization for the use of vehicles after normal working hours. We learned that management at the Police Garage and The Office of the Prime Minister gave verbal authorization for journeys after normal hours. We were informed that the drivers would record these journeys in the vehicle logbooks. We examined the vehicle logbooks of those two agencies and saw no evidence of journeys authorized or recorded after normal working hours.

This non-compliance represented an absence of adequate control over the authorization of vehicles after working hours.

Most drivers indicated that management did not allow them to use the vehicles outside of regular working hours without authorization.

### **3.1.5 Some vehicles were parked in the designated areas**

A memo from the Prime Minister dated Oct 25<sup>th</sup> 2010 directed that all government vehicles should be parked at specific times and at locations designated by the Permanent Secretaries after working hours.

We conducted a physical check at some of designated locations and noted that some vehicles were parked there after the stipulated time.

## **3.2 Recruitment and responsibilities of drivers for the government vehicles**

### **3.2.0 Supervisors did not verify drivers' licences for validity**

All drivers entrusted to operate government vehicles should possess a valid driver's licence. Drivers are personally responsible if they violate state traffic laws. In the event that the drivers, while performing their official duties commit offences and are fined or penalized they are personally responsible for paying the fines or penalties.

Transport officers also have a responsibility to ensure that drivers possess valid licences. We interviewed transport officers who all indicated that they always ensure that drivers' licences are up to date.

We saw no evidence to indicate that the transport officers indeed verified the validity of the drivers' licences. On the contrary, we found one driver operating the vehicle with an expired licence.

### **3.2.1 Drivers assigned for one specific purpose**

We noted where some drivers were assigned to drive only the Minister. The permanent attachment of the driver using the vehicle solely for transportation of the Minister leads to the underutilization of the vehicles and driving personnel as it restricts sharing of the vehicles.

### **3.2.2 Most drivers did not do an annual medical check ups**

Driving is a complex task that requires having adequate operational and cognitive functions that work together. ***It is an international requirement that all drivers undertake an annual medical examination to ensure their driving fitness. This best practice was taken from the medical guidelines for professionals issued by the UK government.***

We found that out of the sample selected only drivers at the Ministry of Health did annual medical check-ups to ensure that they were fit for performing their duties.

### **3.3 Responsibilities and duties of Transport and Executive Officers with respect to the management of government vehicles were not clearly defined**

In 1984, the Cabinet Secretary issued a memorandum listing a number of controls to all ministries and departments except those specifically exempted by the Prime Minister's Office.

One of these controls was that a transport officer who shall be of level of Executive Officer and above shall be appointed for each Ministry/Department. Such officer will be responsible for monitoring the use of all the vehicles assigned to his Ministry or Department;

Although, the Cabinet Secretary gave this directive, we noted that the post of Transport Officer was not an established one in the classification of posts in the Estimates of Expenditure. The term was the nomenclature used to refer to executive officers and other senior officers who performed fleet management functions. Additionally, not all ministries and departments had an officer with the overall responsibility of managing the government vehicles. In some cases, the executive officer shared the responsibility with the human resource officers or other senior officers.

The ministries and departments did not give these officers specific guidelines on their responsibilities and requirements of the position. They received no formal orientation, or manuals to help them with their duties. Consequently, this posed a challenge to most in the execution of their duties.



### **3.2.0 Reluctance on part of supervisors to reprimand drivers for abuse of vehicles**

Despite supervisors indicating that there was suspicion of abuse and misuse of vehicles we believe that there was a general reluctance on the part of the supervisors to issue letters of reprimand to drivers.

One supervisor indicated that if the drivers were given letters of reprimand, copies of those letters had to be placed on the drivers' files and this action may damage the chances of the drivers obtaining transfers to other agencies or even promoted to higher positions. This type of attitude on the part of the supervisors only serves to perpetuate the inefficiencies in the management of the vehicles.

During our audit, we noted only two reports from the supervisors concerning the misuse of the vehicles. These reports included an incident where a driver drove a vehicle with a child in his lap while he was controlling the vehicle.

### **3.2.1 Use of the government vehicles by travelling officers**

Government provides traveling allowances to employees for discharge of their duties. In spite of employees having benefitted from the receipt of travelling allowances, five (5) supervisors acknowledged that some traveling officers used government vehicles to carry out their duties. Reasons put forward by these travelling officers for using the government vehicles included:

- To traverse places where their personal vehicles would not permit ;
- If their vehicles were not in working condition ;
- If the number of people to be transported could not fit in their vehicle;
- If the officer reached their mileage limit for the month;

The audit team was unable to identify which traveling officers were users of government vehicles because the ministries and departments did not submit many of the logbooks. Those logbooks, which they submitted, were void of vital information such as officers' names, signatures and details of journeys.

### **Recommendations**

**The Ministry of Finance should clearly identify the specific purposes for which ministries and departments should use the government vehicles.**

**Transport officers or other responsible officers should verify the validity of all drivers' licenses. Further, all drivers should undergo a yearly medical fitness checkup which should be documented.**

**Ministries and departments must ensure that the information in the logbooks is complete.**

**All individuals/officers who manage the fleet of vehicles should possess the knowledge, skills and training necessary to execute their duties. The job descriptions should clearly define the duties of the officer responsible for the fleet.**

## **4.0 OPERATING COST AND MAINTENANCE OF VEHICLES**

### **4.1 Operating and maintenance costs were not known for each vehicle**

The cost of running and maintaining a vehicle fleet goes beyond the initial purchase price, insurance and registration expenses. Operational or 'life-cycle' costs include fuel, maintenance, tyres, accident repair, and refurbishment before disposal. Management must clearly identify and track these costs. Inappropriate or unnecessary use can create excessive costs for the agency, for example, misusing an agency fuel voucher system for unauthorized or private use.

The Ministry of Finance issued Finance Circular DOF 003 dated 12/2/13 was not only to address the acquisition of new vehicles but also to bring about some level of standardization that would help with service delivery and operating costs.

We found that most agencies did not record the operational cost of their fleet to allow for an effective assessment of performance. Accounting officers at the ministerial and departmental levels do not know whether fleet expenditures and service delivery were of a reasonable level to support operations. The absence of adequate information precluded management from obtaining information on whether the operating cost of the fleet was minimized.

Although, ministries and departments were able to record vehicle operating cost on an individual basis in the treasury accounting system (SMARTSTREAM) most did not post the expenditure information in a way that allowed them to retrieve the cost of repairs and maintenance undertaken on each vehicle. We found that the accounting officers did not identify the vehicles on the invoices.

The Police Department and the Ministry of Education were the only two agencies in the sample selected that acknowledged maintaining operating costs records per vehicle. However, we found that the costs records at the Police Department showed budgeted and not actual costs while the Ministry of Education could not produce evidence of these costs.

We performed an analysis of the total vehicle maintenance cost from the treasury accounting system (SMARTSTREAM) for each sampled agency for the last three years.

| Agency                     | Expenditure<br>2012/2013 | Expenditure<br>2011/2012 | Expenditure<br>2010/2011 | Total<br>Expenditure |
|----------------------------|--------------------------|--------------------------|--------------------------|----------------------|
| Ministry of Education      | 197,934.76               | 135,530.69               | 146,399.84               | 479,865.29           |
| Police Department          | 2,305,179.48             | 2,480,105.10             | 2,799,954.62             | 7,585,239.20         |
| Ministry of Health         | 545,551.60               | 494,753.97               | 433,512.96               | 1,473,818.53         |
| Fire Service Department    | 834,359.78               | 756,147.29               | 811,825.88               | 2,402,332.95         |
| Prime Minister Office      | 75,871.68                | 67,195.73                | 66,309.70                | 209,377.11           |
| Ministry of Agriculture    | 287,498.46               | 345,084.27               | 316,885.73               | 949,468.46           |
| Ministry of Infrastructure | 769,142.93               | 724,100.87               | 735,788.14               | 2,229,031.94         |
| <b>TOTAL</b>               | <b>5,015,538.69</b>      | <b>5,002,917.92</b>      | <b>5,310,676.87</b>      | <b>15,329,133.48</b> |

Due to the manner in which the ministries and departments maintained the expenditure records we found it was difficult to apportion the operating costs to the individual vehicles in the fleet.

#### 4.2 Ministries and Departments used several systems to purchase fuel

Government agencies utilized different purchasing systems to acquire fuel for their fleet of vehicles. We are of the opinion that there should be clear policies for purchasing fuel to minimize the occurrence of agencies making varying purchasing arrangements with suppliers for fuel.

We reviewed some of the fuel purchasing arrangements and found that the controls were very weak or nonexistent. Further, there was little evidence to prove that some of these arrangements enhanced efficiency or were cost effective.

#### 4.3 Fuel vouchers lacked pertinent information

Ministries and departments purchased voucher books of various denominations from fuel stations particularly Jn Marie Service Stations. Agencies, which utilized this system, were **pre paying** for fuel.

Each fuel voucher book contained the following information:

- Dollar value of the voucher
- Voucher number
- Date
- Fuel Station
- Vehicle number
- Name of driver
- Mileage

We took a sample of the voucher books to determine the completeness and accuracy and whether the information matched the receipts issued by the gas stations.

We found that the stubs in the fuel voucher books which gave details of the transactions, (similar to the cheque stub) did not always have the drivers' names, the mileage of the vehicles at the time of issue, or the fuel station receipts attached.

Most agencies did not reconcile the vouchers issued with the receipts from the gas stations to determine whether the authorized vehicle received the correct amount of fuel.

The Fisheries Department authorized two fuel vouchers # 300396454 and 300396455 dated 3/3/13 totaling \$100.00 to SLG 650. However, the fuel station's receipt indicated that a private vehicle, number PE 8524 received the fuel. We contacted the Transport Division of the Ministry of Infrastructure to identify the ownership of the vehicle in question, but the Transport Officer informed that it was not a registered number. Interestingly, this registration number (PE 8524) was not on the listing of government owned vehicles for the Fisheries Department.

We noted that some agencies used fuel vouchers books prepared by the Government Printery for use at the Fishermen's Fuel Station. These voucher books were not serially numbered.

#### **4.2.3 Drivers used personal funds to purchase gas**

We found that ministries and departments did not always have pre-paid fuel voucher books on hand. As a result, drivers e.g. at the Ministry of Health, purchased fuel with their personal funds when the vouchers were not available and they would be reimbursed.

We are of the view that it is not a good practice for public officers to utilize their personal funds to pay for transactions relating to government business because the Government of St. Lucia makes provision for a petty cash system to purchase small and miscellaneous goods and services.

#### **Recommendations**

***Ministries and Departments should maintain records of vehicle operating costs as prescribed by Finance Circular DOF 003/2013.***

***Ministries and departments should implement proper control measures for the purchase of fuel. Those control measures should include:***

- ***Reconciliation of vouchers against receipts***
- ***The serial numbering of all voucher books***

***The Ministry of Finance should evaluate the various fuel-purchasing arrangements used by ministries and departments to ensure proper controls and to determine their cost effectiveness.***

***Ministries and departments should cease the practice of allowing drivers to pay for fuel from their personal funds. Instead, they should utilize the petty cash system.***