



# PROGRAM EVALUATION DIVISION

## NORTH CAROLINA GENERAL ASSEMBLY

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# Motor Fleet Management Uses Best Practices, but Needs Telematics to Strengthen Accountability

## Summary

**The General Assembly directed the Program Evaluation Division to study all passenger and non-passenger vehicles owned and operated by state government agencies and institutions.** This second in a series of three reports evaluates the management of passenger vehicles by the Department of Administration's Division of Motor Fleet Management.

**The Division of Motor Fleet Management received a "B+" for compliance with most fleet management best practices, but fleet management and accountability can be improved.** The Division's reliance on state agencies for management and oversight makes it difficult to hold agencies accountable. The Division does not have sufficient information to determine the right number of passenger vehicles for state government needs. State law directs the division to determine vehicle utilization for assigned vehicles based only on mileage, but frequency of use and vehicle purpose are also necessary for a complete assessment of vehicle utilization. Curtailment of vehicle replacement in recent years has led to an older, more costly, and less reliable fleet. Recent changes to the rate structure may also limit funding for vehicle replacement.

**Telematics offers a cost-effective solution to improve accountability and provide complete vehicle utilization information.** By integrating wireless communications, vehicle monitoring systems, and location devices, telematics provides complete vehicle utilization data, identifies and confirms misuse, reduces reliance on state agencies, and promotes more efficient vehicle utilization. Cost estimates suggest implementation of basic telematics services could be cost effective due to estimated reductions in vehicle utilization.

**Through technology and management improvements, the Division of Motor Fleet Management can continue to meet state government needs for passenger transportation services.** To address the identified issues, several recommendations suggest action by the General Assembly. First, to strengthen accountability for state-owned passenger vehicles, the Division of Motor Fleet Management should be directed to phase in implementation of telematics. Second, the Division of Motor Fleet Management should be directed to improve management practices identified in this report. Third, the General Assembly should modify the statutory mileage threshold for state-owned passenger vehicles in N.C. Gen. Stat. § 143-341(8).i.7a by directing the Department of Administration to adopt rules establishing a passenger vehicle threshold criterion that includes mileage, frequency of use, and vehicle purpose.