

# **REPORT OF THE DIRECTOR OF AUDIT**

## **SHOULD PASSENGER VEHICLE SERVICES BE PROVIDED IN MINISTRIES AND DEPARTMENTS?**

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## ABBREVIATIONS AND ACRONYMS

FMM	Financial Management Manual
MAB	Management Audit Bureau
MAIFS	Ministry of Agro Industry and Food Security
MES	Mechanical Engineering Services (ex-Plaine Lauzun Workshop)
MGE CD FW	Ministry of Gender Equality, Child Development and Family Welfare
MHL	Ministry of Housing & Lands
MOE&SD	Ministry of Environment and Sustainable Development
MOH&QL	Ministry of Health and Quality of Life
MPI NDU LT&S	Ministry of Public Infrastructure, National Development Unit, Land Transport & Shipping
MYS	Ministry of Youth & Sports
NAO	National Audit Office
NTA	National Transport Authority
PMM	Personnel Management Manual
PPO	Public Procurement Office
PSIP	Public Sector Improvement Programme

## EXECUTIVE SUMMARY

In order to support core government activities, ministries and departments operate passenger vehicle fleets to provide transport services to employees, officials and service users for several purposes. As at 31 December 2011, government owned some 700 passenger vehicles (excluding Police, Fire and Prison Department). Presently, services are provided in a decentralised manner across government entities under a vehicle ownership model. This model involves the use of resources to procure, operate, maintain and dispose the passenger vehicles.

### *Key findings*

- Currently, government does not have a central oversight on fleet management functions carried out across ministries and departments. Policy makers at central government level do not know whether fleet expenditures and the service delivery are of a reasonable level to support operations.
- The Ministry of Finance and Economic Development issued Circular letter no 13 of 2003 requesting the use of a standard ‘Request for Transport’ following the report of the MAB Report on ‘Use/Misuse of Government Vehicles’ in response to regular reports on misuse of vehicles. This standard Request Form represents a reliable control to prevent misuse of vehicles. If properly filled in, it helps to identify precisely the users, their eligibility, the official nature of the trips and the appropriate authorisation. In respect of 50 per cent of the total government passenger vehicles, the standard Request Form was not being used. This non-compliance represented an absence of adequate control over ineligible and non-official use of passenger vehicles.
- There were several cases where senior officers having benefited from duty remission and drawing travel grant, were in many cases using government vehicles for official meetings and for site visits. Several reasons were put forward by officials to exempt themselves from regulations.
- In four ministries surveyed, top officials were using passenger motor vehicles for their private use from the vehicles pools of their respective ministries, despite the fact that they have already benefited from either chauffeur –driven car schemes or duty concessions and travel grants for official and private use. This includes their conveyance to and from their places of residence.
- Controlling Officers are usually junior officers of the General Services class. This provides an opportunity to senior officers and officials, not entitled to government passenger vehicles, to override controls by exercising authority and pressure over them.
- The current monitoring of fleet operations based exclusively on non-measured output at entity level is inadequate. Absence of adequate and proper management information prevent management from ascertaining whether the fleet size is correct, vehicles and drivers are available and operating costs are minimised. The present system of manual data capture and recording is unable to support a proper management information system.
- The average running cost per kilometre for government passenger fleet was higher than market rate taxi fare per kilometre for a sample of passenger vehicles.

- Most of the tasks performed by passenger vehicles were routine and of non-specialised nature such as: despatch, conveyance of staff and store duties. These tasks do not require the permanent attachment of vehicles and drivers to the transport sections.
- Permanent attachment prevents the sharing of vehicles and driving personnel among ministries and departments. This leads to underutilised vehicles and driving personnel.
- The present system of assigning drivers to specific vehicle pool does not ensure their optimal use during normal hours of work, and leads to a very expensive way of remunerating driving personnel for working outside normal working hours.

The above findings indicate that the objective of providing passenger services in an economical, efficient and effective manner was not being met.

### ***Recommendations***

The worldwide trend is for organisations to focus on their core activities. This enables them to concentrate their resources on their core activities in order to maximise creation of goods and services. This requires the transfer of support activities to other entities who perform them better. If the use of an asset like a passenger vehicle is required to support activities in an entity, there is no necessity for the entity to own it. Centralisation and outsourcing are potential alternatives to the present way of providing government passenger vehicles through the ownership model. One way is to centralise fleet management with a setting up of a charge back system through a Central Transport Unit. A completely different way is to outsource all transportation activities. Organisations which have adopted these alternatives have benefited from economies of scale, improved service level, new technology and diverted more resources to their core activities. These options may be considered in order to provide a better alternative to the present way of providing passenger vehicle services.

# CHAPTER ONE

## INTRODUCTION

### 1.1 Performance Audit in Mauritius

Performance auditing was adopted and incorporated into Government auditing at the Twelfth International Congress of Supreme Audit Institutions (INCOSAI), an organ of the International Organisations of Supreme Audit Institutions (INTOSAI). INTOSAI is the umbrella organisation for the government audit community. It is an autonomous organisation with special consultative status with the Economic and Social Council (ECOSOC) of the United Nations. Performance auditing aims at promoting economy, efficiency, and effectiveness in the management of public resources. It examines how well public operations have been performed, that is, to what extent they have produced the intended results and effects.

### 1.2 Audit Motivation

Issues on provision of passenger vehicles were recurrently reported in financial audit reports of NAO. These include the following shortcomings:

- Exercise of controls over passenger vehicles was inadequate
- Misuse of passenger vehicles
- Operations affected due to long delays in repairs of passenger vehicles
- High running and maintenance cost of passenger vehicles.

There were complaints in the media about alleged cases of misuse of vehicles.

In this context, NAO has decided to carry out a performance audit on the provision of government passenger vehicles.

### 1.3 Audit Objective

The audit objective is to ascertain whether the permanent attachment of passenger vehicles to ministries and departments is strictly necessary for operational purposes and if yes whether the pools of vehicles are operating effectively, efficiently and economically.

### 1.4 Audit Scope

The scope of the audit consists of the followings:

- The present system of purchasing, allocating, using and disposing passenger vehicles services in ministries and departments.
- The assignment covers some 700 passenger vehicles held by ministries and departments. The transport sections responsible for administering passenger vehicles in ministries and departments across the island of Mauritius were examined. Passenger vehicles of the Police Department, Fire Services, and Prison Department are excluded from this exercise as they perform specialised services.
- Data and evidences collected cover the three- year period ending April 2012.

## **1.5 Audit Design**

Four main audit questions were developed that cover main issues related to the topic. The questions are as below:

- Is the permanent attachment of passenger vehicles to ministries and departments strictly necessary for operational purposes?
- Is the average running cost per kilometre for government passenger vehicles comparable with that of other service providers?
- Is there compliance with regulations and recommendations to prevent misuse of vehicles?
- Is there an effective oversight and assessment of operation of passenger vehicles?

## **1.6 Assessment criteria.**

Existing regulations and recommendations (relevant extracts of FMM, PMM, PRB reports and circulars) were used to assess operation of passenger vehicles. Current fleet management practices were benchmarked against international as well as local ones. Good practices and reports of fleet management experts were also used.

## **1.7 Methodology**

The assignment covers some 700 passenger vehicles held by ministries and departments. The detailed audit methodology is as below:

### **1.7.1 Sampling**

The audit was focused on an assessment of fleet management at:

- Four ministries holding large fleets: Ministry of Agriculture (MAIFS), Ministry Of Health and Quality of Life (MOH&QL), Ministry of Environment and Sustainable Development (MOESD), and Ministry of Public Infrastructure Workshop (MES) and
- Nine other ministries/ departments namely Ministry of Finance and Economic Development – Head office (MOFED), Ministry of Local Government and Outer Islands



(MLG& OI), Ministry of Youth & Sports (MYS) and National Transport Authority (NTA), The Treasury, Registrar General (RG), Ministry of Gender Equality, Child Development and Family Welfare (MGE CD FW), Ministry of Labour Industrial Relation & Employment (MLIR&E), Ministry of Industry, Commerce and Consumer Protection (MIC&CP).

### ***1.7.2 Document review and data analysis***

This included log books, monthly returns, vehicle files, labour distribution registers, payroll, files and consultancy reports kept at ministries level. The analysis covered the followings: financial information from Treasury Accounting System (TAS), payrolls, workshop management reports, maintenance cost data, labour distribution data and stores ledgers and records.

### ***1.7.3 Site visits***

Site visits were carried out at three workshops and the 12 abovementioned transport sections to familiarise with the work process, resources utilised and the physical infrastructure in place.

### ***1.7.4 Interviews***

Semi-structured interviews were carried out with staff from MAIFS, MOH&QL, MOSD, MES, NTA and Procurement Office (PPO) to understand and assess fleet management practices.

### ***1.7.5 Good practices and literature reviews***

Extensive literature reviews were carried out to gain experience and learn good practices. The Guide to Fleet Management of the US General Services Administration which consolidates public and private sector resources on managing a motor vehicle fleet was consulted ([vehicle@gsa.gov](mailto:vehicle@gsa.gov)). Equally, good practices were resourced from leading consultant firms in fleet management like Mercury Associates, Inc. Professional Fleet Management Consultants ([mercury-assoc.com](http://mercury-assoc.com)).

## **1.8 Data validation process**

The surveyed ministries and departments were provided with the audit observations to confirm their accuracy.

## **1.9 Structure of the Audit Report**

The remaining part of the report covers the followings:

Chapter Two describes fleet management activities in ministries and departments.

Chapter Three presents the findings and analysis.

Chapter Four contains the conclusion based on the findings and analysis.

Chapter Five deals with recommendations to address shortcomings identified in this report.

## CHAPTER TWO

### BACKGROUND

This chapter provides background information on procurement, operation, maintenance and disposal of government passenger vehicles.

#### 2.1 Use of passenger vehicles

Passenger vehicles support government activities by providing transport services to government employees, officials and service users for several purposes. The main purposes are as follows:

- Conveyance of overseas delegates
- Conveyance of officers attending committees/seminars/workshops/site visits/ collection of samples
- Conveyance of officers, going on overseas mission, to and from airport
- Conveyance of officers to residence after working overtime
- Despatch of documents
- Conveyance of officers for banking of cash collected.
- Collection of stores

In addition to the availability of passenger vehicles, government also provides travelling allowances and car benefits to employees for discharge of their duties.

#### 2.2 Size and cost of government passenger vehicles fleet

As at 31 December 2011, there were some 700 passenger vehicles excluding Police, Fire and Prison Departments. These passenger vehicles were of varying ages, ranging from newly acquired ones to those acquired during the past twenty-year period. Nine ministries hold 70 per cent of the passenger fleet and the remaining 30 per cent are held by some 16 ministries & six entities (like NAO, LGSC, and Judiciary). The distribution of these vehicles cross 25 ministries and the six entities are as per Table 1.

*Table 1 Distribution of passenger vehicles*

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<b>Number of passenger vehicles</b>	<b>Number of Ministries</b>	<b>Number of Entities</b>
1	4	2
2-5	2	4
6-10	3	-
11-20	7	-
21-30	5	-
31-40	1	-
41-50	1	-
51 -100	1	-
200 -250	1	-

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*Source: Vehicles Registers in workshops*

16 ministries have more than ten vehicles each. In these ministries, the vehicles were assigned to different transport sections. For example the MOH&QL has a main transport section at Vagrant Depot, several transport sections located at the Head office, five regional hospitals and other health institutions island wide.

### **2.3 How passenger vehicles services were organised prior to the late eighties**

Prior to the late eighties the procurement, use, maintenance, operation and disposal of passenger vehicles were based on instructions and recommendations contained in ‘Orders’ and circulars. These ‘Orders’ were the ‘General Orders – Financial & Establishment’ and ‘Stores Orders’ and were issued by authority of the Colonial Government in 1961 and 1962 respectively. The instructions and recommendations were spread across several chapters and paragraphs of the abovementioned documents. Circulars were issued by the Ministry of Finance to the Ministries and Departments to supplement the ‘Orders’. During that period there were relatively few Ministries, Departments, public officers and passenger vehicles. Public officers were carrying out official duties mainly through the use of public transport, Government Contractors’ cars, taxis and a few privately owned vehicles. The Ministry of Finance (now known as MOFED) and Ministry of Works (now known as MPI NDU LT &S) were the key players in the provision of passenger vehicles. A brief outline of the context and the manner in which passenger vehicles were provided and control exercised is as follows:

- Procurement of passenger vehicles was centralised and standardised as per recommendation of the Stores Orders of 1962. Head of Departments had to establish their request for vehicles annually. These requests were then processed by the Ministry of Finance and Ministry of Works. Purchases were effected centrally by the Ministry of Finance and the new passenger vehicles were allocated to individual ministries and

departments. During that period the passenger fleet was made up of few makes and models of vehicles.

- There were provisions in the Financial Orders of 1961 to allow public officers to use Government Contractors' cars. These Contractors were selected by the Tender Board based on approved rates to provide vehicles for hire. Entities had recourse to these vehicles for travelling and transport.
- The common method of transport for performing official duties was by public bus, Contractors cars and in certain cases by hiring of taxis. Heads of Departments were authorised to pay travelling allowance to officers using their own car or a taxi for travelling from office to residence when retained by office work only after the normal public transport services have ceased. There was a category of public officers who were allowed to claim mileage allowance for trips covered for official purposes when government passenger vehicles were not available and the trips could not be performed by bus. Some officers, who had to effect official travelling frequently because of nature of their duties, were paid commuted travelling.
- Each entity had to keep a Departmental Register to evidence control over use of vehicles attached. A Central Register for all government vehicles was kept at the Ministry of Works Workshop at Plaine Lauzun (now known as MES) where expert review of performance of each vehicle was carried by engineering personnel. This workshop provided a technical oversight over running and maintenance of vehicles. Relevant good practices were shared with ministries and departments by issuing circulars.
- Maintenance of these passenger vehicles were carried out by two workshops namely those of the Ministry of Agriculture & Natural Resources and Ministry of Works. The Ministry of Agriculture and Natural Resources had a workshop in Richelieu for maintenance of its vehicles. The Ministry of Works Workshop at Plaine Lauzun was providing maintenance for of the remaining passenger fleet. In 1987, the Ministry of Health set up a workshop at Vagrant Depot (Grande Riviere) to maintain its vehicles.
- Officers in entities had to keep records of passenger vehicles and their utilisation. These included the followings: Vehicle Maintenance Register, Log Books, Tyre Register, Battery Register and Vehicle Accident Register.
- Management in each ministry and department had to ensure the followings :
  - Trips had to planned in advance and well-organised to combine possible trips.
  - The passenger vehicles were fully utilised through co-ordination within a section or of different sections.
  - Trips were for journeys that could not be performed by public transport.
  - Log books were properly filled in to ascertain use of vehicles.
  - Monthly Returns showing mileage, fuel, oil, maintenance were prepared by officers in charge of transport. These have to be reviewed by management in order to detect unusual consumption.

## 2.4 Changes in the late eighties

As from late eighties new ministries and departments were created, and the number of public officers and government passenger vehicles increased accordingly. Main changes in the administration of passenger vehicles are as follows:

- In August 1990, the Financial and Store Orders were replaced by the Financial Management Manual (FMM). This contains rules and instructions to guide Accounting officers of Ministries and Departments in the discharge of their duties and responsibilities. The Chapter 20.10 of the FMM is largely based on what was already prescribed in the 'Orders' and deals with appointment of officers to manage vehicle pools, responsibility of drivers, and issue of fuel, disposal and accidents. No revision has yet been brought to FMM at time of audit.
- The procurement process of passenger vehicles was gradually decentralised: the Ministry of Finance provided the funding and individual ministries and departments launched quotations and tenders for acquisition of same after seeking specifications from the MES.
- The Pay Research Bureau (PRB) Reports (first issued in 1988) and the Personnel Management Manual (PMM) issued recommendations regarding the use of government vehicles by officers benefiting from traveling grants and duty concession on purchase of personal vehicles.

## 2.5 Fleet management reviews

During the late eighties and early nineties, several reviews of government fleet were carried out to improve fleet management. The main ones are as follows:

- In 1988, a feasibility report by a local consultant was carried out on the option of centralising maintenance of government vehicles to eliminate inefficiencies of individual workshops. The report recommended the creation of a government owned entity to operate this central workshop on a commercial basis.
- The Management Audit Bureau (MAB) carried out an extensive review of the vehicle maintenance processes of the MES and Richelieu workshops in 1992 and 2002 respectively. The main focus was on the implementation of a management information system (MIS) which was critical for managing maintenance activities. Job cards was introduced to implement 'Job costing' and 'Maintenance history' of each vehicle.
  - As regards MES workshop, the report recommended the charging of client ministries with the total cost of inputs (spare parts, labour and overheads), instead of spare parts costs only. This recommendation would have enable determination of total cost of each maintenance activity per vehicle, and eventually provide a reliable basis for ascertaining cost-effectiveness of in-house maintenance. The recommendation was not retained.
  - Low workload and high cost of repairs were identified at Richelieu workshop. A reorganisation of maintenance processes was recommended in the short term; in the longer term, management was requested to consider the option of carrying out all maintenance at the MES workshop or outsource all activities.

- In 2003, following a request of government, the Management Audit Bureau (MAB) submitted a report on ‘Use/Misuse of Government Vehicles’ in response to regular reports on misuse of vehicles.
- Under the Public Sector Improvement Programme (PSIP)<sup>1</sup> actions were initiated in four key areas as per [Appendix I](#). Several recommendations like appointment of transport officers, job costing in workshops and appointment system for vehicle servicing were implemented. Other recommendations like centralisation of vehicles procurement, vehicle replacement programme, standardisation of makes & models and charging full cost of repairs of vehicles to client ministries& departments were considered but were not implemented.

## **2.6 Description of current set up to provide passenger vehicle services**

Presently, passenger vehicles are organised in a decentralised manner across government entities. Funds for purchase, maintenance and operation of vehicles are included in the annual budgets of ministries and departments to support their core activities. Accounting Officers of Ministries / Departments are accountable individually for vehicles under their control.

### ***2.6.1 Administration of passenger vehicles***

A Ministry or Department usually has many branches, outstations and units. Drivers and vehicles (passenger and non- passenger types) are attached to these branches, outstations and units to create a transport pool or section. The FMM recommends the appointment of Controlling Officers to administer these vehicles. Officers in different grades are assigned the role of Controlling Officer in these transport sections. There are no stated criteria for eligibility to be appointed as a Controlling Officer. The appointments are made by Accounting Officers of each ministry and department and include officers of manual and non-manual grades. This may range from General Workers (manual grade) to Office Superintendent & Higher Executive Officers (administrative grade). The post is not on Establishment, it is an appellation for administrative convenience. Presently there are some 60 Controlling Officers who administer fleets containing substantial number of vehicles. Table 2 refers.

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<sup>1</sup> The PSIP was initiated by government in 1988 which was referred to as the Year of Productivity, to increase efficiency and effectiveness in the public sector.

*Table 2 Operation of passenger vehicles*

<b>Ministry/ Transport Sections</b>	<b>Distribution</b>	<b>Administration</b>
1 MOH&QL	A central vehicle pool of some 60 passenger vehicles is kept at Vagrant Depot Transport Section. The remaining vehicles are distributed across offices, hospitals and health institutions. Maintenance and repairs of vehicles are under the responsibility of the Vagrant Depot Workshop the Ministry.	All vehicles are under responsibility of a Transport Superintendent, who is an officer with experience and qualification in automobile engineering. The vehicle pools are administered by Controlling Officers in transport sections found at Head Office, hospitals, and other health institutions
2 MAIFS	A central vehicle pool of some 30 passenger vehicles is kept at Reduit Transport section. The remaining vehicles are distributed across offices and outstations and workshop. Maintenance and repairs of vehicles are under the responsibility of Richelieu Engineering Workshop.	All vehicles are under responsibility of a Transport Officer, who is an officer with experience and qualification in automobile engineering. The vehicle pools are administered by Controlling Officers in transport sections found at Head Office, outstations and workshop.
3 Some Transport sections	60 The vehicles are distributed across offices, sub-offices and sites of work. Maintenance and repairs of vehicles are under the MES Workshop.	Each pool is under the responsibility of a Controlling officer in the 60 transport sections. No specific experience or qualification is prescribed for controlling officers.

*Source: Transport sections MAIFS, MOH&QL & MES*

In transport sections with substantial number of vehicles, Controlling Officers are appointed on a full time basis (i.e. MOE&SD and MYS). In those sections with few vehicles, officers have other responsibilities and only part of their time is spent as Controlling Officers (i.e RGD and The Treasury).

### **2.6.2 Duties and responsibilities of Controlling Officers**

The duties and responsibilities of Controlling Officers are governed by the FMM and are as follows:

- ensure that drivers maintain their vehicles in good working condition , see that preventive and corrective servicing are carried out
- make arrangement with the Mechanical Workshop of the Ministry of Works (now MES), or of his own Ministry, when a vehicle needs major maintenance and servicing or repairs arrange for the vehicle to be towed at the earliest opportunity to the workshop in case of a breakdown on the road
- inspect regularly tyres, especially those having run 15,000 kilometres and ensure that they are retreaded at the appropriate time and are not run beyond retreading point and report to the Accounting Officer any unusual wear or deterioration
- record full details (including serial number, odometer reading and store form number) in the vehicle log book, in the Vehicle Register and in Tyre Registers whenever tyres are changed, renewed or retreaded
- record details of all battery changes in the log book and the Vehicle Register
- impress upon all drivers the need for spare wheels to be securely and tightly screwed and locked to the vehicle before setting out on and after returning from a trip. In case of loss of a spare wheel, submit a full report to the Accounting Officer together with the explanations of the driver ensure that odometer readings and distance run are correct and journey performed warranted for each trip before signing in the log book
- lock fuel tank and hold the key in his custody
- make arrangements for adjustments or repairs to the engine of the vehicle in case of abnormal consumption
- complete and submit for scrutiny, to the Finance Officer or to an officer designated by the Accounting Officer, at the end of each month a return showing odometer reading, fuel, oil and grease drawn, maintenance and repairs done .
- carry out periodical checks over all tools attached to the vehicle.

### **2.6.3 Driving personnel**

There are some 800 drivers on establishment. A driver needs a special service licences to drive government vehicles. Some 600 drivers operate passenger vehicles while some 200 operate plants and non-passenger vehicles. In all the ministries and department examined, the timing of activities requiring the use of driver and passenger vehicles are common and are as follows:

- There is planning on activities regarding site visits, conveyance of delegates and routine activities. In these cases, drivers and vehicles are earmarked and allocated as pre-planned.



- In case of emergencies or unplanned activities, unallocated vehicles and drivers are called to execute these tasks.

The normal hours of work of drivers are between 0745 hrs and 1615. Any task carried outside this prescribed time is paid at overtime rate.

Their duties in respect of passenger vehicles are prescribed by the FMM. Drivers are responsible for normal servicing such as cleaning, greasing, topping up of oil in the ump, topping up water in the radiator, topping up batteries etc.

## **2.7 Procurement of passenger vehicles**

The process for purchase of vehicles is initiated by users. The reasons usually put forward are: increase in workload, frequent breakdown of vehicles due to age or extensive use. Earmarking of funds for vehicle procurement is usually made at the annual budgeting stage in consultation with the MOFED. If the Accounting Officer approves the request, the Procurement & Supply Unit (PSSU) of the ministry or department is involved. The MES is required to prepare specifications of the vehicles based on the operational requirements provided by the ministry. Official quotations are launched under the Procurement Act inviting potential bidders to submit their bids. The quotations are received and opened at the level of the ministry/department. Evaluations are carried out by a team comprising of officers of the ministry and MES. The recommendations are analysed by Departmental Tender Committee which then decides on the award of the contract to the successful bidder. The letter of award is issued by the PSSU who monitors all issues relating to the purchase contract. On receipt of the vehicles, they are commissioned by the MES. After commissioning, the vehicles are then allocated to users and payments to the suppliers are released. In case of the MAIFS and MOH&QL, the role of the MES is usually replaced by their respective workshops.

## **2.8 Maintenance of passenger vehicles**

The responsibility of monitoring servicing of passenger vehicles lies with Controlling Officers and drivers who have to liaise with their respective workshops. Basic details regarding operation of the workshops are as follows:

- The MES and Richelieu Engineering Workshop of the MAIFS are well established workshops and have been operating for the past forty years. . Except for some specialized services like calibration of fuel injection pumps, approximately 95 per cent of vehicle maintenance works are carried in-house. Resources and logistics are shared among different activities in these workshops: maintenance of vehicles, buildings, mechanical & electrical plant/ equipment, civil & agricultural works.
- The MOH&QL has been operating a Transport Section inclusive of a small workshop at the historical site of Vagrant Depot at Grande Riviere since 1987. Approximately 85 per cent of maintenance work on vehicles is outsourced.
- Maintenance of luxury cars are outsourced to local sales representatives. All new non-luxury passenger cars are maintained during their warranty period at local sales

representatives. After the warranty period they are maintained by the government workshops.

## **2.9 Disposal of government passenger vehicles**

The disposal activity is carried by the MPI &LT, MOH & QL and MAIFS. Basic details of the process are as follows:

- MAIFS & MOH&QL. The Procurement & Supply Unit (PSSU) of each ministry compiles a list of all unserviceable items, plant& machinery and vehicles for the ministry. This exercise is done on average every two years. Personnel of the two workshops identify vehicles beyond economic repair (BER) vehicles and include them in the list of unserviceable items. The MOFED is requested to appoint a Board of Survey (BOS) which is a committee of three public officers. The BOS surveys all the items. Approval of their disposal is given, together with a reserved price. The PSSU compiles the auction list and contact one of the approved government sworn auctioneers (SA). The auction day is fixed and the SA does the necessary advertising. The public auctions for the vehicles are carried out on the premises of the workshop and sites. After the sales are completed an auctioneer fee is paid to the SA.
- Ministries and departments whose vehicles are maintained by the MES workshop request the latter to board vehicles which are old or subject to frequent breakdowns. Personnel of the MES examine these vehicles and decide whether they should be boarded. The PSSU of the MPI NDU LT & S then initiates the disposal procedure with the appointment of a BOS when there are sufficient vehicles to organise a public auction.

## **2.10 Car benefits and allowances to public officers**

The duty free scheme was first introduced in the 1987 PRB Report. Prior to the Report a few categories of professionals e.g. Doctors, Magistrates and Engineers and senior officers in the civil service were eligible for loan facilities at concessionary rate of interest to purchase a car for official use. However, during the mid-eighties these beneficiaries were facing serious difficulty to purchase a car of a reasonably good standard from the local market.

Currently, some of the benefits being provided are:

- Chauffeur-driven car, petrol and drivers allowance to officers drawing a certain salary level for private and official purpose.
- Officers drawing a monthly salary of Rs 66,000 or more but not eligible for a chauffeur/self driven car 100 per cent duty remission on a car of engine capacity up to 1850 c.c. once every five years.
- 100 per cent and 70 per cent duty remission on a car of decreasing engine capacities to officers of different grades down the hierarchy.
- Rs 100,000 duty remission for individual officers in certain grades whose postings require them to perform extensive official travelling.

In addition to the duty concession, loan at concessionary rates and car allowances or travel grants or mileage are paid.

As per the PRB Report, The existing car loan with duty remission scheme is considered to be a major component of the remuneration package of senior officials. It helps to facilitate the recruitment, retention and motivation of employees. However, those benefiting from this scheme are not entitled to use of government passenger vehicles, save in exceptional circumstances.

## CHAPTER THREE

### FINDINGS AND ANALYSIS

#### 3.1 Permanent attachment of passenger vehicles and their efficient utilisation

The Management Audit Bureau (MAB) Report of 2003 on 'Use and Misuse of Government Vehicles' considered an annual mileage of 12,000 kilometres as indicative of normal use for a passenger car. This is an indication of to what extent vehicles and driving personnel are efficiently used. Reports of fleet management experts associate low mileage run with either an excess of vehicles or unnecessary permanent attachment of vehicles to transport sections.

##### 3.1.1 Annual mileage for a sample of passenger vehicles

For the present exercise, a sample of 130 passenger vehicles was examined. Examination of logbooks revealed that most of the tasks performed by passenger vehicles are of routine and non-specialised nature such as despatch, conveyance of staff and store duties. The average mileage covered for the 12 months ending 30 June 2010 is shown in Table 3.

*Table 3 Mileage Covered by Vehicles during 12 Months Ending 30 June 2010*

Mileage	Number of Vehicles	Percentage	Cumulative Percentage
Less than 3,000 km	15	12	12
More than 3,000 but less than 6,000 km	5	4	16
More than 6,000 but less than 9,000 km	11	8	24
More than 9,000 but less than 12,000 km	9	7	31
More than 12,000 km	90	69	100

*Source: vehicle logbooks and monthly returns*

31 per cent of vehicles covered less than the normal use level of 12,000 kilometres. This includes some 16 per cent covering less than 6,000 kilometres, representing 50 per cent of the normal use level.

Cases of low mileage run may be explained by the need for regular short trips. For example, the passenger vehicle attached to the Registrar-General Division (RGD) is mainly used to bank cash collected at the Bank of Mauritius (BOM), despatch of documents to the Treasury Department (TD) and the Assessment Review Committee (ARC). All these sites are within one kilometre radius of the RGD. The average annual kilometre covered by this vehicle is around 6,000 kilometres which is about fifty per cent of the normal use level. Twice a day, the vehicle is used to convey one cashier and one police officer (providing

escort) to BOM premises which is less than half a kilometre away. This is considered as a delicate task by management and requires the permanent attachment of the vehicle.

However, even this delicate task of banking of cash which requires one vehicle and driver to convey a police officer and cashier twice daily has been reviewed by the National Transport Authority (NTA). The NTA collects daily large amount of cash. Banking of cash collected after 1500 hours has been outsourced to a private security firm. The NTA has thus dispensed itself with the need to mobilise one vehicle and its driving personnel on a permanent basis daily for this task.

### ***3.1.2 Permanent attachment of vehicles to ministries and departments.***

The conveyance of staff and store duties do not require the permanent attachment of passenger vehicles. Further, some entities do not require the permanent attachment of vehicles and drivers because of variable workload. If services of a passenger vehicle and driver are required, then these can be hired from other ministries and departments.

Very few entities have recourse to this type of sharing. One such entity is the Office of the Clerk of the National Assembly Office which hire vehicles and driver on as and when basis from the MES Transport section.

Among other transport sections surveyed, only the MAIFS has reviewed the number of vehicles attached to different units/outstations within the ministry. In July 2011, underutilised vehicles have been removed from the units/outstations and consolidated into the main pool at Redit Transport Section. There have been resistance and protests against this decision from the users. Passenger vehicle services are now being provided to users in these units/outstations on an 'as and when' needed basis. This was achieved in accordance with the Transport Section objective to reduce annual mileage of its fleet whilst providing the required level of service. The total annual mileage covered by the fleet during period 2008-2010 has been decreasing by some nine per cent yearly.

In other transport sections examined, there was no stated initiative to reduce mileage run and total fleet cost, through better trip planning and use of cheaper alternatives. Passenger vehicles were continuously being used for destinations which were within walking distance.

The permanent attachment of vehicles has introduced inflexibility in moving passenger vehicles and driving personnel. As such it prevents the sharing of resources and leads to underutilised vehicles and driving personnel.

### ***3.1.3 Trip planning in respect of 'Despatch'***

Only two transport sections (MOE&SD and MAIFS) have initiated proper trip planning to reduce the use of vehicles for 'Despatch' purposes. Details are as follows:

- The MOE&SD recommended 'Despatch' in exceptional circumstances. It recommended the use of the followings cost-effective alternatives: fax, e-mail and postal services.
- The Transport Section of MAIFS at Redit has consolidated 'Despatch' trips of all the ministry's sections/units in Redit area into a single one.

In other transport sections, vehicles were regularly used for despatch of documents to recipient ministries and departments which were located within walking distance.

### ***3.1.4 Utilisation of driving personnel***

Examination of logbooks in all the transport sections revealed that there was significant proportion of drivers time (during the normal hours of work) not spent on driving. Either it was spent on a ‘stand by’ mode waiting for potential new trips or waiting for the planned trips. An analysis on the utilisation of drivers for September 2009 was carried out at the MES Transport Section of the MPI NDU LT&S. This transport section had a pool of 12 passenger vehicles with six drivers attached. It supported the activities of the workshop and provided transport services to other government entities. The breakdown of mileage covered and hours spent on driving for the six drivers is as per Table 4.

*Table 4 Analysis of mileage covered and time spent on driving*

<b>Mileage covered (Kilometres)</b>		<b>Percentage of man-hours during normal hours of work</b>	
<b>During normal hours</b>	<b>During overtime</b>	<b>Spent on driving</b>	<b>Not spent on driving</b>
5,259	5,954	39%	61%

*Source: Vehicle logbooks*

An average of 39 per cent of available of man-hours was spent on driving; 61 per cent of available man-hours were unaccounted. This indicated that the arrangement led to underutilisation of driving personnel

### ***3.1.5 High cost of conveyance of staff and service users after office hours***

It is a normal practice in transport sections to require driving personnel to perform overtime in order to cope with extra work load or to avoid bottleneck or to provide services on a 24 hours / 7 days basis. The overtime paid to driving personnel in four large fleet holding ministries was examined. Data was available only for the six months ending 31 December 2009 and are presented in Table 5.

*Table 5 Overtime as a proportion of salary*

	MOE&SD	MOH&QL	MPI NDU LT&S	MAIFS	TOTAL
Number of drivers	28	179	49	88	344
Overtime from July 2009 to Dec 2009 (rounded to nearest Rs million)	0.5	18.5	0.8	0.1	19.9
Annual Salary (rounded to nearest Rs million)	1.9	12.4	7.4	7.3	29
Overtime as a percentage of salary	26.2%	148.6%	10.7%	1.9%	68.5%

*Source: Payroll*

Overtime for the six month period represented an average of 68 per cent of the annual payroll cost.

To address the high cost incurred on overtime, the Ministry of Youth and Sports, has introduced a new work pattern for drivers. In addition to normal hours of work for drivers (7.45 am to 4.15 pm), management has organised work on a 'Roaster' and 'Shift' basis to provide services without payment of overtime after office hours. Work for drivers after office hours consist mainly of conveyance of athletes and staff to their places of residence. Payment of overtime to 26 drivers for the 12 months ending 2010 is as per Table 6.

*Table 6 Payment of overtime to drivers of Ministry of Youth and Sports*

	Normal	Shift	Roaster	Total
Number of Drivers	13	8	5	<b>26</b>
Annual Basic Salary paid (Rs million)	2.33	1.26	0.77	<b>4.36</b>
Overtime paid-(Rs million)	3.71	1.97	1.07	<b>6.75</b>
Overtime as a percentage of Basic Salary (%)	159	156	138	<b>154</b>

*Source: Payroll*

The overtime paid is 154 per cent of the annual salary. This is on the high side despite the introduction of the new work pattern.

Conveyance of staff (or athletes in the case of the MYS) after office hours accounted for substantial amount of overtime paid to drivers. One particular feature of this arrangement is that while staffs were working overtime or athletes are in training sessions, the drivers were idle but still they were eligible for overtime payment during that period. This unnecessarily contributed to increase in overtime payment. Conveyance of staff and other service users during odd hours were being effected in a different way by some local organisations. One of these local organisations, a large parastatal body has outsourced its needs for transport of personnel across the country to private operators on 24 hours – 7 days basis. This has relieved the organisation from investing in vehicles and operating a fleet which is not its core activities.

### **3.2 High average running cost per kilometre for passenger vehicles**

One indicator of efficiency in fleet management is the average running cost per kilometre of vehicles in the fleet. Currently, the average cost per kilometre for passenger vehicles is not computed. Management is not aware of the average cost a trip of its passenger vehicles. Hence no comparison can be carried with external passenger vehicle service providers. In the absence of such comparison, it is not known whether the current manner of providing passenger vehicles services is efficient or there are more economical alternatives of providing same.

#### ***3.2.1 Computation of an average cost per kilometre for a sample of passenger vehicles***

The average cost per kilometre per passenger vehicle for the 12 months period ending 31 December 2010 for a sample of ministries and departments was computed. Stratified sampling was used to select the sample of passenger vehicles. This enabled the inclusion of ministries involved in different types of activities, with different fleet sizes, vehicle age, models, types, fuel used, mileage covered, driving and administrative personnel. Accurate and reliable data was available in respect of 117 vehicles only out of the sample of 150 passenger vehicles of the six ministries. The sample of 117 vehicles represents 17 per cent of the whole population of some 700 government passenger vehicles.

The total cost for each vehicle for the 12 months period included: cost of fuel, maintenance, driver cost and amortisation cost over 12 years. This excluded overheads (apportionment of salaries & wages of officers involved fleet management cost of utilities, equipment and other administrative expenses) which were not easily ascertainable. The average cost per kilometre per vehicles was pooled for all the ministries and departments, and the results are as per Table 7.



*Table 7 Average cost per kilometre for a sample of 117 vehicles*

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<b>Average cost per km Rs</b>	<b>Number of vehicles in sample</b>	<b>Percentage of sample</b>	<b>Cumulative percentage</b>
0-10	1	1	1
11-20	69	59	60
21-30	24	20	80
31-40	10	9	89
41-50	7	6	95
Above 50	6	5	100
<b>Total</b>	<b>117</b>	<b>100</b>	

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*Source: Vehicle logbooks and files.*

### ***3.2.2 Benchmarking across ministries and departments***

99 per cent of the sample had average cost per kilometre above Rs 10. However, there were large variations in average cost per kilometre among ministries and departments. Some 59 per cent of the vehicles of the sample had average running cost in the range Rs 11-20, while some 20 per cent of the fleet was in the range Rs 21-30. Some of the reasons for the variations were due to differences in: purchase costs, kilometres run, cost of maintenance, drivers salary and overtime.

### ***3.2.3 Benchmarking against taxi fare.***

The standard rate of taxi fare under a standard contract for the year ending 31 December 2010 was obtained from the Taxi Owners Union. The average fare per kilometre for 60 trips contained in the contract was computed and is presented in Table 8.

Table 8 Average taxi fare per kilometre for 60 trips

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Distance km	Minimum fare per km Rs	Maximum fare per km Rs
1-10	16.5	31.25
11-20	9.7	16.5
21-30	9.3	13.4
31-40	7.9	11.8
41-50	9.4	10.5
51-60	8.9	9.7
61-70	8.4	8.4
71-80	7.2	7.2
81-90	7.1	8.1

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Source: Taxi Owners Union standard contract

The taxi fare is inclusive of all cost and profit. The average fare per kilometre decreases with increasing trip distance. The median fare per kilometre was computed to be Rs 10 and was similar to the average market rate stated by the Taxi Owners Union.

Although the average cost per kilometre for government passenger vehicles in the sample is understated due to exclusion of overheads, 99 per cent of government passenger vehicles have average running cost per kilometre higher than the median fare per kilometres charged by taxis. 40 per cent of the sample of government passenger vehicles has average running cost per kilometre which is more than twice the market rate of taxi fare per kilometre.

This indicates that average cost per kilometre for government passenger fleet was higher than market rate taxi fare per kilometre.

### 3.3 Misuse of vehicles due to non-compliance with regulations

#### 3.3.1 Filling of 'Request for Transport' form

The MOFED issued Circular letter no 13 of 2003 requesting the use of a standard 'Request for Transport' form following the report of the MAB Report on 'Use/Misuse of Government Vehicles' in response to regular reports on misuse of vehicles. This standard Request Form represents a reliable control to prevent misuse of vehicles. If properly filled in, it helps to identify precisely the users, their eligibility, the official nature of the trips and the appropriate authorisation. The followings were observed:

- The MOH&QL had some 286 passenger vehicles. The standard Request Form was not being used. Instead, an internally devised transport request form was being used by those requesting passenger vehicle services from the ministry's pool. This form did not require users to specify their eligibility for using vehicles from the pool. In several cases transportation was also provided to users who make requests verbally by telephone or through letters. Such requests did not always mention their eligibility.
- The MPI NDU LT&S had some 48 passenger vehicles. The standard Request Form was not being used. For example at the MES transport section of the ministry which had some 12 passenger cars, passenger vehicles services were provided to users following requests made by phone and letters. Eligibility of these users was not ascertained.
- The Ministry of Gender Equality, Child Development and Family Welfare (MGE CD FW) had 20 passenger vehicles which were assigned at the Head Office and the different centres across the island. The standard Request Form was not being used. Request for vehicles use were made verbally to the Controlling Officers.
- The standard request form was being used by the transport sections of the MAIFSI& FS and MOE&SD which had 93 and 33 passenger vehicles respectively.

Based on the above, in three transport sections (MOH&QL, MPI NDU LT&S and MGE CD FW) holding 50 per cent of the total passenger vehicles fleet, the standard Request Form was not being used. This non-compliance represented inadequate control over ineligible and non-official use of passenger vehicles.

### ***3.3.2 Misuse by officers benefiting from travel grants, duty concession and chauffeur-driven car***

Under the civil service ownership scheme, the following restrictions were applicable for officers benefiting from travel grants and duty remissions:

- The PMM and PRB Reports specify that Officers benefiting from duty remission and those in receipt of travel grant/travelling allowances should compulsorily use their cars for official travelling and private purposes. Such officers should not be allowed to use the organisation's vehicles except in exceptional circumstances.
- The PRB stipulates that officers eligible for duty remission and who have to travel regularly on sloppy, rocky, and uneven roads to get access to site of work may opt to purchase a 2x 4 or a 4x4 double cabin pick. The PMM recommends that an officer who is eligible for a 4x4 or 2x4 double cab pick up vehicle and who has purchased a saloon car, shall compulsorily use the car for official purposes even on sloppy, rocky and uneven roads.

The following non-compliance was noted:

- There were several cases at the MPI NDU LT&S and MOE where senior officers having benefited from duty remission and drawing travel grant, were in many cases using government vehicles for official meetings and for site visits. Several reasons were put forward by officials to exempt themselves of the PRB recommendations. The exceptional circumstances under which officers benefiting from travel grants, duty concession and

chauffeur-driven car were not defined in the PRB Report. There is no official guidance whether their cases satisfy the exceptional criteria

- In four ministries surveyed (MHL, MGE CD FW, MLIR&E and MIC&CP) high officials were using passenger vehicles for their private use from the vehicles pools of their respective Ministries, despite the fact that they have already benefited from car schemes, duty concessions and travel grants for official and private use. This includes their conveyance to and from their places of residence.
- It was also noted that many trips, recorded in logbooks, did not receive prior sanctions of the Controlling Officers and, there was no documentary evidence to support the official nature of these trips in these four ministries.
- In several cases, reasons stated in the logbooks for trips were as follows:
  - ‘Despatch’
  - ‘Duty Minister’, ‘Minister Duty’, ‘Duty for Minister’, ‘Despatch for Minister’

In these cases, the signatures of the controlling officers were missing in log books. Consequently, there was no documentary evidence to support whether these trips were duly authorised.

Controlling Officers are usually junior officers of the General Services class. This provides an opportunity to senior officers and officials, not entitled to government passenger vehicles, to override controls by exercising authority and pressure over them.

### ***3.3.3 Control through identification of government passenger vehicles***

There was a practice in the past to insert the logo or name of ministries and departments. Currently, several government vehicles attached to transport sections do not have the ministries or departments logo displayed. There is heavy reliance on the ‘RM’ and ‘GM’ license number plates to identify government vehicles. The ‘RM’ number plate is sometimes not easily discernable for a private ‘MR’ number plate. Some vehicles even bear civil numbers. Presently, there is no regulation which requires the insertion of a prominent logo or ministry’s/department’s name on the vehicle to identify it as a government asset.

The odometer reading is the control mechanism which ensures that drivers do not misuse government vehicles during week end and overnight. However, the followings shortcomings were identified in respect of odometers:

- Odometers of many vehicles were out of order. Odometers are expensive devices and are not usually available on the market.
- No regular checks (on odometer readings and logbooks) were carried out by controlling officer in cases where one vehicle was assigned to a particular driver over several weeks. There were risks of teeming and lading which might be ongoing and remained undetected.
- Regular checks were not carried out on the accuracy of distances recorded on the trips whereby mileage slacks could be created to accommodate their private use.

Faulty odometers, absence of regular checks on odometers and keeping of vehicles on drivers premises provide opportunity for misuse.

One effective way to prevent misuse of vehicles is to encourage members of the public to report such potential occurrences through the press, letters or telephone to Accounting officers. Detection of such practices starts with the ease with which government vehicles can be identified from private ones. In several countries like USA and Australia, there are specific regulations which require insertion of a government logo or ministry's or department's name on the vehicles. Some vehicles assigned to specific officials and agencies are exempt from this type of identification. Members of public are encouraged to report potential misuse through hotlines. There is no such arrangement in Mauritius. This reduces the opportunity of mitigating the misuse of passenger vehicles.

In 2008, one county in USA purchased Web-based GPS tracking units, to equip all vehicles with GPS tracking. These small devices were easily installed to record a vehicle's location, idle time, speed, and ignition start and stop. Data was updated via the web every five minutes to produce reports. These reports helped to continually track fleet activity without dedicating a full-time resource to the job. Use of this technology helped to resolve several fleet issues, such as reducing vehicle misuse, boosting employee productivity, and improving emergency vehicle response time. This option to control misuse necessitates additional investment in technology and trained personnel.

### **3.4 Oversight and assessment of operation of passenger vehicles**

As per good practices, effective fleet management aims at reducing and minimising overall costs through cost effective utilization of resources such as vehicles, fuel, spare parts, drivers etc. This requires comprehensive set of objectives, key performance indicators (KPI) and targets to monitor fleet operations. The FMM recommends the use of a cost centre approach and the record of fleet data (as per Chapter 20.8 and 20.10). This will assist management in setting up appropriate management information system with reporting capabilities.

#### ***3.4.1 Assessment of operation of passenger vehicles***

Currently the monitoring of fleet operation at ministries and departmental level is informal and details are as follows:

- At central government level, there are no KPI and targets for transport sections. The assessment of efficiency and effectiveness on the use of vehicles is based on a large extent on non-measured output, qualitative data and verbal feedback from users and operating personnel. For example no data are compiled on the number of requests for transport that could not be met, number of instances where excessive downtime affected operations, the proportion of under-utilised vehicles, and vehicles with high maintenance and running cost.
- Their assessment is based mainly on general terms such as: the ability to provide transport timely for a maximum number of requests, keep number of grounded vehicles as low as possible.

- Consolidation is not carried out to identify the operation cost of transport sections and passenger vehicles.
- Under the TAS, the amount spent on acquisition and operation of all types of vehicles is lumped. The amount spent for the year ended 31 December 2010 on some 7100 vehicles, excluding driving cost, is as per Table 9.

*Table 9 Expenditure on government fleet*

	<b>12 months period ending 31 December 2010 Rs million</b>
Acquisition of vehicles	220.4
Maintenance of vehicles (exclude cost of labour used for maintenance in government workshops)	138.6
Fuel & Oil	196.2
<b>Total</b>	<b>555.2</b>

*Source: Treasury Accounting System*

It was not possible to extract the expenditure relating to passenger vehicles only out of the total of Rs 555.2 million.

The current monitoring of fleet operations based exclusively on non-measured output at entity level is inadequate. Absence of adequate and proper management information prevent management from ascertaining whether the fleet size is correct, vehicles and drivers are available and operating costs are minimised. The present system of manual data capture and recording is unable to support a proper management information system. A fair estimate in monetary terms of the effects of misuse and non-compliance in each of the transport section was outside the scope of this assignment as costing information was not readily available. Consequently, the effect of misuse and non-compliance was assessed on a qualitatively basis only.

Many organisations both local and overseas have adopted automated system of data capture and reporting. With this system fleet functions such fleet inventory, preventive and repair maintenance, fuel consumption tracking, and parts inventory are easily and reliably managed. In addition, the automated system also generates management reports. It requires fleet administration software, system administration, database management, network engineering and data processing. This automated system is costly to implement and maintain. According to experts in this field, it is cost-effective in organisations with large fleets and centralised fleet management. Automation of data capture in the distributed pools of passenger vehicles will definitely support management information system, but will be costly option.

### ***3.4.2 Oversight over operation of passenger vehicles***

Good practices require a central oversight with a fleet management strategy. A central oversight helps to formulate a plan, objectives & targets, clear written policies, procedures, and guidelines to purchase, maintain, operate, dispose and control over vehicles. Previously there was an oversight exercised by the ex-Ministry of Works and Ministry of Finance as regards to purchase, maintenance, operation and maintenance in the absence of formal strategy. Currently there is no central oversight over passenger vehicle operations in the following ways:

- The annual budgetary process is the only mechanism which allows policy makers to have an overview of fleet operations in the decentralised set up. Prior to approval by Parliament, the MOFED reviews the budget of individual ministries and departments in respect of expenditures on vehicle acquisition, running and maintenance. Ministries and departments justify the need for additional vehicles broadly in terms of increased workload and ageing vehicles which are not reliable due to frequent breakdown. They are not required to provide detailed information such as the mileage run, days-in-use, maintenance and repair cost of each vehicle in the fleet. Only in the case of old vehicles which are subject to frequent breakdowns, the MES is required to provide a certificate that these vehicles are beyond economic repair and their replacement are justified.
- The FMM requires that Monthly Return (MR) be prepared on fuel consumed and mileage covered for each passenger vehicles. These MR have to be sent to the MES where they are expected to be scrutinized by workshop personnel to identify any abnormal feature, say abnormal consumption of fuel by individual vehicles. Several transport sections are not preparing this MR. At the MES, these MR are not being scrutinised. They are just being filed in the respective file of individual ministries and departments.

The overview of the MOFED is focused on fund allocation. It does not provide information to policy makers on the followings aspects:

- Whether the current system of providing funds to individual ministries and department to purchase their vehicles and build a fleet to support their operations, the most appropriate alternative?
- How many passenger vehicles government owns and are they effectively utilised in different ministries and departments to support government operations?
- What is the total cost of passenger vehicle fleet? Is the cost reasonable when compared to similar services provided by private parties? What costs could be reduced without affecting the level of service?
- Are there necessary mechanisms in each ministries and departments to prevent misuse of passenger vehicles?
- Are vehicles replaced and disposed of at the right time?

This information provides a context to understand how each vehicle in the fleet is being used and the resources required to manage the fleet. The budget process is not sufficient for policy makers to determine whether fleet expenditure is reasonable and expectation of service users is being met.

Furthermore, under the current decentralised set up, it is unlikely that a formal strategy be developed for passenger vehicles because of the following reasons:

- Currently the functions of providing passenger vehicle services are spread among different stakeholders involved for purchase, operation, maintenance and disposal. For example it involves the administrative cadre, driving personnel, workshops, procurement sections, MOFED, PPO etc. Execution of these functions do not form part of the core duties of user ministries and departments. As such, passenger vehicles play a supportive role and their management is not considered to require a formal strategy.
- In government accounting, the total cost of vehicles is distributed over different vote items: acquisition, running cost, maintenance cost and personal emoluments of drivers. The total cost of a vehicle fleet is relatively small in a ministry or department budget, but significant when viewed at central government level. When cost is not significant, it is unlikely that an entity will develop a formal strategy.
- The setting up of individual pools of vehicles across government entities has provided passenger vehicle services very close to their site operations. This proximity to users has been considered to be more effective and responsive due to its proximity to users. It is impractical for each entity (some 25 entities have less than five vehicles each) to formulate a strategy.



## CHAPTER FOUR

### CONCLUSION

The objective of ministries and departments is to make optimum use of limited resources on provision of core services. Owning and operating passenger vehicles is an ancillary or support function to support their core services. Currently, the procurement, operation, maintenance and disposal of passenger vehicles are being carried out in a decentralised manner across ministries and departments. This inevitably leads to the permanent attachment of these vehicles to these ministries and departments.

Reviews, restructuring exercises and audit reports have regularly addressed inefficiencies and ineffectiveness in the current way of providing passenger vehicle services. The findings in this report illustrate material weaknesses in the manner in which the services were being provided. These material weaknesses relate mainly to misuse of vehicles, underutilisation and limited sharing of resources across transport sections. A benchmarking exercise revealed that the average cost per kilometre for government passenger vehicles was higher than the average taxi fare per kilometre. This indicates that the current arrangement may be uneconomical, and requires an in-depth analysis. The main cause of these weaknesses is inherent in the decentralised manner of allocating passenger vehicles permanently to users. Users consider these resources to be 'free' and can be utilised with little accountability. This is a world wide phenomenon.

The permanent attachment of passenger vehicles to ministries and departments is not strictly necessary for operational purposes. Alternative ways of providing passenger vehicle services have to be considered for providing an economical, efficient and effective service.

## CHAPTER FIVE

### RECOMMENDATIONS

#### 5.1 The way forward

Government is continuously challenged to do more with less by allocating resources more suitably and making better use of them. This requires continuous change in the way services are organised and delivered. Many large governmental and non-governmental organisations in several countries, as described below, have challenged the ways of providing passenger vehicle services. Some have centralised while others have outsourced their fleet management functions. This process which started decades ago was not necessarily due to the possibility of carrying fleet management functions more cheaply by taking advantage of economies of scale and specialisation. The main reason behind this move was to focus corporate resources and attention on core missions, rather than on support activities like fleet management.

#### 5.2 Lessons learnt from overseas

In line with the practice to focus on core objectives and outsource support activities, the trend nowadays in countries like USA, South Africa, Malaysia and Botswana is the centralisation of fleet activities and charging users for full cost of services. This practice provides a single agency (governmental or private) to manage vehicles in a centralised cost centre where all capital and operating costs can be tracked simultaneously. This enables an organisation to constantly recognise the total cost of ownership of vehicles. When costs are recognised, user's behaviour changes and cost-effective decisions are taken.

The major advantages from operating a single cost centre through a government agency are:

- Decreased employees required to manage a fleet of vehicles. Specialisation leads to greater synergies and economies of scale.
- Right-sized (or optimally sized) fleets from increased vehicle sharing programs (i.e., pool common and specialty equipment) as activities are centralised.
- Fleets are replaced timely through the set up of Renewal / Replacement Fund.
- Fleet can be standardized by reducing the number of makes and models. This reduces downtime of vehicles parts inventory costs.
- Single cost centre increases data quality, performance measurement and greater benchmarking of common fleet activities.

For example in Botswana, the Central Transport Organisation (CTO) provides vehicles to ministries and departments in order to ensure that Government's transport needs are met effectively. The CTO is a government organisation which introduced the charge back system in 1998 for short term hire of vehicles. The majority of ministries and departments have become more vigilant in controlling their transport operations and expenditure. A Transport

Establishment Review Committee (TERC) was set up in July 2000 to monitor the utilisation of the existing allocated vehicles, consider and make recommendations on requests for additional fleet expansion by ministries and departments. Since its coming into operation, TERC has successfully managed to withdraw under-utilised vehicles, reallocated under-utilised vehicles to needy ministries and departments, and curtailed fleet expansion requests.

In some countries the whole fleet management has been outsourced to the private sector. This even includes specialised services like police and fire services fleet. This was done through long term or short term contracts.

- For example in Malaysia, one specific administrative duty of its government was the provision and maintenance of its fleet of saloon cars. Budgetary constraints led to an aged fleet that in turn affected timely replacement cycles, escalating maintenance costs, frequent breakdowns and poor serviceability of its vehicles. One local private company was given the responsibility to supply and maintain all the federal Government's fleet of saloon cars effective as from 1994 for a period of 25 years. The following benefits were reported:
  - relief from managing fleet
  - overcoming of budgetary constraints
  - cost-savings and reliable service
  - replacement of vehicles on pre-determined cycles
  - improved availability of vehicles and operational efficiencies
  - revenue from sales of its existing aged fleet
  - dispensed with replacing aged vehicles
  - current fleet was less than five years old
- Several countries have adopted short term contract with fleet providers after tendering procedures. For example, in Lesotho, government has entered into a five-year contract with Avis Fleet Services to achieve the most cost effective utilisation of the Government fleet through outsourced management. The deal involved some 750 vehicles, including passenger, light commercial, medium commercial and heavy commercial vehicles. In addition to the long-term rental agreement, Avis Fleet Services would also supply vehicles for short-term rental and replacement hire. The contract is managed through a joint venture between Avis and Mason World (Pty) Ltd, a consortium of local nationals and companies including Toyota Maseru. The joint venture, trading as Avis Fleet Services Lesotho, is responsible for the day to day management of the account. Maintenance works are carried out through the joint venture's network of workshops.

### 5.3 Options for change

Based on lessons learned, it is recommended that government consider centralisation and outsourcing as potential alternatives to the present way of providing government passenger vehicles in Mauritius. These will address the inherent and recurrent weaknesses in the decentralised set up of allocating vehicles permanently to ministries and departments. One way is to centralise fleet management with a setting up of a charge back system. A completely different way is to outsource all transportation activities. Both require major structural and operational changes. The options, as recommended in paragraphs 5.3 and 5.4, will necessitate a cost-benefit analysis exercise prior to identify which model suits most appropriately the Mauritian context.

#### 5.3.1 Centralisation of fleet management and chargeback

Management can consider the centralisation of all fleet activities under one entity. This entity may be referred as a Central Transport Unit (CTU) and can be operated in one of the following ways:

- A central fleet management unit within a ministry or creation of a department.
- A statutory body operating the fleet of passenger vehicles
- A statutory body overseeing the fleet management activities which have been outsourced to a private fleet management company.
- A Government Owned Company managing the fleet.

These options have been analysed according to their merits and demerits as per [Appendix II](#). The CTU could take over the individual fleet management functions of passenger vehicles from each ministry and department. This will involve the transfer of all passenger vehicles and driving personnel. It would own the vehicles, maintain and operate them. With centralisation the inherent weaknesses will be minimised, if not eliminated. Some of the benefits that will be realised are as follows:

- Ministries and departments will get rid of non-core activities.
- Duplication of overheads and individual inefficiencies in fleet management will be eliminated.
- A single entity will ensure more expertise, accountability, coordination, and control over workshop repairs, roadworthiness and reliability of vehicles.
- Drivers will be fully utilised through new work pattern: shift system, back up and relocation of site of work and no recourse to keep vehicle overnight and weekends.
- There will be improved trip planning, vehicles will not be spending a lot of time in parking slot of ministries and departments.
- Misuse will be minimised as vehicles will not be permanently attached to users.
- Users will become more vigilant in controlling their transport operations and expenditure through the chargeback system.

- The number of makes and models will be reduced as one single entity will be responsible for vehicle purchase. This will reduce downtime of vehicles and reduce spare parts inventory.

Ministries and Departments submit their daily / weekly request plan for vehicles to the CTU which will organise transport in the most cost –effective way. The ministry/ department will be charged on a ‘taxi’ fare basis per hour or per kilometre or per day. Ad hoc requests may be charged at different prices. Ministries will have to estimate this cost, make provision in the budget and exercise financial control.

### ***5.3.2 A central fleet management unit within a ministry or creation of a department***

A separate department or unit may be created based on the CTO model of Botswana. The CTO is attached to the Ministry of Transport and Communications and is responsible for providing and maintaining all vehicles used by the ministries and departments.

### ***5.3.3 A statutory body operating the fleet of passenger vehicles***

An autonomous body created by statute would take over all vehicles and driving personnel. The Board of the statutory body would be responsible for fleet management and accountable to government. Its activities would be financed by the system of chargeback. The chargeback rate would be calculated in such a way that it is sufficient to cover operating, administrative, new infrastructure and replacement of vehicles.

### ***5.3.4 A statutory body overseeing the fleet management activities which have been outsourced to a private fleet management company.***

An autonomous body created by statute would take over all vehicles and driving personnel. All assets would be owned by that statutory body. The fleet management activities would be contracted to a private Fleet Management Company (FMC) against payment of a management fee and possibly a share in the surplus generated from operations. The FMC would operate the fleet on a commercial line through a system of chargeback. The chargeback rate should ideally be below the commercial rate charged by private operators. However it should be sufficient to cover the management fee, planned replacement of vehicles, operating and administrative expenses. The statutory body share of the operating surplus generated may be remitted to government or ploughed back to purchase additional vehicles and other assets. The Board of the statutory body would act as a liaison between government and the FMC for policy decisions, without any involvement in fleet management activities.

### ***5.3.5 A Government Owned Company managing the fleet.***

A government owned company (GOC), as a government investment, may be created to operate autonomously. Fleet operations would be carried along commercial line with a chargeback rate similar to the private sector. It would decide on the transfer of existing

vehicles, infrastructure and driving personnel, recruitment of specialist personnel and purchase of new assets. Operating surplus would be credited to government revenue.

#### **5.4 Outsourcing to private sector.**

A simple way to outsource passenger vehicle services is through hiring of taxis or contractors' cars, as it was done in the seventies and eighties. This is a relevant business case for government to consider.

Currently there are several fleet service providers on the local market who provide a range of passenger vehicle services to tourists and non-tourists. These operators can be considered for provision of passenger through tendering procedures.

**Areas for Action Identified in the PSIP in respect of Vehicles Management**

<b>1</b>	<b>Key Area</b>	<b>Recommendations</b>	<b>Actions</b>
	Management of Fleets	Vehicle Replacement  Institution of Central Purchasing Committee Vehicle Replacement Programme Standardisation of makes Setting up of a reserve fleet	Setting up of committee  Preparation of programme Identification of makes Purchase of vehicles
	Care & Maintenance	Designation of Transport officers  Routine maintenance at ministry level Provision of shelter after office hours Construction of additional shelters	Drafting of duties  Training of drivers  New parking sites  Identification of sites
	Delivery of Efficient vehicle	Maintenance services to Customers  Introduction of job cards in workshops Appointment system for repair & servicing Review role & effectiveness of workshops Client/ workshop relations Stores Review of stores procedures Computerisation of stores Use of second hand spare parts	Training of staff  Training of staff  Compilation of data  Set up procedures Recruitment of staff New FMM Initiate process Approval of MOF
	Management and Team Building	Apprentice scheme  Training of staff  Change in management structure	New scheme drafting  Preparation of training programme Recruitment & new scheme
	Financial	Workshops to be a separate cost centre within ministry Charging the cost of labour , overheads and spares to clients to promote cost- consciousness	Preparation of separate budget Creation of separate item for repair and maintenance against running costs. Creation of one item in workshop vote for purchase of spares for vehicles of all ministries & departments.

Source: Ministry of Public Infrastructure & Land Transport

**Analysis of Options for Providing Passenger Vehicle Services**

Advantages	Disadvantages
<b>Centralised Transport Unit (Autonomous body or within a ministry)</b>	
<p>Strategy development and policy formulation.</p> <p>Development of information system- Central request entertaining system with the possibility of using information technology for trip planning, allocation and monitoring.</p> <p>Minimum usage policy and rotation of underutilised vehicles enforced.</p> <p>Charge back system for transport services might trigger cost consciousness and accountability.</p> <p>Drivers posted on shift system. Better planning of trips to reduce cost of operations.</p> <p>Smooth transition &amp; implementation expected.</p>	<p>Infrastructure rehabilitation for proper shelter and parking of fleet- might be costly.</p> <p>Interference from higher officials still present but to a lesser extent.</p>
<b>Statutory Body</b>	
<p>Strategy development and policy formulation.</p> <p>Development of information system and consolidated in its financial statements.</p> <p>Charge back basis for transport services will call for better customer focus and improved service delivery to meet user demands. Central request entertaining system with the possibility of using ICT for trip planning, allocation and monitoring.</p> <p>Opportunity to define a set of new rules, regulations, sanctions, disciplinary measures and code of conduct to regulate the conduct of business.</p>	<p>New opportunities for a fresh start but statutory bodies remain prone to external influences.</p> <p>Lengthy processes to enact the law, proclaim, establish structures and recruit personnel.</p> <p>There may be high cost implications for the Government.</p>



Advantages	Disadvantages
<b>Statutory Body with fleet management outsourced to a FMC</b>	
<p>The onus is on the company to maximise returns on resources consumed.</p> <p>Misuse/ Abuse will be minimised if not eliminated.</p> <p>Develops own information system and management accounts to be consolidated in its financial statements and annual report.</p> <p>Charge back basis for transport services will call for better customer focus and improved service delivery to meet user demands.</p>	<p>Outsourcing contracts are not easy to manage.</p> <p>Government employees may resist.</p>
<b>Government Owned Company</b>	
<p>Will set up own business planning and performance monitoring mechanism.</p> <p>Develops own information system and management accounts to be consolidated in its financial statements and annual report.</p> <p>Expansion of the scope of services is very likely in order to operate on a commercial basis.</p> <p>Hiring and firing of personnel is expected to be very flexible and effective in selecting the most competent staff.</p> <p>Maintenance activity that is more likely to be offloaded to other private, reliable and trusted maintenance contractors such as agencies.</p>	<p>Government employees may resist</p> <p>May take some time to establish structures and personnel before being fully functional.</p>

Advantages	Disadvantages
<b>Outsourcing - Taxi</b>	
<p>Entire responsibility for services rests with contractor</p> <p>No passenger vehicles pools kept by government/ No assigned fleet.</p> <p>No purchase or disposal of passenger vehicles required.</p> <p>Trip planning, request entertaining and underutilisation offloaded to contractor</p> <p>Certification of payments to be accompanied with detailed trip particulars- itinerary and duration.</p> <p>Lesser collusion expected as penalties and sanctions may be included in the contract document.</p> <p>Maintenance activity for the passenger vehicles offloaded to the contractor.</p>	<p>Financial controls to be strengthened at government level for genuineness of trips.</p> <p>Other forms of abuse might arise as collusion might exist between contractor and users.</p> <p>There may be resistance to outsourcing.</p>