NON-REVENUE VEHICLES

PROGRAM EVALUATION AND AUDIT

METROPOLITAN COUNCIL

Contents

What We Found

What's Working Well

Metro Transit (MT) and Environmental Services (ES) are properly procuring and disposing of non-revenue vehicles and are generally completing routine vehicle maintenance and vehicle repairs in a timely manner. Additionally, vehicles involved in accidents and incidents are properly reported to the Risk Management department.

What Needs Improvement

Controls and documentation around non-revenue vehicle maintenance, usage, and license verification are either non-existent or need improvement. Additionally, it was challenging to locate some MT non-revenue vehicles.

What We Recommend

MT should define a schedule and develop a method to track work orders for non-revenue vehicles. Additionally, MT should require all staff using non-revenue vehicles to agree to complete the "Vehicle Use Agreement" form and periodically review for misuse, while ES should document their process. Finally, MT should define and document a minimum threshold for vehicle use.

Information Services (IS) should consider converting the "Vehicle Use Agreement" form to an electronic form and have a secure central location where employees can submit their information to use a non-revenue vehicle and the "Vehicle Use Agreement" form.

Why We Did This Work

Audit decided to review non-revenue vehicles across the Council as a follow-up to the fuel management audit, which was completed in 2024. Audit set out to verify that non-revenue vehicles are used, procured, maintained, and disposed of according to Council policy and procedures.

What We Reviewed

Audit reviewed all non-revenue vehicles that were used, procured, maintained, or disposed of between June 30, 2023, to June 30, 2024.

How We Did This Work

Audit conducted an on-site inventory review of non-revenue vehicles and reviewed several records related to maintenance, accidents, claims, procurement, disposal, etc. Audit also reviewed data about frequency of non-revenue vehicle use and confirmed that employee driver's licenses are verified according to Council policy and procedure. Finally, Audit conducted interviews with staff members as needed.

Summary of Findings

Number	Description	Recommendation	Follow-up Action	Page
Observation 1	No Controls Exist to Ensure Timely Maintenance or Repair of Non-Revenue Vehicles at Metro Transit	Metro Transit should implement a control that defines a schedule or deadline for non-revenue vehicle work orders and a more automated system to monitor the status of work orders.	Confirmation	*10*
Observation 2	Processes for Monitoring Non-Revenue Vehicles Can Be Improved	Metro Transit should conduct a cost benefit analysis of equipping its non-revenue fleet with AVLs and subsequently decide whether to outfit all non-revenue vehicles with AVLs.	Confirmation	*12*
		Metro Transit should establish and document a process to periodically review or audit if an employee uses a non-revenue vehicle for personal use.	Confirmation	
		Metro Transit should define and document a threshold for non-revenue vehicle use and then monitor non-revenue vehicles to that threshold.	Confirmation	
		Environmental Services should document their process for how they monitor non-revenue vehicles for personal use.	Confirmation	
Observation 3	The Driver's License Verification Process Needs Improvement	Metro Transit should require all staff using any non-revenue vehicle to agree to the terms of the "Vehicle Use Agreement."	Confirmation	*14*

		Information Services should work with the divisions to evaluate if the "Vehicle Use Agreement" form can be converted to an electronic version and if a secure central location can be created where all Council employees can submit their information to use a non-revenue vehicle and agree to the "Vehicle Use Agreement."	Confirmation	
		Information Services should determine a method to provide Wisconsin driver's license verification information to the stakeholders.	Confirmation	

Introduction

Background

The Metropolitan Council maintains a fleet of non-revenue vehicles meant only for Council business by Council employees (Table 1). MT and ES use non-revenue vehicles to support their work that includes transporting employees within wastewater treatment plants, patrolling bus and light rail stops, carrying supplies within bus garages to maintenance areas, and several other activities. Both MT and ES are responsible for procuring, maintaining, replacing, and disposing of their respective non-revenue vehicles. Non-revenue vehicles are self-insured by the Council, and Risk Management works with MT and ES to handle claims involving non-revenue vehicles.

Table 1: 2024 Non-Revenue Vehicle Inventory

Division	Vehicle Inventory Count	Uses/Types of Vehicles
Metro Transit	440	Farebox Repair Materials Management Pool Vehicles Transit Police Transit Systems Development
Metropolitan Council Environmental Services	172	Heavy Trucks Class 6, 7, & 8 Pickup Trucks Loaders Forklifts Farm Tractors Electric Vehicles Base/Facility Vehicles

The Facilities and Fleet Manager in the Maintenance & Security department monitors non-revenue vehicles for ES. Starting in 2022, ES placed devices on their non-revenue vehicles, known as automatic vehicle locators (AVLs). The AVLs allow the ES Facilities and Fleet Manager to monitor the location, movements, mileage, idle time, speed, and more information for each non-revenue vehicle. Information from the AVLs connect to a central database, and the non-revenue vehicle information can then be transferred to WAM. The ES Facilities and Fleet Manager requires that each non-revenue vehicle be used at least three times each week (i.e., at least 60% utilization). The AVL data is used to create weekly reports on vehicle use that are sent to managers.

Non-revenue vehicle maintenance for ES is scheduled by notifications from a preventative maintenance system in WAM. Maintenance schedules for non-revenue vehicles vary based on type, idle time, and vehicle use. To determine if a vehicle is ready for replacement, the ES Facilities and Fleet Manager evaluates the vehicle's condition based on 11 factors. The final step is an inspection of the vehicle to confirm if replacement is necessary. The vehicle's AVL and ID are removed, and then the vehicle is auctioned online.

For MT, two non-revenue supervisors in the Bus Maintenance department monitor non-revenue vehicles. MT tracks non-revenue vehicle mileage in TxBase. Some vehicles are equipped with AVLs, and reviews of non-revenue vehicle inventory are done annually to ensure an accurate count in TxBase. Non-revenue vehicles are assigned to specific employees, and MT tracks the location of the vehicle and its assigned employee in TxBase.

Non-revenue vehicle preventative maintenance for MT is scheduled by vehicle mileage. A non-revenue vehicle is scheduled for replacement once it reaches a particular age, reaches the 100,000-mile mark, or a special assessment of the vehicle concludes that it may be no longer worth the cost of maintaining. Conversely, an assessment could find the vehicle can continue to be used. Vehicles no longer fit for use are auctioned online.

MT and ES employees who drive non-revenue vehicles must have a valid driver's license. Employees must submit a "Vehicle Use Agreement" form before having access to driving non-revenue vehicles, and license checks are performed weekly for Minnesota residents and monthly for Wisconsin residents. Employees cannot use non-revenue vehicles for personal reasons, and non-revenue vehicles cannot be taken outside of Minnesota.

Audit previously conducted an audit of non-revenue vehicles in 2019. Additionally, in 2023, the Audit Department reviewed fuel management for non-revenue vehicles.

Objectives

The objectives of this audit were to:

- Ensure non-revenue vehicles are being maintained, used, tracked, and insured according to Council policies, procedures, and control documents.
- Ensure that non-revenue vehicles are procured and disposed of according to Council policies, procedures, control documents, and best practices.
- Verify employees are eligible to use non-revenue vehicles according to Council policies/procedures, federal requirements, and state requirements.

Scope

Audit reviewed non-revenue vehicle inventory, maintenance schedules, vehicle idling and general vehicle use, as well as accident and incident reports, insurance claims, and records of purchase and sale of vehicles from ES and MT between June 30, 2022, to June 30, 2024. Audit also reviewed Council policies, procedures, documentation, and data associated with non-revenue vehicles.

Methodology

Audit staff interviewed staff members from ES Maintenance & Security, MT Bus Operations, and Risk Management to understand how non-revenue vehicles are used and maintained. Interviews with ES and MT were also used to evaluate vehicle idling, if vehicles were used by employees for personal reasons, and if license checks are being performed.

Audit obtained records of vehicle maintenance from MT and ES to ensure timely vehicle maintenance. Documentation from MT, ES, and Risk Management was used to evaluate proper reporting within the Council for incidents involving non-revenue vehicles. AppExtender and PeopleSoft were used to evaluate procurement of non-revenue vehicles. Records of disposal and vehicle sales from ES and MT were used to ensure proper vehicle life-cycle plans are followed. To ensure accurate tracking of MT and ES inventory, onsite audits were conducted to confirm non-revenue vehicles were located in the locations reported in WAM or TxBase.

Limitations

Audit was not able to independently verify the location of vehicles at MT and instead relied on MT staff to identify a sample of vehicles in their respective locations in advance of the onsite review. This was because although MT maintains a list of non-revenue vehicles and the corresponding departments they belong to, most MT vehicles do not have AVLs and are generally not kept at one location for an extended period.

Thrive 2040 – Strategic Planning - Equity

This audit considered the Council's Thrive MSP 2040 Outcomes and Principles of Stewardship and Accountability by ensuring that the Council is responsibly using public dollars to procure and maintain non-revenue vehicles.

Recognition

We want to thank ES Maintenance & Security, MT Bus Maintenance, and Risk Management for their cooperation and collaboration during this audit.

Non-Findings

All Non-Revenue Vehicle Accidents and Incidents were Reported to Risk

This audit reviewed all incidents within the scope of the audit at MT and ES that involved a third party, typically a driver not employed by the Metropolitan Council. Both ES and MT reported all incidents appropriately to the Risk Management department.

All Non-Revenue Vehicles Procured and Disposed of Properly

Audit reviewed a sample of non-revenue vehicles procured and verified that both MT and ES followed the appropriate procurement processes. Most vehicles were purchased using a state contract for cost-effectiveness.

Audit also took a sample of vehicles disposed of by MT and ES and verified that disposals were recorded, and documentation including receipts from the MN auction website, bills of sale, and/or transaction records with sale dates, were retained for each vehicle. The types of documentation required for non-revenue vehicles are not explicitly stated in any retention schedule, but Enterprise Content Management staff confirmed that if MT and ES can prove that disposed-of vehicles were owned by the Council, MT and ES are in compliance with their retention schedules.

No Controls Exist to Ensure Timely Maintenance or Repair of Non-Revenue Vehicles at Metro Transit

For a sample of 20 non-revenue vehicles, six non-revenue vehicles each had one work order that was not marked as complete. Additionally, work orders for standard preventative maintenance took between one day and eight months to mark as complete.

Metro Transit's Non-Revenue Fleet Management Procedure (FM 8-1e) notes that procedures are required to monitor maintenance.[1] In addition the Government Accountability Office's *Green Book* states that management should have controls in place to achieve objectives and address risks.[2]

One of the reasons that work orders are not being completed is that there is no control within the TxBase system that sets a timeframe or due date for maintenance or repair of Metro Transit non-revenue vehicles. Also, TxBase does not generate reminders to complete open work orders, and instead Metro Transit employees must manually search for work orders in the TxBase system.

According to the Service Garage/Non-Revenue Vehicle Manager, there are additional reasons work orders may not be marked as complete: the work order is still open and has not been closed by a clerk, the work order is on hold, a technician may have completed the repair but did not document it, or the work order was lost.

If maintenance and repairs are not completed in a timely manner, there may be a human safety risk. Additionally, if work orders are completed but not documented, Metro Transit cannot prove that vehicle maintenance and repairs were completed or completed in a timely manner. This could impact the vehicle warranty coverage or be a legal risk if a safety incident were to occur.

Recommendation:

1. To ensure that maintenance and repairs are made and recorded timely, MT should implement a control that defines a schedule/deadline for non-revenue vehicle work orders and develop a system to monitor the status of work orders.

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[1] Non-Revenue Fleet Management Procedure (FM 8-1e): "The establishment of standard procedures for adequate vehicle storage, monitor routine maintenance to assure reliability, monitor vehicle utilization to ensure proper fleet size and ensure vehicle replacement frequency based on mileage accumulation, age of vehicle, and/or condition."

[2] GAO Green Book – Principle 10.01: "Management should design control activities to mitigate risks to achieving the entity's objectives to acceptable levels."

Management Response:

Management agrees with this recommendation. To monitor the status of work orders and to control open work orders, a biweekly outstanding work orders report is being developed. The report will show open work orders that are two weeks old or greater, staff will be directed to close those workorders. Staff will also be directed to identify vehicles that are down with the notation of VD and those vehicles awaiting parts with a notation of VAP. VD and VAP will remain open until work is done depending on part lead times.

> **Timetable:** Will be implemented by 7/1/2025

> **Staff Responsible:** Bus Maintenance Manager • Non-Revenue (will review the report and ensure work orders are closed.)

> **Audit Follow-Up:** Confirmation

Processes for Monitoring Non-Revenue Vehicles Can Be Improved

Non-revenue vehicles are tracked and monitored in a couple of ways at the Council. ES Fleet Management staff track and monitor non-revenue vehicles for ES and the Regional Administration by location using automatic vehicle location (AVL) devices, which provide location and usage data about the non-revenue vehicle. ES Fleet Management staff use this data to locate vehicles, track usage, and inform decisions about future vehicle purchases, disposal, or transfer. ES managers who have non-revenue vehicles at their location also have access to the AVL data to monitor for misuse of Council vehicles, but this is an informal, undocumented process. ES Fleet Management staff stated they primarily rely on employees to report misuse of Council non-revenue vehicles.

At MT, Fleet Management staff have a list of all non-revenue vehicles that is maintained in TxBase and managed by Bus Maintenance administrators. MT Fleet Management staff conduct reviews of its non-revenue vehicle inventory on odd numbered years (e.g., 2021, 2023, etc.). MT Fleet Management staff track mileage of non-revenue vehicles to determine maintenance schedules, and TxBase provides a system notification on vehicle usage. However, there is no defined threshold on how many miles should be driven or how often a non-revenue vehicle should be used during a period of time to help inform decisions about future purchases, transfers, or disposal of a non-revenue vehicle.

Not every MT non-revenue vehicle is equipped with an AVL, and there is no individual employee tasked with monitoring vehicle AVL data. MT Fleet Management staff do not have access to up-to-date information on the location for all of their non-revenue vehicles. Non-revenue vehicles are used in many locations across the seven-county region and can change from being stationed at different garages. However, some non-revenue vehicles are assigned to individual employees, and the assigned owner of a non-revenue vehicle can also change through the course of a vehicle's lifespan. Without AVL systems in each non-revenue vehicle, MT employees use alternative means to determine the location of a vehicle, such as calling other employees to find someone who is aware of the location of the vehicle. Inefficient methods of vehicle tracking were further evidenced by the fact that Audit needed to conduct multiple inventory audits at some locations, as the most up-to-date location of the vehicles frequently could not be determined. Additionally, data on vehicle usage is limited without data from AVLs. While TxBase does provide information on non-revenue vehicle use, MT Fleet Management staff have not defined a minimum threshold for vehicle usage. Without having a defined minimum threshold for vehicle use, MT may have vehicles that are not being used as frequently as originally intended. This could result in a financial loss for the Council in the form of maintenance and storage costs. Also, if non-revenue vehicle use is not being tracked, it makes it difficult to plan for new or replacement vehicles.

Additionally, MT Fleet Management staff have not defined a method or control to monitor non-revenue vehicles for misuse or potential misuse. While ES Fleet Management staff have a method, it is not formally documented. Without an established or documented method to monitor how vehicles are used, employees may be misusing Council vehicles. This may result in financial loss (e.g., gas expenses, additional vehicle wear, etc.) and reputational damage.

The Council's Management of Regional Assets Policy (FM 8-1) states "[w]here possible Council units will use a system that tracks the asset by type, location, cost, condition, operational, maintenance, and end of life replacement." Both FM 8-1e and the Environmental Services and Robert Street Fleet Management Procedure (FM 8-1d) state that using Council vehicles for personal use is prohibited. The Government Services Administration (GSA) shared best practices for fleet management in 2024 that recommended performing reviews or audits on utilization rates of vehicles. In addition to GSA

guidance, 41 CFR 101-39.301 *Utilization guidelines* provides utilization guidelines for vehicles and notes other utilization factors "such as days used, agency mission and relative costs of alternatives to full-time vehicle assignment, may be considered as justification where miles traveled guidelines are not met."

Recommendations:

1. MT should conduct a cost benefit analysis of equipping its non-revenue fleet with AVLs and subsequently decide whether to outfit all non-revenue vehicles with AVLs. The analysis could include, but is not limited to, the cost of AVL units, subscriptions/licenses, and staff hours used on the current monitoring or tracking methods.
2. MT should establish and document a process to periodically review or audit if an employee uses a non-revenue vehicle for personal use.
3. MT should define and document a threshold for non-revenue vehicle use and then monitor non-revenue vehicles to that threshold.
4. ES should document their process for how they monitor non-revenue vehicles for personal use.

Management Response:

1. MT Management has completed the cost analysis of equipping non-revenue fleet, but no decisions have been made.
2. The review or audit procedure would be based on the monitoring system's capability.
3. MT Management agrees with the observation/recommendation for number 3, a vehicle usage report will be developed to monitor vehicles that are not used for a month, vehicles that are not used will be subject to reassignment evaluation. A month is suggested because of short distance usage and vehicle fuel ranges; miles are collected when vehicles fill up.
4. Management will pursue developing more formal guidance for the purpose of clarity on expectations and consistency in accountability of vehicle use.

   Timetable:

   MT: No timetable for a decision on item 1 and subsequently item 2. Number 3 will be implemented by 8/1/2025.

   ES: Guidance developed & updates to FM 8-1d by 1st quarter 2026

   Staff Responsible:

   MT: Assistant Director, Bus Maintenance Administration (will perform reassignment evaluation).

   ES: Director of Maintenance

   Audit Follow-Up: Confirmation.

The Driver's License Verification Process Needs Improvement

Regional Administration (RA) and ES employees who wish to use a non-revenue vehicle must first complete a "Vehicle Use Agreement" form. This form collects Personally Identifiable Information (PII) such as driver's license number, the last four digits of an employee's social security number, and date of birth if the employee is a Wisconsin resident. For RA and ES staff, this information is either emailed to the ES Fleet Manager or sent via inter-office mail. The employee responsible for the "Vehicle Use Agreement" form stated they are diligent about promptly removing the emails and storing the forms in a network folder or file cabinet. For the Metro Transit Police Department (MTPD), driver's license information is handled during pre-employment and is entered in by the Workforce Director. For MT maintenance staff, license information is directly entered into their respective employee management systems TxBase. However, MT Fleet Management staff stated there are some maintenance staff who do not have their licenses regularly validated, as their information was never entered into TxBase. Additionally, MT employees are not required to complete the "Vehicle Use Agreement" form.

For the Council employees with a Minnesota driver's license, information is being automatically validated, and any license issues are immediately communicated to the necessary stakeholders. However, there is no control to initially verify or perform follow-up verification on licenses belonging to MT employees who use pool vehicles.

Finally, IS staff noted that they must pull license information from multiple locations (TxBase, Workforce Director, Transit Information System, and an Excel spreadsheet) to perform the automatic license checks on a weekly basis. This information is provided to stakeholders via a dashboard; however, this information does not include driver license information for employees who reside in Wisconsin. Instead, these checks are performed manually each month by IS but are not shared on the dashboard.

The Environmental Services and Robert Street Fleet Management Procedure (FM 8-1d) and Metro Transit Non-Revenue Fleet Management Procedure (FM 8-1e) both require employees using a Council vehicle to have a valid driver's license. The Council also has defined standards,[3] policies,[4] strategic objectives[5] around the securing of sensitive data and minimizing information risks, as well as being effective and efficient with technology.

When the driver's license verification process was first implemented, process owners did not consider the type of PII shared for driver's license verification to be high risk. Despite the diligence of employees, a document with PII in an employee's email account is vulnerable to various cyber-related attacks which could lead to the misuse of the information and/or litigation.

When MT Fleet Management staff began validating driver's licenses, they prioritized verifying driver's licenses for bus operators, rail operators, and MTPD officers. They did not prioritize validating all

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[3] Council Data Protection Standard TECH-05-ST: "The Metropolitan Council is committed to securing its sensitive data from loss and unauthorized access."

[4] Council Technology Governance Policy TECH 1-2 states its purpose is to "minimize information risks, manage costs, and optimize benefits…" and that "both information technology (IT) and operational technology (OT) resources must be managed in a way that enables the Council to incorporate new technology and processes effectively and efficiently while encouraging the innovation required for fulfilling the Council's mission."

[5] One of the technology key outcomes of the Regional Administration's Strategic Plan is to have "streamlined, clearer, more efficient business processes."

maintenance personnel and had not previously considered performing license checks on MT employees who use pool vehicles. By not ensuring that all MT employees who use pool vehicles have a valid driver's license, the Council is at risk that a safety incident could occur, ultimately resulting in injury, financial loss, and/or litigation.

When the automated method to verify driver's licenses was first implemented, process owners did not modify or streamline the process of obtaining data to complete driver's license verification. IS staff indicated that years later there was an effort to centralize driver's license information and to automatically pull Wisconsin driver's license information, but it was a "fragmented effort", there were issues working with Wisconsin's DMV, and in some regards, there was little appetite to change what was put in place. Having multiple systems that retain driver's license information overcomplicates the process if troubleshooting needs to be performed, which could result in additional staff time. Also, pulling data from multiple sources is not an efficient use of Council resources if each system needs to be updated or patched for the license check process to work appropriately. Lastly, having driver's license information in multiple systems provides more opportunities (i.e. attack vectors) a threat actor could exploit to steal information, which exposes the Council to financial risks, litigation, and reputational damage.

Recommendations:

1. MT should require all staff using any non-revenue vehicle to agree to the terms of the Vehicle Use agreement.
2. IS should work with the divisions to evaluate if the "Vehicle Use Agreement" form can be converted to an electronic version and if a secure central location can be created where all Council employees can submit their information to use a non-revenue vehicle and agree to the "Vehicle Use Agreement."
3. IS should determine a method to provide Wisconsin driver's license verification information to the stakeholders.

Management Response:

IS agrees with the recommendations.

Metro Transit agrees with the observation/recommendation. Metro Transit Management action is dependent on IS completing recommendations 2 and 3. Metro Transit is waiting for IS to complete Vehicle Use Form, and the Vehicle Use agreement process.

> **Timetable:**
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> IS: The timetable will be determined once the project has been approved by IT project management.
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> MT: Implement by 11/1/2025
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> **Staff Responsible:** IS staff will be assigned, again, once the project has been approved by IT project management.
>
> **Audit Follow-Up:** Confirmation

Conclusions

Overall, MT and ES are procuring, maintaining, and disposing of non-revenue vehicles according to Council policy and procedure. Driver's license checks are being conducted regularly and the results communicated for those employees that were entered into one of the four systems. However, better or additional controls are needed to include all employees. The controls for monitoring non-revenue vehicle maintenance and use are underdeveloped at MT, while ES lacks documentation on how they monitor vehicles for personal use. By implementing, expanding, and documenting controls, MT and ES will be able to better monitor vehicle misuse and strategically plan for future vehicle purchases based on current use.

Additionally, the Council can better protect PII, improve the efficiency of driver's license checks by digitizing the "Vehicle Use Agreement" form, storing the information in a secure central location, and automating license checks for Wisconsin residents.

June 5, 2025
Matthew J. LaTour, Chief Audit Executive
Program Evaluation & Audit

Appendix A

Program Evaluation and Audit recommendations are categorized according to how Audit will follow-up on them. The categories are:

- **Retest** — Audit will retest the area using the same or similar procedures after a recommendation has been implemented and sufficient time has passed for the changes to take effect. The retest will take place on a specified timetable. The recommendation will be closed once the change has occurred. A new audit project will be opened for retesting and any new findings will include new recommendations
- **Confirmation** — Audit will confirm that an adequate risk response has been completed on the agreed upon timeline. The recommendation will be closed once the change has taken place.
- **Assess Risk** — Audit will not plan for specific follow up to these recommendations. Audit will discuss the area as part of its annual risk assessment activities and consider future audit work in the area.

Distribution List

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- Members of the Audit Committee
- Regional Administrator
- General Manager/Division Director
- Department Director
- Process Manager