

LBA Performance Audit Report Summary:

Fleet Management – September 2008

The purpose of this audit was to determine whether Executive Branch State passenger vehicles were managed effectively and efficiently. Our efforts focused on determining whether Executive Branch sedans, station wagons, passenger vans, sport utility vehicles, and pickup trucks were used in the most cost-effective manner; how vehicle acquisition, utilization, and disposition decisions are made within Executive Branch agencies; and other states' fleet management practices. The audit includes State fiscal years (SFY) 2006 and 2007.

New Hampshire State law does not designate a central agency to manage State passenger vehicles. Instead, individual agencies are responsible for requisitioning, maintaining, disposing through Surplus Property, tracking, and reporting on their own passenger vehicles, as well as establishing rules and regulations to adequately control their fleets. At the end of SFY 2007, 33 Executive Branch agencies operated a total of 1,888 vehicles. Proactive vehicle management is essential to ensure prudent use of resources. States are moving towards consolidating fleet management in a central agency to facilitate uniform policies and procedures, centralized accountability and control, standardized procedures, reduced duplication, enhanced opportunities to evaluate cost and performance, and increased opportunities to improve cost effectiveness. Forty-three states, including the five remaining New England states, have consolidated passenger vehicle management to some degree.

Results In Brief

Decentralization and a lack of adequate controls have hindered effective and efficient management of the State's passenger fleet, resulting in 33 different systems for recording fleet data; lack of standardized policies and procedures; lack of statewide passenger fleet-related cost data; inconsistent data reporting; inaccurate and incomplete data; barriers to sharing State resources; and disparate levels of fleet resources and expertise across agencies. These issues are further compounded by lack of central monitoring despite statutory requirements under RSA 21-I:7-a for the Department of Administrative Services to monitor and evaluate agency fleet operations.

We found most agencies have not established policies and procedures to govern their fleet, relying instead on informal policies and procedures to guide agency decisions regarding requisition, utilization, assignment, and replacement. Additionally, we found no requirement to ensure agency fleets are the appropriate size and composition for their needs and agencies do not ensure a vehicle is needed before replacement. As a result, some vehicles are being inappropriately or primarily used for commuting, while 69 percent of permanently assigned vehicles have not obtained the requisite Governor and Council approval. We found agencies consistently retained vehicles driven under 12,000 miles while at the same time reimbursed employees for private vehicle use, and some employees received mileage reimbursement far exceeding the State threshold.

Our audit presents 12 observations addressing areas where centralization and improved controls would facilitate more effective and efficient operations, including the need to improve controls by establishing a State fleet manager position with adequate program support to: develop statewide policies, procedures, an information management system, and an acquisition and replacement plan; monitor mileage reimbursement, vehicle utilization and assignment, and commuting in State vehicles; and oversee a motor vehicle pool for short-term vehicle needs. One observation also addresses central procurement of vehicle repairs and maintenance.