

**STATE OF NEW HAMPSHIRE
FLEET MANAGEMENT**

**PERFORMANCE AUDIT REPORT
SEPTEMBER 2008**

To The Fiscal Committee Of The General Court:

We conducted an audit of the State's passenger fleet management practices to address the recommendation made to you by the Legislative Performance Audit and Oversight Committee, in accordance with the standards applicable to performance audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require we plan and perform the audit to provide a reasonable basis for our findings and conclusions. Accordingly, we performed such procedures as we considered necessary in the circumstances.

The purpose of the audit was to determine whether Executive Branch State vehicles were managed effectively and efficiently. The audit period includes State fiscal years 2006 and 2007.

This report is the result of our evaluation of the information noted above and is intended solely for the information of State agencies, the Department of Administrative Services, and the Fiscal Committee of the General Court. This restriction is not intended to limit the distribution of this report, which upon acceptance by the Fiscal Committee is a matter of public record.

September 2008

Office Of Legislative Budget Assistant

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**STATE OF NEW HAMPSHIRE
FLEET MANAGEMENT**

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ABBREVIATIONS

DAS	Department of Administrative Services
DES	Department of Environmental Services
DOT	Department of Transportation
GHRIS	Government Human Resources System
G&C	Governor and Council
IRS	Internal Revenue Service
LBA	Office Of Legislative Budget Assistant
LPAOC	Legislative Performance Audit And Oversight Committee
NHIFS	New Hampshire Integrated Financial System
RSA	Revised Statute Annotated
SFY	State Fiscal Year
SUV	Sport Utility Vehicle

STATE OF NEW HAMPSHIRE FLEET MANAGEMENT

SUMMARY

Purpose And Scope

This audit addresses 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.

During our audit, data limitations affected our ability to accurately determine costs associated with the State passenger fleet. For instance, passenger vehicle-related expenditures in the New Hampshire Integrated Financial System (NHIFS) are commingled with expenditures for heavy equipment, as well as off-road, marine, and aviation vehicles. To address this, we used cost data agencies reported to the Department of Administrative Services (DAS) in their annual motor vehicle reports for SFYs 2006 and 2007. However, we found this data is inconsistently recorded and some data are inaccurate and incomplete. Where appropriate, our analyses eliminated data from agencies we determined to be very inaccurate, or we consulted national sources for standardized information. For example, when determining fuel efficiency of the fleet, we used the federal Environmental Protection Agency's rating for each vehicle type in the State fleet. Additionally, the State does not record the number of miles employees drive in private vehicles. To address this, we obtained Government Human Resources System (GHRIS) information for the amount paid to individuals for private mileage reimbursement and divided this by the *average* reimbursement rate in effect for that fiscal year.

Background

The State's passenger vehicle fleet consists of sedans, station wagons, vans, sport utility vehicles, and pickup trucks. At the end of SFY 2007, 33 Executive Branch agencies had fleets ranging in size from one to 627 passenger vehicles, for a total of 1,888 vehicles (see Appendix B). 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. To ensure proper use of State vehicles, the DAS requires each agency to designate a transportation control officer with the authority to assign agency vehicles, establish and enforce rules and regulations, and initiate disciplinary action for improper use.

The DAS *Manual of Procedures* section Adm 305.02 (c) allows agencies to assign vehicles based on four use classifications: general use, home or location, temporary home or location, and permanent assignment. Agencies determine how and to whom a vehicle is assigned; however, employees requesting permanently assigned vehicles, with the exception of most law enforcement personnel, must obtain Governor and Council approval. According to their SFY 2007 annual motor vehicle reports, agencies permanently assigned 850 passenger vehicles on a

24-hour-a-day, seven-day-a-week basis, 156 of these vehicles were assigned to non-law enforcement personnel (see Appendix B). While DAS policies and procedures offer some guidance in managing State vehicles, they do not formally address agency monitoring. Nor does the DAS monitor or analyze agency motor vehicle use, despite statutory requirements to monitor and evaluate agency fleet operations.

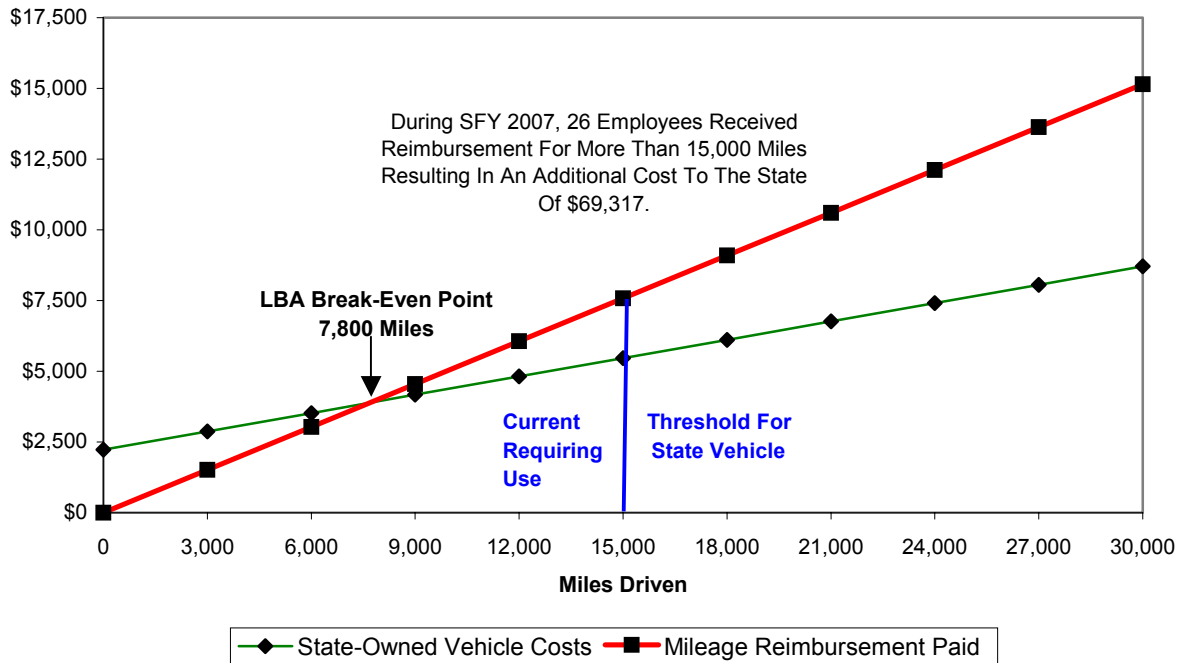
The Bureau of Purchase and Property within the DAS is responsible for procuring vehicles for all State agencies. Agencies requisitioning a vehicle must surplus “a like or similar vehicle” unless the agency has received G&C approval to alter its fleet size. Prior to 2005, agencies had fewer restrictions on vehicle types and amenities; however, in 2005, the DAS established base-model specifications for each State vehicle type and since then, agencies have been required to purchase the standard model. Agencies requesting options not available in the standard model must submit a waiver justifying the need for additional options. In July 2005 *Executive Order 2005-4* further limited agency vehicle options by requiring new passenger and light duty vehicles, with the exception of law enforcement, to achieve certain fuel economy ratings. In February 2006, the DAS issued the State’s *Clean Fleets Policy* which required agencies to purchase four-cylinder vehicles meeting fuel economy ratings established in *Executive Order 2005-4* and choose the most appropriate and fuel efficient vehicle for its intended use. The *Clean Fleets Policy* also established a waiver process for agencies to requisition a vehicle not meeting the requirements of the policy. In SFY 2007, 34 percent of vehicles were purchased without requiring a waiver. Since *Executive Order 2005-4* came into effect, the fuel economy rating of vehicles in the State’s fleet, excluding the Department of Safety, improved slightly from a statewide average of 20.2 miles per gallon in SFY 2005 to 20.8 miles per gallon in SFY 2007. While the fuel economy rating on vehicles in the fleet increased slightly, we note there has not been sufficient time for significant turn-over of the State’s fleet to provide evidence of its long-term effect.

The DAS *Manual of Procedures* section Adm 305.06 (c) requires employees traveling in excess of 15,000 miles annually on State business to operate a State vehicle. Further, Adm 308.02 (d) restricts the use of private vehicles when a State vehicle is available; however, Adm 308.03 (b) allows department heads to approve using a private vehicle if it is “more advantageous” to the State. During SFY 2007, the Executive Branch reimbursed 4,094 employees for approximately 6.7 million miles, resulting in approximately \$3.1 million in mileage reimbursement. Based on the reimbursement rate in effect for the beginning of calendar year 2008, our analysis of the point where it is more cost effective to operate a State vehicle rather than reimburse for private vehicle use is approximately 7,800 miles¹. In SFY 2007, the State reimbursed 189 Executive Branch employees for travel over 7,800 miles; 26 of whom were reimbursed for over 15,000 miles. The highest reimbursement was for 29,351 miles. Figure 1 shows the costs of operating a State vehicle versus reimbursing for the use of a private vehicle. As shown on Figure 1, the cost to reimburse for private mileage exceeds the cost of operating a State vehicle beyond 7,800 miles.

¹ The break-even point was calculated using the composition of the State’s fleet at the end of SFY 2007, the reimbursement rate in effect during the beginning of calendar year 2008, estimated maintenance and repair costs based on data from agencies’ SFY 2007 annual motor vehicle reports, and fuel prices for New Hampshire as reported by the American Automobile Association for December 2007 through May 2008. We note the break-even point is an estimate based on data available when we conducted our analysis. As fuel, maintenance, repair, and reimbursement costs fluctuate, the break-even point will also fluctuate.

Figure 1

**Cost Of Operating A State Passenger Vehicle Versus
Cost Of Mileage Reimbursement¹**



Note:

¹ Costs of State vehicle and mileage reimbursement are based on a reimbursement rate of \$.505 per mile.

Source: LBA analysis of break-even point and GHRIS information.

Proactive vehicle management is essential to ensure prudent use of resources. States and municipalities 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. Centralized administration occurs in varying degrees throughout the country. Forty-three states have consolidated passenger vehicle management to some degree; however, some states exclude certain agencies from the centralized authority. Thirty-eight states authorize the central agency to establish and monitor compliance with policies and procedures, including analyzing vehicle utilization, while 31 states authorize the central agency to approve long-term vehicle assignments and 31 states operate a motor vehicle pool to accommodate daily and short-term vehicle needs. The five remaining New England states have a central agency responsible for some aspects of fleet management.

Results In Brief

Decentralization and a lack of adequate controls have hindered effective and efficient management of the State's passenger fleet. The structure has resulted 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 DAS to monitor and evaluate agency fleet operations.

Our audit found most agencies have not established policies and procedures to govern their fleet as required by the DAS, 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, we found some vehicles being inappropriately or primarily used for commuting. In addition, 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. We also found some Executive Branch employees received mileage reimbursement far exceeding the State threshold.

Our survey of 12 eastern states (see Appendix D) showed seven of eight states responding to the survey have a central fleet management office responsible for some aspect of statewide fleet management. All five states responding to the survey question responded their state's central fleet agency is responsible for establishing policies and procedures, assigning vehicles to state agencies, approving or denying vehicle assignments, and approving vehicle maintenance and repairs. Additionally, all five states responding to the survey question reported their central agency is responsible for monitoring compliance with policies and procedures, monitoring agency utilization of State vehicles, and coordinating maintenance and repairs. Four of five states responding to the survey question reported their central agency is responsible for establishing minimum use guidelines; and re-assigning under-utilized vehicles; as well as monitoring potential misuse of state vehicles, individual vehicles' maintenance and repairs, and fuel usage of state vehicles. Two states exclude their public safety agencies and department of transportation from centralized management.

Our audit presents 12 observations addressing areas where centralization and improved controls would facilitate more effective and efficient operations. Our observations address the need to improve controls through the establishment of 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.

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RECOMMENDATION SUMMARY

Observation Number	Page	Legislative Action Required	Recommendation	Agency Response
1	15	Yes	Improve controls by centralizing authority over fleet operations; conducting a risk assessment; promulgating and updating rules; developing and implementing uniform policies and procedures; developing and implementing a plan to identify, collect, and use fleet management data.	Concur In Part
2	19	No	Establish uniform policies and procedures for vehicle requisition, utilization, assignment, repair and maintenance, and disposition.	Concur
3	21	No	Implement a statewide fleet data system and centralize responsibilities for this function. Establish policies and procedures for data management and analyze agency fleet data for accuracy, completeness, and reasonableness.	Concur
4	24	No	Annually establish a break-even point and monitor private mileage for employees driving in excess of the break-even point. Ensure employees are only reimbursed for private mileage when a State vehicle is not available and establish a process to reassign underutilized vehicles.	Concur
5	27	Yes	Consider enacting statute to require employees who use State vehicles for commuting to reimburse the State. Establish policies and procedures regarding commuting, develop a cost reimbursement formula, and monitor agency compliance. Re-evaluate all vehicles to ensure appropriate and accurate use classifications, and monitor to ensure vehicles are used as intended.	Concur In Part
6	31	Yes	Centralize responsibility for assigning vehicles, annually review assignments for appropriate utilization, vehicles are used as intended, and identify opportunities for more cost-effective and efficient alternatives.	Concur

Observation Number	Page	Legislative Action Required	Recommendation	Agency Response
7	33	Yes	Implement regional motor pools to make vehicles available for short-term use.	Concur
8	35	Yes	Establish utilization guidelines based on the vehicle's purpose and annually review agency assignments to identify opportunities for more efficient operations. Work with the Legislature to review the provisions of Chapter 568:11, Laws of 1981. Periodically conduct a right-sizing study to ensure the fleet is the appropriate size and ensure appropriate vehicle types are available.	Concur In Part
9	38	Yes	Centralize responsibility for reviewing requests to retain vehicles driven less than 12,000 miles and require agencies to analyze their fleet to justify retaining vehicles driven less than 12,000 miles. Work with the Legislature to review the provisions of Chapter 568:11, Laws of 1981. Establish a procedure to ensure all vehicles meeting the requirements of Chapter 568:11, Laws of 1981 are presented to the Fiscal Committee or surplus. Establish a clear definition of "passenger vehicle."	Concur In Part
10	42	No	Establish statewide replacement criteria, and establish and update a long-term fleet management plan. Analyze life-cycle costs of vehicles, and identify the vehicle replacement period that minimizes life-cycle costs and maximizes resale value.	Concur In Part
11	43	Yes	Consider amending RSA 21-I:11 to include central procurement of vehicle maintenance and repairs. Establish contracts for maintenance and repairs and establish procedures to ensure agencies use contracts.	Concur
12	46	Yes	Centralize responsibility for the passenger fleet under a fleet manager. Work with agencies to identify vehicles that could warrant exemption from centralized oversight.	Concur In Part

STATE OF NEW HAMPSHIRE FLEET MANAGEMENT

SCOPE, OBJECTIVES, AND METHODOLOGY

In July 2007 the Fiscal Committee adopted a recommendation by the joint Legislative Performance Audit and Oversight Committee (LPAOC) for a performance audit of the State's Fleet Management practices. The LPAOC's primary concerns were whether State passenger vehicles were assigned and utilized effectively and efficiently. We held an entrance conference with the Department of Administrative Services (DAS) on January 29, 2008. On March 27, 2008 the LPAOC approved the scope statement.

Our audit included State fiscal years (SFY) 2006 and 2007 and addressed the following question: **Were Executive Branch State vehicles managed effectively and efficiently during State fiscal years 2006 and 2007?** To address this question, our efforts focused on determining:

- whether State and privately owned sedans, station wagons, passenger vans, sport utility vehicles, and pickup trucks were used in the most cost-effective manner;
- how vehicle procurement, utilization, and disposal decisions are made within Executive Branch agencies; and
- other states' fleet management practices.

During the course of our audit, we interviewed LPAOC members who expressed interest in the topic, DAS personnel with fleet-related responsibilities, State agency fleet management personnel, and officials from other states. We reviewed State laws and administrative rules pertaining to fleet management, DAS and other State agencies' fleet management policies and procedures, annual motor vehicle reports submitted to the DAS by all State agencies, agency requests for Governor and Council approval to permanently assign vehicles to agency personnel, agency requests for Fiscal Committee approval to retain vehicles driven under 12,000 miles, vehicle-related financial information from the New Hampshire Integrated Financial System (NHIFS), and private mileage reimbursement information from the Government Human Resources System. We reviewed fleet management practices and audits in other states and the federal government, as well as national fleet management industry practices. We also calculated a break-even analysis, conducted a file review of 80 vehicles to verify vehicle-related data as reported to the DAS in the annual motor vehicle reports, visited the central fleet management office in a neighboring state, and surveyed 38 State agencies and divisions with passenger vehicles (see Appendix C) and 12 eastern states (see Appendix D) regarding their fleet management practices.

During our audit, we encountered data limitations which affected our ability to accurately determine costs associated with the State passenger fleet. For instance, passenger vehicle-related expenditures in NHIFS are commingled with expenditures for heavy equipment, as well as off-road, marine, and aviation vehicles. Additionally, NHIFS provides inadequate descriptions of the type of services received or the cost of individual services; therefore we were unable to analyze the costs agencies paid for individual services. To address this, we used cost data agencies reported to the DAS in their annual motor vehicle reports for SFYs 2006 and 2007. However, we found this data is inconsistently recorded and some data are inaccurate and incomplete. Where appropriate, our analyses eliminated data from agencies we determined to be grossly inaccurate.

The lack of Statewide data on the number of miles employees drive in private vehicles also affected our ability to establish accurate calculations. We estimated the number of miles State employees drove in SFYs 2006 and 2007 by determining the *average* mileage reimbursement rate in effect during SFYs 2006 and 2007 based on the Internal Revenue Service rates and divided the amount reimbursed to employees by the *average* reimbursement rate for that fiscal year.

BACKGROUND

New Hampshire Fleet Management Organization

In SFY 2007, 33 Executive Branch agencies owned and operated 1,888 sedans, station wagons, vans, sport utility vehicles, and pickup trucks; a decrease of two percent from 1,923 vehicles in SFY 2006. State vehicles are located statewide; however, in SFY 2007, 39 percent of the vehicles were located in Concord, Hooksett, and Manchester. Figure 2 shows the breakdown of the passenger fleet by State agency at the end of SFY 2007. The State does not designate a central agency to manage passenger vehicles. Instead, agencies are responsible for requisitioning, assigning, maintaining, disposing through Surplus Property, tracking, and reporting on their own passenger vehicle fleets; as well as establishing rules and regulations to adequately control their fleets. DAS policies and procedures offer agencies some guidance by requiring agencies to designate a transportation control officer to ensure proper use of State motor vehicles and have an adequate and well-documented fleet maintenance program. While DAS policies and procedures address some aspects of fleet management, they do not formally address monitoring, nor does the DAS monitor or analyze agency motor vehicle use. Since 1985, RSA 21-I:7-a required the DAS establish an Operational Analysis Unit within the office of the Commissioner responsible for monitoring State agency activity and evaluating agency operations in areas including fleet operations; however, this Unit is not operational.

Vehicle Procurement

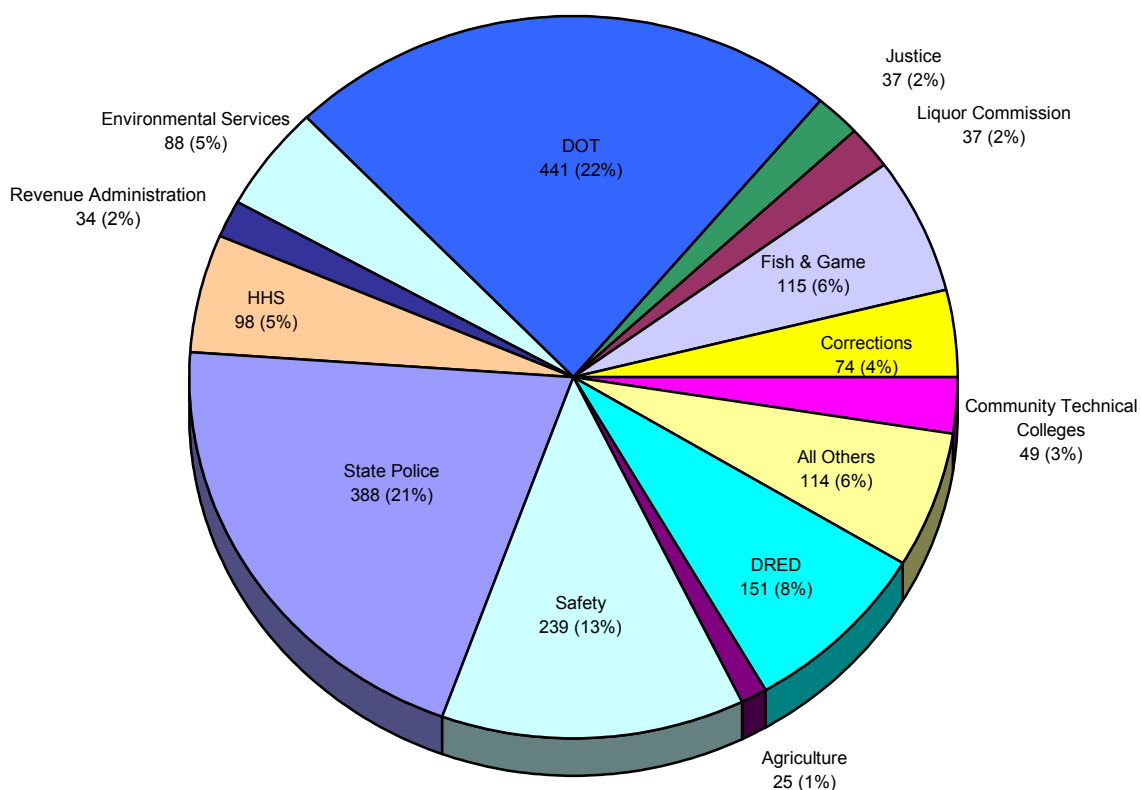
As the State's central procurement office, the Bureau of Purchase and Property within the DAS is responsible for procuring vehicles for all State agencies. Annually, the Bureau competitively bids vehicle contracts, which are awarded to the lowest bidders meeting requirements. Agencies have approximately five months after the contract is awarded to submit vehicle requisitions, which must be made in accordance with Adm 611.07 (g) requiring an agency to surplus "a like or similar vehicle" unless the agency has received Governor and Council approval to increase its fleet size.

Prior to 2005, choices regarding vehicle type and amenities were less restrictive. In 2005, the DAS created a panel to establish specifications for a standard package for each vehicle type and agencies are required to purchase the standard model. Agencies requesting options not available in this model must submit a waiver justifying the need for additional options. In July 2005, the Governor issued *Executive Order 2005-4*, further limiting agency vehicle options by requiring all new passenger and light duty vehicles be certified as low emission; as well as requiring all new passenger and light duty vehicles to achieve a fuel economy rating of at least 27.5 miles per gallon and all new light duty trucks, except law enforcement and emergency vehicles, to achieve

a rating of at least 20 miles per gallon. *Executive Order 2005-4* also required agencies to appropriately select vehicles based on intended use.

Figure 2

**Passenger Vehicle Distribution By State Agency,¹
SFY 2007**



Notes:

1. Number in parenthesis represents percent of total State passenger vehicles at each agency.
2. All Others includes 21 agencies, each owning fewer than 25 passenger vehicles.

Source: LBA analysis of SFY 2007 annual motor vehicle reports.

In February 2006, the DAS issued the State's *Clean Fleets Policy* which required agencies to purchase four-cylinder vehicles meeting fuel economy ratings established in *Executive Order 2005-4*, choose the most appropriate and fuel efficient vehicle for its intended use, and consider hybrid vehicles whenever practical. Agencies submitting a requisition for a vehicle not meeting requirements must seek a waiver and provide justification explaining why a vehicle conforming to the policy cannot be used, a description of the vehicle's intended use, and a cost comparison between the requested vehicle and a similar vehicle conforming to the policy. In SFY 2007, 66 percent of vehicles were requisitioned with a waiver request.

Since *Executive Order 2005-4* came into effect, the fuel economy rating of vehicles in the State's fleet, excluding the Department of Safety, improved slightly from a statewide average of 20.2

miles per gallon in SFY 2005 to 20.8 miles per gallon in SFY 2007. While the fuel economy rating of vehicles in the fleet increased slightly, we note there has not been sufficient time for significant turn-over of the State's fleet to provide evidence of its long-term effect.

State Vehicle Use Classification, Assignment, And Utilization

State policies require employees only use State vehicles for official business and do not allow for personal use. The DAS *Manual of Procedures* section Adm 305.02 (c) allows transportation control officers to assign vehicles based on four use classifications: general use, home or location, temporary home or location, and permanent assignment. Individual agencies determine how and to whom a vehicle is assigned. Vehicles designated as general use assignment are assigned for the entire agency's general use, although employees are permitted to occasionally use vehicles overnight or on weekends if it is in the best interest of the State. Vehicles designated as home or location assignment are assigned to an individual whose headquarters is designated as their home or other location. Employees requesting a vehicle for home or location assignment must submit a written request for the transportation control officer's approval describing the need for an official headquarters other than the department office and indicating the frequency in which travel to the department office is required. Requests for temporary home or location assignment must also include the duration of the assignment. Permanently assigned vehicles are assigned to an employee on a 24-hours-a-day, seven-days-a-week basis. For employees requesting permanent assignment, an agency must submit a request for G&C approval including: the frequency and examples of use outside of regular working hours, the employee's home location and round trip distance to the employee's official headquarters, estimated annual cost of operating the State vehicle for routine travel between the employee's home and official headquarters, and the reason why the employee should not be reimbursed for the use of their own vehicle in lieu of receiving a permanently assigned vehicle. Adm 305.02 (4) (b) does not require law enforcement personnel, with the exception of staff officials, to obtain G&C approval for a permanently assigned vehicle. According to agencies' SFY 2007 annual motor vehicle reports, agencies permanently assigned 850 passenger vehicles to personnel on a 24-hours-a-day, seven-days-a-week basis, 645 vehicles for general agency use, 253 to employees with home or location assignment, and 71 to employees with a temporary home or location assignment. Sixty-nine vehicles in the annual motor vehicle report did not have a use classification designation.

Annually, agencies must transfer vehicles assigned to the agency for the entire fiscal year and driven less than 12,000 miles to the DAS' Division of Plant and Property Management for surplus or present a "clear and convincing case" to the Fiscal Committee to retain the vehicle, in accordance with Chapter 568:11, Laws of 1981. In SFYs 2006 and 2007, State agencies requested Fiscal Committee approval to retain a total of 302 and 464 vehicles, respectively; an increase of 54 percent.

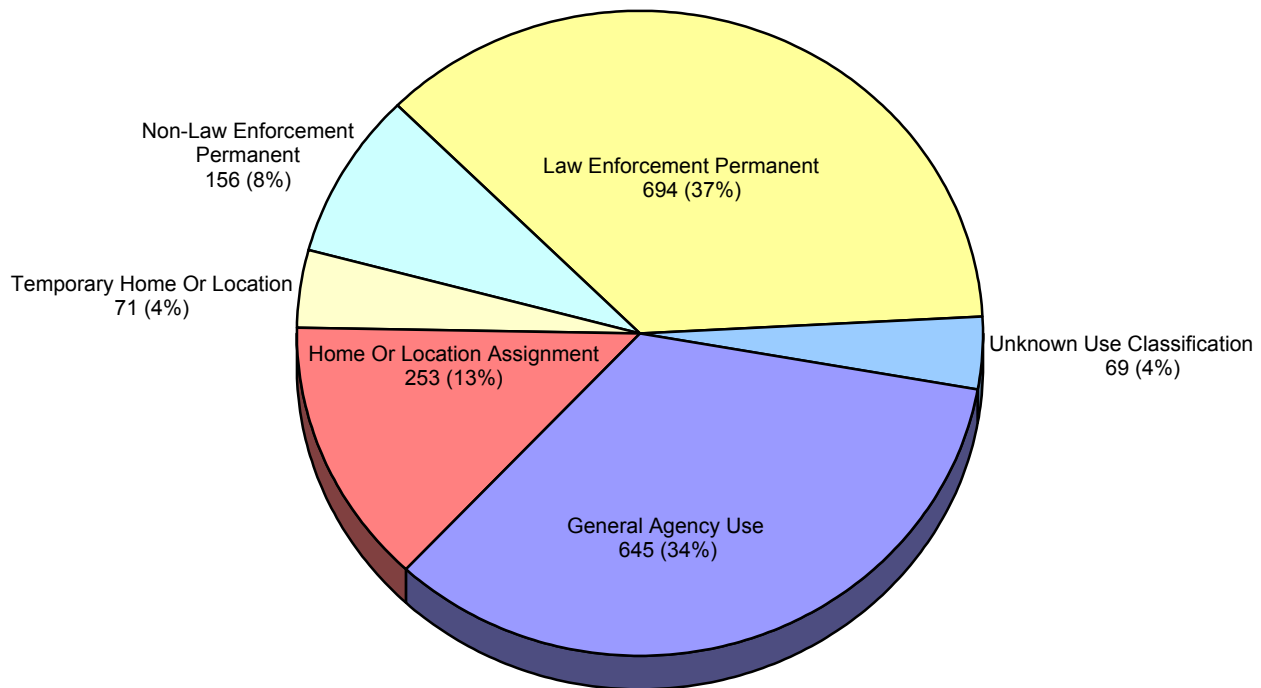
Private Mileage Reimbursement

The DAS *Manual of Procedures* section Adm 305.06 (c) requires employees traveling in excess of 15,000 miles per year on State business to operate a State vehicle. Further, Adm 308.02 (d) restricts the use of privately owned vehicles for conducting State business when a State vehicle is available; however, Adm 308.03 (b) allows department heads to approve the use of a private

vehicle if doing so would be “more advantageous” to the State. In SFY 2007, 4,094 Executive Branch employees received reimbursement for approximately 6.7 million miles in private vehicles, resulting in approximately \$3.1 million in mileage reimbursement. The average mileage reimbursement to individual Executive Branch employees for SFY 2007 was approximately \$762, ranging from individuals receiving \$1.50 to over \$13,600.

Figure 3

State-Owned Passenger Vehicles Use Classifications, SFY 2007



Source: LBA analysis of SFY 2007 annual motor vehicle reports.

We calculated a break-even point to determine when it is more cost effective to require the use of a State vehicle using the composition of the State’s fleet at the end of SFY 2007, the reimbursement rate in effect during the beginning of calendar year 2008, estimated maintenance and repair costs based on data from agencies’ SFY 2007 annual motor vehicle reports, and fuel prices for New Hampshire as reported by the American Automobile Association for December 2007 through May 2008. Our analysis of the point where it is more cost effective to operate a State vehicle rather than reimburse for private vehicle use is approximately 7,800 miles. We note the break-even point is an estimate based on data available when we conducted our analysis. As vehicle purchase price, fuel, maintenance, repair, and reimbursement costs fluctuate, the break-even point will also fluctuate.

Fleet Management Industry And State Practices

Proactively managing vehicle assignment and use is essential to ensuring resources are used prudently. Assessing and monitoring vehicle utilization; establishing uniform policies and procedures; establishing preventive maintenance and vehicle disposal programs; and capturing timely, accurate, and complete management information are critical components of an efficient and cost effective fleet management program. Industry practice recommends routinely reviewing utilization statistics to determine if vehicles meet established minimum mileage or daily use targets, or identify if alternative methods of providing transportation, such as commercial rental or reimbursing for private vehicle use, is more practical. Vehicles not meeting established standards should be considered for reassignment or disposal to optimize the cost effectiveness of the fleet. Industry best practice also recommends conducting a periodic comprehensive review to determine the appropriate size and composition of an organization's fleet.

Establishing uniform policies and procedures clearly outlining fleet management principles provides an organization with consistent guidelines over vehicle management; improves control over costs and operations; standardizes processes in multiple locations; and reduces confusion, questions, and errors. Industry best practice recommends a central authority develop policies and procedures with contribution from all major operating units within the organization. Once policies and procedures are established, they should be properly documented and monitored to ensure they are consistently applied.

Effectively managing preventive maintenance and vehicle disposal programs are also key components of successful fleet management. Timely and appropriate vehicle maintenance maximizes the useful life of a vehicle, reduces downtime and associated costs, minimizes vehicle failure and unnecessary repairs, enhances fuel efficiency and resale value, and ensures vehicle warranties are honored. Industry practices recommend establishing an annually updated long-range vehicle replacement plan and replacing vehicles during a period that minimizes life-cycle costs (i.e. capital and operating costs) and maximizes resale value.

All aspects of effective fleet management rely on timely, accurate, and complete management information. An information system providing efficient data collection, analysis, and distribution allows management to accurately determine a vehicle's utilization, establish appropriate maintenance and replacement schedules, ensure proper vehicle rotation, and monitor all aspects of fleet operations. An effective system should provide management with the cost of acquiring, operating, maintaining, and disposing of vehicles; as well as associated direct and indirect costs.

States and municipalities are moving towards consolidating fleet management functions into a central agency. Centralized management facilitates uniform policies and procedures, centralized accountability and control, standardized procedures, reduced duplication of effort, enhanced opportunities to evaluate cost, performance, shared resources, and increased opportunities to identify methods of improving cost effectiveness. Centralized administration occurs in varying degrees throughout the country. Forty-three states have consolidated passenger vehicle management to some degree; however, some states exclude public safety, transportation, or other large agencies from the centralized authority. Thirty-nine states authorize the central agency to establish and monitor compliance with policies and procedures, including analyzing vehicle

utilization, while 31 states authorize the central agency to approve vehicle assignments. Thirty-one states operate a motor pool to accommodate short-term needs. Colorado, Utah, and Georgia have three of the most centralized fleet management structures in the country, with the central agency authorized to establish and monitor compliance with policies and procedures, approve vehicle assignments, and operate a motor pool. These states have also developed web-based tools to determine the most cost-effective method of transportation. The web-based tool calculates the cost of renting a vehicle from the motor pool, renting from a commercial vendor, and mileage reimbursement, as well as identifies the most cost-effective travel method.

Our survey of 12 eastern states showed seven of eight states responding to the survey have a central fleet management office responsible for some aspect of statewide fleet management. Five states responding to the survey question responded their fleet agency is responsible for establishing policies and procedures, assigning vehicles to state agencies, approving vehicle assignments, and approving maintenance and repairs. Additionally, all five states responding to the survey question reported the central agency is responsible for monitoring compliance with policies and procedures, monitoring agency vehicle utilization, and coordinating maintenance and repairs. Four of five states responding to the survey question reported their central agency is responsible for establishing minimum use guidelines; and re-assigning underutilized vehicles; as well as monitoring potential misuse, individual vehicles' maintenance and repairs, and fuel usage. Two states exclude their public safety agencies and department of transportation from centralized management.

One New England state's central fleet management office, located within the central administration department, is responsible for vehicles with the exception of its public safety and transportation agencies. The office purchases and disposes of vehicles; manages and analyzes all fleet-related data; leases vehicles to state agencies; schedules, tracks, and pays for repairs and maintenance; and operates a motor pool in three locations throughout the state. The office currently employs seven personnel including the director to oversee 480 vehicles.

Significant Achievements

Performance auditing by its nature is a critical process, designed to identify weaknesses in past and existing practices and procedures. Noteworthy management achievements related to the scope of the audit are included here to provide appropriate balance to the report. Significant achievements are considered practices, programs, or procedures that evidence indicates are performing above and beyond normal expectations.

Establishment Of Agency-Operated Motor Pools

To accommodate employees' daily travel needs, agencies such as the Department of Transportation (DOT) and the Department of Environmental Services (DES) have established internal agency-operated motor pools using vehicles designated for general agency use. Both the DOT and DES have developed, with the assistance of the Office of Information Technology, a motor pool reservation process, which allows employees to call and check vehicle availability and make a vehicle reservation. The DOT's process allows employees to reserve a vehicle for several hours or days, depending on need, helping to maximize a vehicle's daily use. Using the

reservation process, DES employees are required to document that an agency vehicle is not available before reimbursement for private mileage will be authorized.

Controlling Vehicle Purchases Through Base Model Specifications, Executive Order 2005-4, And The State Clean Fleets Policy

In early 2005, a DAS panel developed base-model vehicle specifications for specific vehicle types in the State's fleet to limit agencies' vehicle choices and amenities. The DAS required agencies to purchase the base model unless the agency submitted a waiver presenting justification for extra features. In July 2005 the Governor issued *Executive Order 2005-4, An Order For State Government To Lead-By-Example In Energy Efficiency*, further reducing vehicle choice. The Order declared New Hampshire is committed to leading-by-example in energy efficiency, and improvements will protect public health and the environment, save money, and enhance quality of life. The Order required every agency with State vehicles to implement a clean fleets program to address anti-idling, achieve highway fuel economy, ensure vehicles produce low emissions, appropriately select vehicles for its intended use, and other measures promoting reduced vehicle emissions and fuel conservation.

To implement *Executive Order 2005-4*, the DAS issued the State's *Clean Fleets Policy* in February 2006, requiring agencies to purchase four-cylinder vehicles meeting fuel economy and emissions ratings established in *Executive Order 2005-4*, consider alternative fuel and hybrid vehicles, and choose the most appropriate and fuel efficient vehicle for its intended use.

Establishment Of A Statewide Fleet Policy Working Group

In May 2008, the Energy Efficiency Steering Committee, created by the Governor to advise on statewide energy initiatives, established the Fleet Policy Working Group consisting of members representing 19 State agencies. The Working Group is responsible for overseeing the implementation of *Executive Order 2005-4* addressing energy efficiency in State government. The Working Group's primary goals are to standardize processes, establish quarterly reporting of statewide fleet information, improve the current vehicle purchasing process, and increase overall fuel economy of the State's fleet. The Working Group is committed to monthly meetings to discuss issues pertaining to the current fleet structure and to provide suggestions for statewide improvement.

Utilization Of Commercial Fleet Management Systems

The Departments of Transportation and Safety utilize commercial fleet management software which allows them to record, maintain, and disseminate timely information on their fleet. The DOT's system is available to its district offices through a wide area network and allows district offices to access up-to-date vehicle maintenance and repair information. The system also allows the DOT to classify individual repairs and maintenance by specific codes (e.g. a front brake replacement is coded differently from a rear brake replacement) and allows reports to be generated based on a particular vehicle, type of repair, or an entire vehicle class. This type of information system allows the DOT to conduct predictive maintenance using historic information regarding a particular model or vehicle class.

STATE OF NEW HAMPSHIRE FLEET MANAGEMENT

OBSERVATIONS

Management controls provide reasonable assurance an organization achieves its goals of efficient and effective operations, reliable financial reporting, and compliance with applicable laws and regulations. Controls span all aspects of an organization's operations, aid mission accomplishment, improve accountability, minimize operational problems through effective stewardship of public resources, and must be continually assessed and updated to reflect changes in the operating environment. Management is responsible for developing the detailed policies and procedures to operationalize controls. Poor controls may lead to fraud, waste, and abuse. Management must continually assess and evaluate its control structure to assure the control activities being used are effective and updated when necessary.

Under the current decentralized structure, 33 State agencies have responsibility for requisitioning, maintaining, disposing, tracking, and reporting on their own passenger vehicle fleets, as well as establishing rules and regulations to govern their fleets. Our audit presents 12 observations addressing the need to improve controls by establishing a State fleet manager to develop statewide policies, procedures, information management system, and acquisition and replacement plan; monitor mileage reimbursement, vehicle utilization, assignment, and commuting in State vehicles; and oversee a motor vehicle pool for short-term vehicle needs. We also address central procurement of vehicle repairs and maintenance.

Observation No. 1

Improve Internal Controls Over Fleet Management

There are five components of management control including: the control environment, risk assessment, control activities, information and communications, and monitoring. The State's fleet management practices require improvement in each area.

Control Environment

The control environment includes management's philosophy, operating style, organizational structure, assignment of responsibility and authority. As we discuss in Observation No. 12, there is no statutorily designated central agency to manage the State's 1,888 State passenger vehicles. Decentralized responsibilities have resulted in 33 different systems to record fleet information; 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 State agencies.

Risk Assessment

There is no centralized assessment of where State vehicle-related resources may be unnecessarily exposed to risk. As we discuss in Observation No. 4, the State does not adequately monitor mileage reimbursements to ensure employees traveling on State business use the most cost-

effective method of transportation, and the State does not ensure agency fleets are appropriate for agency needs, as we discuss in Observation No. 8. Additionally, as we discuss in Observation No. 5 and No. 6, some State vehicles may be inappropriately used for commuting, are not being used as intended by administrative rule, and have not received Governor and Council approval for permanent assignments. Finally, as we discuss in Observation No. 3, the State lacks adequate controls over fleet information and information systems, potentially jeopardizing management's ability to make well-informed fleet-related decisions.

Control Activities

Overall, the State lacks written policies and procedures regarding fleet management, as we discuss in Observation No. 2. Twenty-nine of 38 (76 percent) fleet management personnel responding to our survey indicated they did not have written policies regarding vehicle assignment, 31 of 37 (84 percent) had no written policies and procedures regarding vehicle acquisition and replacement, and 29 of 38 (76 percent) had no written policies or procedures regarding vehicle maintenance and repair. Adopting best practices would guide the State's fleet management to promulgate detailed, written policies and procedures. Further, the administrative rules contained in the *Manual of Procedures* related to fleet operations maintained by the Department of Administrative Services (DAS) have not been updated since 1984, compromising their effectiveness.

Information

As we discuss in Observation No. 3, the State does not have centralized timely, accurate, or complete data to facilitate well-informed fleet-related management decisions and lacks adequate controls over its information systems. Agencies reported receiving little or no guidance from DAS regarding the type of information to be included in each cost component of the annual motor vehicle reports, and the DAS does not analyze fleet operations as required by statute. Additionally, some agencies reported they do not have a process to ensure their vehicle data are complete and accurate. This has resulted in incomplete, inaccurate, and sometimes illogical data; as well as inconsistent data reporting.

Monitoring

Best practice indicates the fleet management structure should incorporate a systematic process for analyzing fleet-related information including: vehicle utilization, vehicle costs such as acquisition, maintenance, and repairs; and general vehicle operations. We found no systematic approach statewide, despite statute requiring the DAS to monitor State agency activity and evaluate agency fleet operations. As we discuss in Observations No. 4, No. 5, and No. 6, the State does not monitor to ensure agency personnel are utilizing the most efficient method of transportation, nor does it monitor to ensure vehicle use classifications are appropriate, or whether vehicles are used as intended.

Recommendations:

We recommend the State improve the control environment over the State's passenger fleet by:

- **centralizing broader authority over fleet operations under a State Fleet Manager within the DAS, including adequate program support;**
- **conducting a risk assessment and implementing risk mitigation efforts to control State passenger-vehicle assets;**
- **updating and promulgating necessary Administrative rules across the breadth of fleet operations;**
- **developing and implementing detailed, written policies and procedures over the fleet; and**
- **developing and implementing a plan to identify, collect, and use management data detailing fleet performance.**

DAS Response:

We concur in part.

There exists no statutorily designated central agency to manage the State's passenger vehicles. The Department of Administrative Services (DAS) endeavors to address issues of control and monitoring within the constraints of the current, decentralized structure but would be unable to institute broad-ranging alterations absent statutory designation of a centralized fleet management authority. Were centralization to be approved by the Legislature and placed within the structure of DAS, the Department anticipates that it would attempt to adjust, update and modify practices. The precise adjustments that might be possible would depend in part upon the specifics of any statutory change. Generally, DAS believes that the operation of a centralized system would require a minimum of three (3) full-time positions devoted to fleet management, with a higher number possible dependent upon the scope of the functions assigned by statute.

Current statutory provisions do not describe a fully centralized system and contain a number of provisions removing particular agencies or transactions from DAS processes. RSA 21-I: 18, for example, exempts certain agencies from particular purchasing requirements; the secretary of state, court system, state reporter and Legislature are completely exempted from RSA 21-I and the statutory definition of "services" which are purchased through DAS (RSA 21-I: 11, I (f)) excludes "services provided solely to one agency." To effectively implement a centralized fleet management program, it would be necessary to carefully consider the existing statutory structure and assess additional matters such as optimal organization; the required level of staffing; the practical needs of individual agencies; whether or not leased or rented vehicles would in all cases be handled identically to vehicles owned by the State; and the necessity of creating specific exceptions for agencies such as the State Police, the Department of Transportation or certain of their sub-units. The practical and technical concerns, regarding how best to implement a more centralized system, would vary depending upon the aspect of fleet management under consideration. The DAS has not had the opportunity to fully assess each matter addressed, or suggestion made, in the performance audit, nor to consult with agencies such as the Department of Transportation, which may be able to provide insight into practical

aspects of conducting a more centralized fleet management program. Accordingly, DAS may modify its approach to items identified in the audit as its investigation progresses and as circumstances indicate is necessary.

In regard to monitoring areas in which financial resources might be conserved (categorized in Observation No. 1 as “Risk Assessment”), DAS concurs that such assessment may be better accomplished through centralization, if such centralization takes into account the need for statutory adjustments and development of procedures workable for all agencies; the need for particular exemptions and the assignment of adequate staffing. DAS does not concur that it must or can presently adopt “Administrative rules across the breadth of fleet operations.” The department’s authority to make rules is, as a general matter, spelled out in RSA 21-I: 14. Generally, when presented with a matter on which it is believed that a statewide policy might be desirable, the Department must assess whether the particular matter can be addressed by way of formal administrative rule, whether statutory authority exists to engage in rulemaking in that area, whether the exemptions of RSA 21-I: 18 or other statutes apply and whether the topic at issue is one which might be addressed by way of the Manual of Procedures that is referred to in a number of audit observations. Although the content of this Manual stems from rules adopted by the Department in 1984, the Manual itself is not defined as an administrative rule under RSA 541-A.

In the last legislative session, amendments were made to RSA 21-I to further clarify the parameters of the Department of Administrative Services Manual of Procedures. *See* Laws 2008, Ch. 177:9 (HB 1367). HB 1367 clarified that “state agencies, officers, employees, and others to whom the provisions of the manual are directed shall abide by the requirements of the manual.” RSA 21-I: 14, I. Accordingly, it is now clearer that agencies should abide by applicable fleet-related controls that DAS concludes may be imposed by way of the Manual. Several of the observations contained in the audit, such as Observations 2 and 5, appear to focus primarily upon whether agencies other than DAS make vehicle assignments in accordance with DAS guidance, rather than upon the content of that guidance itself.

In regard to the observation regarding the updating of the Manual (“Control Activities”), fleet-related controls and other controls formerly found in DAS administrative rules have been periodically reviewed by DAS and the Manual itself is currently undergoing a complete review. Since the time that the statutory amendments to RSA 21-I went into effect (just over 60 days ago) the law has specifically noted that DAS may set forth requirements related to the financial management of the state, including but not limited to requirements related to “State-owned motor vehicles.” *See* RSA 21-I: 14, I (b) (10). The Department is currently focusing on modernizing sections of the Manual including but not limited to those relating to the assignment to motor vehicles to categories of use. It anticipates that it will also be addressing other matters previously addressed in “Adm 300.” Should a statutory alteration occur which centralizes fleet management, it would likely be necessary to alter sections of the Manual currently being drafted within the constraints of the present system.

To the extent that Observation No. 1 (“Monitoring”) might in part be read to suggest that DAS has the current ability to engage in the functions set forth in RSA 21-I: 7-a, the Department does not concur. RSA 21-I: 7-a creates an “Operational Analysis” unit within the DAS, the functions

of which include, but are not limited to, monitoring and evaluating fleet operations. Nonetheless, no personnel or funding has presently been authorized to render this unit functional. DAS has nonetheless endeavored to monitor and evaluate fleet operations, consistent with structural constraints, through other of its operations.

Observation No. 2

Establish Statewide Policies And Procedures

DAS policies and procedures offer agencies some guidance in managing State vehicles by requiring agencies to designate a transportation control officer to ensure proper use of State motor vehicles and to have an adequate and well-documented fleet maintenance program. While DAS policies and procedures address some aspects of fleet management including vehicle purchasing, disposition, and utilization; agencies are allowed considerable flexibility in determining vehicle assignment, utilization, maintenance, and reporting systems. Our survey of State agencies' fleet management personnel found some agencies have not established written, agency-specific policies and procedures, while others rely on informal policies and procedures to control fleet operations. Further, personnel at four agencies we interviewed stated the person who had been primarily responsible for the agency's fleet had resigned, leaving no policies and procedures for daily fleet management responsibilities or tasks. Our survey found 15 of 26 agencies (58 percent) answering the survey question responded their agency would benefit from centralized development of policies and procedures.

Our survey found at least 25 percent of State agencies answering the survey questions, do not have written, agency-specific policies and procedures addressing the following areas:

- Thirteen of 37 agencies (35 percent) do not have *any* agency-specific policies and procedures for vehicle acquisition and replacement.
- Thirteen of 38 agencies (34 percent) do not have *any* agency-specific policies and procedures for vehicle assignment.
- Six of 38 agencies (16 percent) do not have *any* agency-specific policies and procedures regarding repairs and maintenance, while 59 percent of agencies (22 of 37) do not have written maintenance schedules. Fifteen of 38 agencies (39 percent) reported their fleet manager ensures all vehicles receive timely and appropriate maintenance and repairs, while 20 agencies (53 percent) reported the personnel assigned the vehicle was responsible. Four agencies (11 percent) reported not having a formal process for ensuring vehicles receive timely and appropriate repairs and maintenance, while two agencies commented they also rely on commercial vendors to diagnose problems and identify needed repairs.
- Eight of 38 agencies (21 percent) reported requiring agency vehicles drive a specific number of miles annually, while one of 38 agencies require vehicles drive a certain number of days annually.
- Eleven of 38 agencies (35 percent) reported vehicle complaints are forwarded to the fleet manager and an additional three agencies reported complaints are forwarded to the agency or division director.

- Three of 37 agencies (8 percent) do not have *any* policies and procedures for appropriate use of agency vehicles. Two of these agencies noted they follow DAS-established guidelines requiring State vehicles be used solely for State business.
- Ten of 37 agencies (26 percent) allow commuting or occasionally allow commuting in agency vehicles, while 11 agencies (30 percent) prohibit it.

Best practices indicate uniform policies and procedures are essential for managing a cost-effective fleet.

Recommendations:

We recommend the State develop a system to establish, and monitor agency compliance with, uniform statewide policies and procedures applicable to the entire passenger fleet. Policies and procedures should include vehicle requisition, utilization, assignment, repair and maintenance, and disposition.

We recommend the State solicit stakeholder opinions regarding fleet policies and procedures by incorporating input from State agencies.

DAS Response:

We concur.

As noted in regard to Observation No. 1, there currently exists no statutorily designated central agency tasked with managing the State's passenger vehicles. In the absence of such a structure, DAS has endeavored to operate within the constraints of the current decentralized process, including by seeking to clarify by statute the parameters of its Manual of Procedures, by engaging in an ongoing effort to update the Manual (including in reference to fleet management) and by assessing the need for amendments to its purchasing rules (Ch. Adm 600). The Department anticipates that if a centralized system is adopted it would, to the extent necessary, revise procedures existing under the decentralized system. The specifics of such changes could not be fully assessed until the statutory contours of any centralized process were known and DAS would need to consider whether certain areas relating to fleet management were best addressed by way of an administrative rule or by way of a provision in the Manual of Procedures.

To the extent that Observation No. 2 recommends solicitation of stakeholder opinions regarding fleet policies and procedures, incorporating input from state agencies, the nature and timing of such input would in part be dependent upon the methodology used to implement any policy or procedure, whether by the process of RSA 541-A or by utilization of the Manual which is subject to approval by the Governor and Executive Council. See RSA 21-I: 14, I (a); See also RSA 4: 15 (Governor and Council may provide by general regulation for the allowance of certain travel expenses). In regard to particular topics relating to travel, it is also possible that consultation with other entities might in some instances be advisable. The 2007 – 2009 State Employees' Association collective bargaining agreement, for example, contains a provision stating that: "Reimbursement for travel and meals shall conform to regulations established by the

Department of Administrative Services with the approval of the Governor and Executive Council and to the terms of this Agreement. The Employer agrees that it will not adopt any travel or meal regulation for unit employees without first consulting with the Association pursuant to the provisions of Article IV.” See 2007 – 2009 SEA Collective Bargaining Agreement, Section 19.4.1.

Observation No. 3

Improve Data Management

The State does not have centralized timely, accurate, or complete passenger vehicle-related information to facilitate well-informed management decisions. Decentralization has resulted in 33 different systems for recording fleet information, unavailable statewide passenger fleet-related cost data, inconsistent data reporting, and inaccurate and incomplete data. RSA 21-I:7-a requires the DAS establish an Operational Analysis Unit responsible for monitoring State agency activity and evaluating agency operations in areas including fleet operations. However, this Unit is not operational, despite being statutorily established in 1985.

Our review of the New Hampshire Integrated Financial System (NHIFS) found passenger vehicle-related expenditures commingled with heavy equipment, off-road, marine, and aviation vehicle expenditures, as well as inadequate descriptions of the type of services received or the cost of individual services. As a result, the State is unable to compare rates agencies pay for any one type of service. Additionally, object codes reserved for vehicle-related expenditures contained expenditures which appear to be non-vehicle related. For example, object code 320, reserved for motor vehicle replacement, contained expenditures for marketing, a school district, and a land development firm. We also found expenditures for vendors who appear to have provided vehicle-related services charged to object code 257, Rent/Lease Non Office Equipment.

In addition to reporting vehicle-related expenditures in NHIFS, State agencies are required to maintain data on the cost of individual vehicles within their fleet. The majority of State agencies track vehicle-related expenses using Excel spreadsheets; however, the Departments of Transportation and Safety use commercial fleet tracking software. Annually, the Division of Plant and Property Management within the DAS provides agencies a spreadsheet to report motor vehicle data including vehicle mileage, acquisition cost, and age, plus costs and quantities of oil, costs and gallons of fuel, repair costs, and miscellaneous costs. However, the DAS does not provide adequate guidance to State agencies regarding the vehicle cost information required in the annual motor vehicle reports, nor does it adequately review the annual reports to ensure required fields are complete, accurate, and logical. Seven agencies reported receiving little or no guidance from DAS regarding the type of information expected in each cost component of the annual motor vehicle report. As a result, data are inconsistently collected among agencies and some agencies' data are incomplete, inaccurate, and illogical. During our review of agencies' State fiscal year (SFY) 2007 motor vehicle reports, we noted the following:

- One Department classified 12 snowmobiles, another classified a crane, and a third classified an all-terrain vehicle as passenger vehicles.
- Sport utility vehicles (SUV) are inconsistently classified. Five departments classified some SUVs as passenger vehicles and other SUVs as light trucks, while seven

departments classified all SUVs as passenger vehicles. Three agencies classified the same type of SUV as *both* a passenger vehicle and a light truck in their inventory.

- Four agencies did not report oil costs or quantities for their fleets, while three agencies did not record beginning or ending odometer for any vehicle in their fleet.
- Five agencies did not record acquisition costs for at least one of their vehicles; another agency did not record acquisition costs for 22 percent of its fleet.
- In one agency, 76 vehicles traveling in excess of 400 miles in the fiscal year reported no fuel usage. These 76 vehicles traveled an average of 11,200 miles.
- Two agencies recorded fuel use disproportionate to the number of miles reported for the vehicle. For example, one agency recorded a vehicle traveling 2,555 miles in the fiscal year consumed 84,316 gallons of gasoline.
- Two agencies reported fuel costs disproportionate to the amount of fuel used; one agency reported a vehicle used 72,496 gallons of gasoline at a cost of \$93.24.

Additionally, we compared invoices for 16 agencies to their SFY 2007 motor vehicle reports filed with the DAS, and noted:

- Seven of 16 agencies reported having no process ensuring complete and accurate vehicle data.
- Ten of 16 agencies' annual motor vehicle reports contained at least one vehicle with inaccurate information. The most common errors were: incorrect information entered manually (eight of 16 agencies), invoices were not posted to the vehicle or were posted to the incorrect vehicle (six of 16 agencies), and agencies were unable to locate invoices for our review (two of 16 agencies).
- Two agencies' data were inaccurate for all vehicles we sampled. One agency reported this may be due to problems extracting the data from the agency's internal system, while the other reported the agency did not track individual repairs, vendors, dates of service, or costs by vehicle and were unable to adequately document vehicle costs.
- We could not verify fiscal year mileage information for two agencies because the agencies' internal systems could only produce current mileage readings. One agency reported being unable to collect mileage information on a regular basis, so only recorded mileage when the vehicle is serviced or repaired.
- Agencies inconsistently recorded oil change costs. Three of 16 agencies recorded the entire cost of the oil change in the "oil costs" column; five agencies recorded the cost of the oil itself in the oil cost column while recording the cost of the service in the repairs or miscellaneous column; six agencies recorded the entire cost of the oil change in the repairs or miscellaneous cost column; and two agencies did not record the labor portion of an oil change because they are performed in-house by agency personnel.
- One agency, which performs services at its in-house maintenance garage, does not include the cost of labor performed by agency automotive maintenance personnel when reporting vehicle costs.

- One agency did not report any vehicle “repairs,” but rather recorded all costs, with the exception of oil changes, as “miscellaneous.”

All aspects of effective fleet management rely on timely, accurate, and complete management information. An information management approach providing efficient collection, analysis, and distribution of data allows management to accurately determine a vehicle’s utilization, establish appropriate preventive maintenance and replacement schedules, ensure proper vehicle rotation, and monitor all aspects of fleet operations. An effective information management system should provide management with accurate and reliable information on the cost of acquiring, operating, maintaining, and disposing of vehicles; as well as all direct and indirect costs associated with operating a vehicle. Our survey of eastern states shows four of five states answering the survey question have a statewide fleet information system managed by the central fleet agency.

Recommendations:

We recommend the State implement a statewide data management system and centralize responsibilities for this function. A statewide data management system should be capable of providing costs of individual service components, in addition to aggregate operating costs of State vehicles. The State should examine available commercial systems including those currently used by the Departments of Transportation and Safety for statewide utility.

To ensure timely, accurate, and complete management data are available, we recommend the State:

- **establish policies and procedures regarding data management including establishing definitions for each data element; and**
- **periodically analyze agency fleet data for accuracy, completeness, and reasonableness.**

DAS Response:

We concur.

This Department recognizes the need for a vigorous, comprehensive fleet management information system. To be effective, we believe that a management system must address, at minimum, the following functionalities:

Procurement The ability to analyze the needs of various agencies and marry those needs with the best fit of vehicles meeting the broader State effectiveness and efficiency standards. The management system must also have the ability to determine the most effective criteria, including life-cycle planning, for vehicle retirement and replacement.

Inventory The ability to ensure that vehicles are present where and when they are needed. This ability needs to encompass the determination of who should be assigned a

vehicle and when it may be more effective to reimburse employees private vehicle use.

Maintenance The ability to monitor and control routine vehicle maintenance as well as unscheduled repairs. Such a system would, ideally, be linked to either State operated or State contracted regional service centers.

Auditing The ability to monitor and assess utilization patterns to identify needs as well as potentially non-conforming usage.

Reporting The ability to produce meaningful management reports for internal and external audiences. This reporting would produce mandated reports for the Executive and legislature as well as ad-hoc reports for research and analysis.

User Interface The ability for State user agencies to directly input data and perform- internal auditing and reporting. The shared nature of fleet management responsibility mandates the user agencies are provided the opportunity to benefit from this system.

We are aware that commercially available software products provide most, if not all, of the functionalities that we would seek in a fleet management information system. The State should analyze whether it is more cost effective to join the DOT fleet management system, with needed supporting resources (people and money) – or – to acquire other software. The procurement of a new system, for statewide use, would require considerable planning and time for a competitive procurement. This procurement would require funding which is not in the current budget.

The State should opt to pilot a system for the Concord area agencies due to their close geographic proximity before trying to deploy this system statewide. We believe that such a pilot approach would allow the State to learn valuable information before trying to deploy this statewide further complicating some of the earlier challenges.

Observation No. 4

Monitor Reimbursement For Privately Owned Vehicles

State agencies are inadequately monitoring reimbursement to State employees for private vehicle use when conducting official State business. We found State employees receiving mileage reimbursement for using their private vehicles in excess of the threshold established in Administrative rule, and agencies reimbursing employees for private vehicle use while also retaining underutilized vehicles in their inventory.

The DAS Manual of Procedures section Adm 305.06 (c) requires personnel traveling in excess of 15,000 miles per year on State business to operate a State vehicle. Further, Adm 308.02 (d) prohibits the use of privately owned vehicles for conducting State business when a State vehicle is available for the employee's use; however, Adm 308.03 (b) allows department heads to approve the use of a privately owned vehicle if doing so would be "more advantageous" to the State. Our survey of agency fleet managers found six of 38 agencies (16 percent) responding to

the survey question reported they do not monitor the use of privately owned vehicles for State business. Additionally, only three of 38 agencies (eight percent) responding to the survey question reported the agency's fleet manager reviews travel reimbursement vouchers.

The number of vehicles needed in the State's fleet is linked to the frequency with which individuals are reimbursed for private vehicles. Federal, state, and industry fleet management practices suggest proper management of private mileage reimbursement is important to controlling fleet costs. Practices include evaluating the point where it is more cost effective to provide a vehicle for employee use, versus reimbursing employees for private vehicle use; and auditing spending on mileage reimbursement to identify instances where a State vehicle is more cost effective than reimbursing employees for private vehicle use.

Several states including, Ohio, Colorado, Oklahoma, and Utah perform a cost comparison or have established a break-even point where it is more cost effective to operate a state vehicle instead of reimbursing employees for private vehicle use. Our survey of other states' fleet management practices showed three of six states (50 percent) responding to the question perform a cost comparison to determine the most appropriate method of traveling on state business. Additionally, our survey of New Hampshire State fleet managers showed seven of 36 agencies (17 percent) responding to the survey question also reported performing a cost comparison to determine the most appropriate method of travel.

We calculated a break-even point using the composition of the State's fleet at the end of SFY 2007, the reimbursement rates in effect during SFY 2008, estimated maintenance and repair costs based on data from agencies' SFY 2007 annual motor vehicle reports, and fuel costs for New Hampshire as reported by the American Automobile Association for December 2007 through May 2008. Our analysis shows the point where it is more cost effective to operate a State vehicle rather than reimburse for private vehicle use is approximately 7,800 miles. We note the break-even point is an estimate based on data available when we conducted our analysis. As fuel, maintenance, repair, and reimbursement costs fluctuate, the break-even point will also fluctuate.

In SFY 2007, Executive Branch agencies reimbursed 4,084 employees for approximately 6.7 million miles traveled in privately owned vehicles, resulting in approximately \$3 million in mileage reimbursement. Mileage reimbursement to individual employees in SFY 2007 ranged from under \$2.00 to \$13,648.

As Shown in Table 1, during SFY 2007, 189 State employees received mileage reimbursement for travel over 7,800 miles resulting in approximately \$1 million in mileage reimbursement. We noted 26 State employees received mileage reimbursement for travel over 15,000 miles; 19 of which also received mileage reimbursement in excess of 15,000 miles in SFY 2006. If the 189 employees receiving reimbursement for over 7,800 miles had utilized a State vehicle in SFY 2007 rather than being reimbursed for private mileage, we estimate the State could have saved approximately \$124,000.

In addition, five of the State agencies in SFY 2007 reimbursing at least one of their employees for private vehicle use in excess of 7,800 miles, also retained pooled vehicles driven under 12,000 miles in their inventory. Table 1 also shows which State agencies reimbursed individual

employees for over 7,800 miles of travel in their private vehicle, the total amount paid to those employees, and the number of pooled vehicles driven under 12,000 miles in their inventory in SFY 2007.

Table 1

**Number Of Individual Employees Reimbursed For Over 7,800 Miles
And Percent Of Pooled Passenger Vehicles Driven Under 12,000 Miles By Agency,
SFY 2007**

Agency	Employees Reimbursed For Over 7,800 Miles	Private Mileage Reimbursement ¹	Percent of Pooled Vehicles Driven Under 12,000 Miles ²
Health And Human Services	149	\$799,100	79%
Education	7	33,800	100%
Safety ³	8	36,800	0%
Employment Security	8	43,100	0%
Banking Commission	4	16,300	0%
Corrections	2	8,500	46%
NH Community Technical Colleges ⁴	2	10,000	71%
Insurance Department	4	39,600	0%
Administrative Services	2	13,600	85%
Office Of Information Technology	2	9,900	0%
Governor's Office	1	5,800	0%
TOTAL	189	\$1,016,500	

Notes: ¹ Amount paid to employees for private mileage reimbursement of 7,800 miles or more in SFY 2007.
² Percent of general use vehicles (i.e. use class 1) in annual motor vehicle reports assigned to the agency for the entire fiscal year and driven less than 12,000 miles in SFY 2007.
³ Excludes State Police and Highway Enforcement.
⁴ Includes private mileage reimbursement for employees at three locations.

Source: LBA analysis of NHIFS information and annual motor vehicle reports.

Recommendations:

We recommend the State develop a formal process for monitoring private vehicle reimbursement including establishing written policies and procedures to:

- annually conduct a break-even analysis to establish the point where it is more cost effective to require an employee to use a State vehicle rather than reimburse employees for travel in their private vehicles;
- periodically review individual mileage reimbursement payments to identify employees being reimbursed, or with the potential to be reimbursed, for mileage in excess of the break-even point;
- ensure agency personnel are only reimbursed for private vehicle mileage when a State vehicle is not available; and

- **establish a formal process to reassign underutilized vehicles to employees incurring high private mileage reimbursement.**

DAS Response:

We concur.

As noted previously, there exists no current statutorily designated central agency to manage the State's passenger vehicles. A centralized fleet management system would aid in this effort but would not negate the need for full participation by the user agencies.

The present statutes address a decentralized system. It is within this context that the fleet-related controls and other controls formerly found in DAS administrative rules have been incorporated into the current DAS Manual of Procedures. This Manual is currently undergoing a complete review with an eye toward the anticipated significant operational changes stemming from the implementation of the Enterprise Resource Planning (ERP) system. The 2008 statutory amendments to RSA 21-I have specified that DAS may set forth requirements related to the financial management of the state, including but not limited to requirements related to "State-owned motor vehicles". The Department is utilizing this authority to submit, for Governor and Council approval, a new Manual Section: Assets and Inventory of State-Owned Motor Vehicles Requirement.

We believe that the new manual Section will address many of the concerns, noted in this and other observations, as they relate to establishing formal written policy and procedures. We believe, however, that it is important to restate that the proposed changes are being made only to the extent possible within the current decentralized fleet management environment.

This Department would welcome the opportunity to address the concern for better monitoring and auditing of employees' vehicle use and reimbursement patterns. At the present time, this Department simply does not have the manpower resources to adequately address this issue. For a monitoring system to be effective, it must be broad in scope and consistent in its application. Such a system will require the dedication of at least one auditor on a full-time basis. As currently funded, this Department lacks the resources to support this function.

Observation No. 5

Re-Evaluate Employee Commuting In State Passenger Vehicles

Some State passenger vehicles are not being used consistent with intended purposes, and the State may be incurring unnecessary costs associated with employees using State vehicles for commuting to work, an employee personal expense. We found State vehicles assigned to personnel being used for commuting despite the fact their job responsibilities require their "official headquarters" be designated as a location other than their agency headquarters, or to conduct business after normal business hours. DAS Administrative rules establish four use classifications for vehicle assignment: general use, home or location, temporary home or location, and permanent assignment. However, the State's decentralized fleet management

structure allows agencies considerable flexibility in determining actual vehicle assignments to agency personnel.

The DAS Manual of Procedures section Adm 305.02 (c) designates general use vehicles as those assigned for the entire agency's general use (i.e. pooled vehicles), although employees are permitted to occasionally use vehicles overnight or on weekends if it is in the State's best interest. Vehicles designated as home or location assignment are assigned to personnel whose designated headquarters is their home or a location other than their agency headquarters. This designation applies primarily to State personnel whose jobs require extensive travel to off-site locations and occasionally travel to their agency headquarters. Permanently assigned vehicles are assigned to an employee on a 24-hour-a-day, seven-day-a-week basis and require Governor and Council approval. Employees requesting permanent assignment must request Governor and Council approval citing: frequency and examples of use outside of regular working hours, home location and round trip distance to official headquarters, estimated annual cost of operating the State vehicle for routine travel between the employee's home and official headquarters, and why the employee should not be reimbursed for personal vehicle use in lieu of receiving a permanently assigned vehicle. Adm 305.02 (4) (b) exempts law enforcement personnel, with the exception of staff officials, from obtaining Governor and Council approval for a permanently assigned vehicle.

Internal Revenue Service (IRS) regulations make personal use (e.g. commuting) of an employer-provided vehicle a taxable fringe benefit to the employee. However, IRS rules also allow the employer to charge the employee for personal use. While New Hampshire adds the taxable benefit of \$1.50 per commuting trip to an employee's taxable income in accordance with IRS regulations, we note at least nine states nationally require employees reimburse the state for personal use on a cost-per-mile basis, while at least five states specifically prohibit commuting in State vehicles.

Our analysis of Government Human Resources System (GHRS) data found 238 employees reported receiving vehicle fringe benefits in State fiscal year 2006 and 241 reported receiving vehicle fringe benefits in SFY 2007. Of these, 66 employees in SFY 2007 and 90 employees in SFY 2006, commuted to and from work in State vehicles more than 120 workdays in each fiscal year. In SFY 2007, 28 of 66 employees (42 percent) used a passenger vehicle designated as either general use or home or location assignment for commuting, while 31 had a permanently assigned vehicle. We could not determine vehicle use classification for the remaining six employees. In SFY 2006, 34 of 90 employees (38 percent) used a passenger vehicle designated as either general use or home or location assignment for commuting, while 38 had a permanently assigned vehicle. We could not determine vehicle use classification for the remaining 18 employees.

During SFY 2007 we found four personnel from one agency used general agency use passenger vehicles for commuting; however, the vehicle fringe benefit was not reported for any of these employees. The agency has submitted requests to the G&C for these vehicles to be permanently assigned to these personnel. Agencies are not required to obtain G&C approval to designate vehicles for general use and home or location assignment; however, Adm 305.02 (c) (1) only allows *occasional* overnight use of general use vehicles *if* it is determined to be in the best

interest of the State, while Adm 305.02 (c) (2) and (3) require agencies to document how frequently personnel assigned a vehicle on a home or location assignment must travel to the agency office. The frequency with which these vehicles were used for commuting shows they may be misclassified and are not being used as Adm 305.02 (c) intended.

We found some passenger vehicles assigned on a permanent basis are used *primarily* for commuting. Our analysis of round-trip commuting information for 46 State employees from 11 agencies with permanently assigned vehicles, found approximately 353,700 commuting miles in SFY 2007. Further, our analysis of 19 employees permanently assigned the same vehicle for SFY 2007, found 11 vehicles where commuting accounted for between 56 percent and 99 percent of the vehicle’s total mileage for the fiscal year.

A 2003 National Association of Fleet Administrators survey found 86 percent of government entities permit personal use of fleet vehicles. On average, the survey found personal use accounted for 10 percent of total miles driven in government-owned vehicles. The survey also found 19 percent of government entities charged employees for personal use of vehicles, the majority of which charged a per mile rate. Nationally, we found states currently charge between \$.15 and \$.51 per mile for commuting in state vehicles. Based on the lowest, highest, and average reimbursement rate other states charge, Table 2 shows potential savings to New Hampshire if it required these 46 employees in SFY 2007 and 41 employees in SFY 2006 to reimburse the State for commuting in State vehicles. We note this calculation is only based on a small number of employees with permanently assigned passenger vehicles for whom we were able to obtain round-trip commuting information. The actual savings to the State would be greater if all employees who used State vehicles for commuting in SFYs 2006 and 2007 were required to reimburse the State.

Table 2

Potential Savings From Charging Employees For Commuting In State Vehicles, SFYs 2006 And 2007

		SFY 2006 ¹	SFY 2007 ¹	Potential Two Year Savings
		Miles Attributed To Commuting²		
		334,718	353,655	
Low	\$0.15	\$50,208	\$53,048	\$103,256
High	\$0.51	\$170,706	\$180,364	\$351,070
Mean	\$0.35	\$117,151	\$123,779	\$240,930
Notes:				
¹ Based on 41 employees with permanently assigned vehicles in SFY 2006 and 46 employees in SFY 2007.				
² Miles Attributed To Commuting is calculated by multiplying the daily round-trip commuting mileage (obtained from Governor and Council requests to assign the vehicle permanently or mileage from the vehicle’s place of garaging to the agency headquarters) by the number of yearly round-trip commutes (obtained from amount reported in GHRS as vehicle fringe benefits divided by \$3.00 per day).				

Source: LBA analysis of NH State agency and other states’ information.

Recommendations:

We recommend the Legislature consider a statute requiring employees who use State passenger vehicles for commuting to reimburse the State for commuting miles. We recommend the State establish policies and procedures regarding commuting in State vehicles, develop a cost reimbursement formula, and monitor to ensure agency personnel comply with reimbursement requirements.

We also recommend the State re-evaluate passenger vehicle assignments to ensure use classifications are accurate and appropriate, and monitor to ensure vehicles are used according to intended use classifications.

DAS Response:

We concur in part.

Observation No. 5 appears to assume the utilization of a centralized process that does not exist under the current statutory framework. DAS has attempted to operate within the strictures of the current decentralized system.

Certain former DAS administrative rules have been utilized as a manual or guide relative to the assignment of vehicles to categories (general use, home or location assignment; temporary home or location assignment). As noted in response to Observation Number 1 above, Laws 2008, Ch. 177 (HB 1367) (effective June 11, 2008), made it clearer that, under the current system, agencies themselves are to adhere to the requirements of the DAS Manual, which is currently undergoing substantial revision, including in regard to the assignment of vehicles to categories. DAS does not presently possess the monitoring capabilities that would exist were a centralized fleet-management authority with appropriate personnel to be legislatively authorized. Funding and personnel would both be critical to the success of such a system.

Observation 5 appears to focus primarily upon whether agencies make vehicle assignments in accordance with DAS guidance, rather than upon the content of that guidance itself. DAS notes, however, that it has independently undertaken an effort to update the Manual of Procedures provisions addressing periodic reevaluation of the assignment of vehicles to categories; Governor and Council approval for a greater range of vehicle assignments; occasional use of general use vehicles; and exemptions. The approach to these matters has not yet been finalized but is considered a high priority. Any item ultimately created would likely need to be altered should a centralized system be established. Additionally, under the current structure, relevant Manual provisions would be subject to Governor and Council approval, might arguably be inapplicable to agencies exempt from the provisions of RSA 21-I, and, in view of the absence of a centralized system, would necessarily be enforced by agencies themselves.

To the extent that the Observation No. 5 may relate to alterations in travel reimbursement, rather than to assignment of vehicles to categories, it may be advisable to consider potential practical issues (e. g. tracking), which may be involved in utilizing a “per mile” rate and to consider the potential applicability of provisions of the State’s collective bargaining agreements,

including but not limited to Section 19.4.1 of the 2007 – 2009 SEA agreement (provision indicating that employer will not adopt travel regulation for unit employees without first consulting with the association). In regard to the recommendation that the Legislature consider a statute requiring employees who use State vehicles for commuting to reimburse the State for commuting miles, establish commuting policies, develop reimbursement formula and monitor reimbursement, the Department would be unable to assess an appropriate approach until such time as it is known what form of statute, if any, might be adopted by the Legislature relative to employee reimbursement and/or centralization of fleet-management functions.

Observation No. 6

Centralize Responsibility For Passenger Vehicle Assignment

The State allows agencies to assign passenger vehicles to agency personnel, but it has not established proper mechanisms to monitor vehicle assignments. The DAS Manual of Procedures section Adm 305.02 (c) allows agencies to designate State vehicles for general agency use or to assign vehicles to employees on a permanent, home or location, or temporary home or location designation. Adm 305.02 (c) (4) requires Governor and Council approval for permanently assigned vehicles, with the exception of law enforcement personnel. We found 76 percent of State agencies have no policies and procedures regarding vehicle assignment, eight agencies have not obtained Governor and Council approval for 108 permanently assigned vehicles, and Governor and Council approvals are not updated and reviewed once initially approved. Further, as discussed in Observation No. 5, vehicles designated for general agency use or home or location assignment may actually be used similarly to permanently assigned vehicles without the requisite Governor and Council approval.

The majority of State agencies do not have written policies and procedures regarding passenger vehicle assignment; however, ten of 38 agencies (26 percent) reported assigning vehicles permanently to employees based on the employee's title, while only seven of 38 (18 percent) assign a vehicle permanently based on the number of work-related miles an employee travels annually. Twenty-three agencies (61 percent) reported assigning a vehicle permanently based on the employee's job responsibilities. Our analysis found 108 of 156 non-law enforcement vehicles (69 percent) assigned to personnel on a permanent basis had not obtained Governor and Council approval at the end of SFY 2007. We found 30 of 48 Governor and Council approvals (63 percent) were over five years old. One agency had 24 vehicles approved by the Governor and Council in 1985 and two other agencies had a total of four vehicles approved by the Governor and Council in 1996. The 28 vehicles from these agencies have not been re-approved.

Vehicles with general use and home or location assignments do not require G&C approval; instead, the agency's transportation control officer approves these designations. DAS Administrative rules (Adm 305.02 (c) (2&3)) allow agencies to assign vehicles permanently or temporarily under certain conditions. According to DAS personnel, there is no method for the DAS to monitor whether agencies are complying with the use classifications designated in Administrative rule.

Nationally, at least 31 states have authorized the central fleet management agency responsibility for assigning or leasing vehicles to state agencies. In Oregon, agencies determining the need for

permanently assigned vehicles must also request authorization from the fleet management office. Approved permanent vehicle assignments are biennially reviewed to ensure proper vehicle utilization. In our survey of eastern states, all five states responding to the survey question reported their central fleet management agency has authority to approve or deny vehicle assignments to state agencies. We note all five other New England states have central fleet management agencies with authority to oversee vehicle assignments. In Connecticut, the central agency has authority to recall and reassign vehicles at any time; while in Vermont, the central fleet management office leases vehicles to agencies and reviews lease assignments on a yearly basis.

Recommendations:

We recommend the State centralize responsibility for assigning passenger vehicles to State agencies and agency personnel within the DAS, with periodic reports to the Governor and Council. Vehicles assigned to State agency personnel should be reviewed annually to ensure vehicles are meeting utilization guidelines, vehicles are used as intended, and to identify opportunities for more efficient transportation alternatives. We recommend the DAS work with the Legislature to amend statutes to provide for centralization and re-alignment of the passenger vehicle fleet as appropriate.

Centralized vehicle assignments should include exemptions for special use vehicles such as law enforcement or construction support. We recommend the DAS work with agencies to identify vehicles that could warrant exemption from centralized oversight.

DAS Response:

We concur.

This observation appears to focus primarily upon whether agencies other than DAS make vehicle assignments in accordance with DAS guidance rather than upon the content of that guidance itself. The Department would support Centralized Vehicle Assignment within a Fleet Management organization, provided that adequate staffing and support is also approved. The Department welcomes the opportunity to address these concerns, and would support stronger controls within the area of vehicle assignments in accordance with the DAS Manual of Procedures, which allows agencies to designate State vehicles for general agency use or to assign vehicles to employees on a permanent, home or location, or temporary home or location designation.

If a centralized system is adopted, the Department recognizes the need for a Fleet Management organization that would establish the procedures that are necessary for a much needed utilization strategy, and to continually evaluate and implement more efficient transportation alternatives. If it is determined that a centralized system will be created within the DAS structure, the department would assess the need for updates and revisions to statutory authority, rules and provisions of the Manual.

The Department is currently undergoing a complete review of the DAS Manual of Procedures. Sections of the redrafted Manual will take into account many of the concerns, noted in this and other observations, as they relate to establishing formal written policy and procedures. We believe, however, that is important to restate that the proposed changes are being made only to the extent possible within the current decentralized fleet management environment.

If Centralized Vehicle Assignment is to be successful, it must be resourced by no less than three individuals, with a higher number possible dependent upon the scope of the authorized process. As currently funded, this Department lacks the resources to support this function.

Observation No. 7

Establish Regional Motor Pools For Short-Term Passenger Vehicle Needs

The State currently does not share passenger vehicles among agencies. Inability to share vehicles has resulted in large expenditures statewide for private mileage reimbursement, as well as a large number of State vehicles driving less than the State-required 12,000 miles each fiscal year.

In SFY 2007, 33 Executive Branch agencies maintained fleets numbering from one to 627 sedans, station wagons, passenger vans, and light trucks. In the same period, Executive Branch agencies reimbursed 4,084 employees approximately \$3.1 million for State travel in private vehicles. Collectively, these same agencies had 643 sedans, station wagons, passenger vans, and light trucks in their fleets traveling under 12,000 miles during the fiscal year.

Federal, state, and industry practices indicate assigning vehicles to individuals or divisions is an inefficient use of resources. Conversely, centrally pooling vehicles for the use of many employees can increase efficiency, effectiveness, and vehicle utilization, as well as reduce fleet costs by eliminating unnecessary and under-utilized vehicles. At least 31 states nationwide operate motor pools to meet their short-term travel needs. Three of five (60 percent) eastern states responding to our survey question reported their state's central fleet management agency is responsible for operating a motor pool for the state's short-term vehicle needs. All three states agreed or strongly agreed the state's motor pool benefits small agencies without the expertise to manage their own fleet operations; helps in monitoring vehicle utilization; and enables collection of accurate, timely, and complete vehicle utilization data. In our survey of New Hampshire State agencies, 18 of 37 agencies (49 percent) reported they would benefit from a State motor pool for short-term vehicle needs. Fifteen of 23 agencies (65 percent) also reported they would benefit from immediate access to a State vehicle when needed for short trips, while 11 of 23 agencies (48 percent) agreed a motor pool would eliminate costs for maintaining vehicles for agency use.

Accessibility and location are key components of a motor pool's success; therefore, motor pools should be located in areas with high concentrations of employees. Vermont's Fleet Management Services analyzes state office locations, solicits input from state personnel, and monitors starting locations for mileage reimbursement to determine motor pool locations. We analyzed high concentrations of New Hampshire State employees and found:

- The regions with the largest concentration of State agencies are:
 - **Concord:** all agencies except the Veteran's Council;

- **Seacoast:** nine Executive Branch offices located in Dover, Rochester, Portsmouth, and Durham; and
- **Lakes Region:** nine Executive Branch offices located in Laconia, Gilford, Alton, Franklin, New Hampton, and Plymouth.
- The areas with the highest concentration of State workers' residences are:
 - **Concord** (including Penacook, Boscawen, and Webster): 2,207 State employees with another 1,133 residing in the surrounding communities of Allenstown, Pembroke, Loudon, Bow, Chichester, Hopkinton, and Contoocook;
 - **Manchester:** 867 State employees with another 492 residing in the surrounding communities of Hooksett, Bedford, Candia, Auburn, Londonderry, and Goffstown; and
 - **Tilton:** 297 State employees with 835 residing in the surrounding communities of Laconia, Belmont, Sanbornton, and Franklin.

Best practices indicate an appropriate rental rate design is critical for a successful motor pool and suggest a rate design linked to specific vehicles, services, and resources is most effective. Two of three states responding to the survey question reported their state charges agencies both a daily and per mile rate for vehicle use, while one state reported not charging agencies using motor pool vehicles. Both states charging for motor pool use include the cost of acquiring the vehicle, fuel, routine maintenance, and repairs in the rate. One state also charges the cost of fleet office personnel and the operational cost of the fleet office in the rate. This state charges approximately \$30 daily for a sedan, which includes travel up to 90 miles; additional miles are charged at \$0.33 per mile.

Recommendation:

We recommend the State implement regional motor pools at various locations to make some State passenger vehicles available for short-term use to all State employees. In establishing motor pool locations, the State should consider:

- **input from State employees regarding areas with high vehicle needs,**
- **areas with a high concentration of State offices,**
- **areas with a high concentration of State employee residences, and**
- **tracking the beginning locations of State employees requesting mileage reimbursement to identify locations for future motor pool expansion.**

DAS Response:

We concur.

The current decentralized system is not conducive to the establishment of regional motor pools.

The Department would support exploration of the possibility of establishing Regional Motor Pools for Short-Term Vehicle needs, either under the current decentralized system or within a new centralized and adequately staffed structure. To be effective we would recommend that a

“pilot program” be implemented and tested with the guidance and coordination of a Fleet Management organization. We also would suggest that this be implemented in a controlled environment in the Concord area as this program will have significant Logistical issues that will need to be considered in a longer-term program expansion. Prior to the establishment of the program, it would be necessary to consider any adjustments necessary to the current statutory scheme and provisions of the DAS Manual.

The Department of Transportation presently has a Short Term Vehicle Motor Pool which is utilized by DOT personnel only. The present rates are \$19 per day and a mileage fee of .07 cents per mile. This may present an opportunity for expansion and or at least a base line for Fleet Management evaluation.

The Department understands from other observations in this report, that it would be necessary for the Fleet Management organization to evaluate the needs of passenger vehicle purchase, lease or rental as well as any other transportation alternatives which may be more efficient for the State.

This Department would welcome the opportunity to address the concern for a Regional Motor Pool for Short-Term Vehicle needs. At the present time, this Department simply does not have the manpower resources to adequately address this issue. For a pilot Regional Vehicle Motor Pool to be effective, it would require the dedication and activity coordination of several personnel, and if deemed to be more efficient, the need to utilize leasing or rental arrangements. We believe that a statutory pilot program would require the services of a full-time Fleet manager, and one full-time Program Assistant.

If it is determined to be more cost effective to Centralize this Fleet Management function, the Department will need to be resourced to meet this requirement with no less than three individuals. As currently funded, this Department lacks the resources to adequately support this function.

Observation No. 8

Conduct On-Going Utilization Review And Comprehensive Analysis Of Fleet Size And Composition

The State does not ensure agency vehicle fleets are the right size and composition to meet the agency’s needs. The State does not require agencies analyze their fleets for appropriate size and types of vehicle. According to DAS personnel, there is no standardized process to ensure agencies purchase the most appropriate vehicle for its intended use. Our survey of State fleet management personnel found 84 percent of agencies (31 of 37) do not formally analyze whether vehicles are needed prior to replacement. Nineteen percent of agencies (seven of 37) have never assessed their fleet size and composition and one has not conducted an assessment in the past five years. Only three agencies which reported conducting an annual or biennial analysis of fleet size and composition, identify alternate methods of transportation, while 26 agencies could not provide a copy of their most recent assessment.

In SFY 2007, 38 percent of the State's passenger vehicles over 12 months old were driven less than 12,000 miles, while 35 percent were driven less than 12,000 miles in SFY 2006. As discussed in Observation No. 4, the State does not adequately monitor private mileage reimbursement; therefore, agencies cannot ensure employees are using the most efficient method of transportation when conducting State business. In SFY 2007, we found five agencies reimbursed employees for private mileage, while at the same time retained under-utilized vehicles in their fleet. We also found an agency with one vehicle reimbursed three individual employees for travel over 15,000 miles in both State fiscal years 2006 and 2007, resulting in approximately \$75,600 in mileage reimbursement to these three employees for the biennium. The agency may benefit from requesting additional vehicles for these employees, whose jobs require extensive travel.

Proactive fleet management is essential to controlling costs and ensuring resources are used prudently. Size and composition are the primary factors driving fleet costs; therefore, efforts to reduce fleet costs should begin with analyzing opportunities to reduce the fleet size. Federal, state, and industry literature ranks on-going utilization review and comprehensive assessment to determine the appropriate size and composition of an entity's fleet (i.e., fleet right-sizing study) as one of the best practices a fleet manager can employ. Utilization reviews and right-sizing studies can reduce costs by identifying alternatives to agency-owned transportation, identifying vehicles for disposal or re-assignment, and increasing accountability.

Utilization is a key determinant of vehicle need; therefore, federal, state, and industry practices recommend all entities establish utilization guidelines for vehicle types in their fleet. Since agency mission and vehicle needs differ, the federal Government Accountability Office recommends agencies establish vehicle utilization guidelines specific to their mission. Once established, a comparison of actual vehicle utilization against guidelines allows fleet managers to identify over- or under-utilized vehicles in the fleet. Mileage is the most commonly used indicator of vehicle need; however, best practices suggest a utilization review also incorporate daily use indicators such as the number of days driven compared to the number of days the vehicle is available. Our survey of State fleet management personnel found 68 percent of agencies (26 of 38) have not established agency-specific vehicle utilization guidelines. Eight agencies have agency-specific guidelines based on mileage, while one agency has specific guidelines based on the number of days a vehicle is driven. No agencies had guidelines incorporating both mileage and days driven. Five agencies with no agency-specific guidelines reported basing their utilization criteria on guidance provided by the DAS, which requires vehicles be driven 12,000 miles per year. However, this criterion may not be appropriate for the mission of some agencies' vehicles, especially those used for utility work, medical transport, or security.

While vehicle utilization data is integral to determining whether a fleet is the appropriate size and composition, a right-sizing study should also include analysis of vehicle types, the intended use, and projected utility level for each vehicle type, as well as a process for justifying and documenting continued need for a vehicle prior to replacement. Once a utilization review is complete, fleet managers should identify vehicles for disposal or re-assignment and establish a process to ensure proper disposition of these vehicles.

Recommendations:

We recommend the DAS formally establish utilization guidelines for State vehicles. These guidelines should be based on vehicle use as it relates to the agency's mission, reviewed on an on-going basis to identify opportunities for more efficient alternatives, and ensure the vehicle is appropriate for its intended use.

We further recommend the DAS to work with the Legislature to review the provisions of Chapter 568:11, Laws of 1981, including the continued appropriateness of the 12,000 miles requirement. We also recommend the DAS periodically conduct a comprehensive assessment of the State's fleet to ensure it is the appropriate size and ensure the appropriate types of vehicles are available to meet agency needs.

DAS Response:

We concur in part.

The Department recognizes and supports the need for conducting On-Going Utilization Reviews and Comprehensive Analysis of Fleet Size and Composition. The Department has been working in conjunction with the Department of Environmental Services as well as several other agencies relative to the requirements as set forth in Item 7, Clean Fleet Standards, of the Executive Order number 2005-4; Leading By Example In Energy Efficiency. This Department's Bureau of Purchase and Property contracts have been reviewed and established in accordance with Item 7 of the Executive Order. All vehicles purchased have been in accordance with this Executive Order. Additionally, the Department of Administrative Services, in conjunction with the Department of Environmental Services is presently proposing more stringent mileage requirements be adopted prior to establishing FY09 Vehicle contracts.

The Department concurs with the recommendation of "establishing utilization guidelines for State Vehicles, as it relates the agency's mission, reviewed on an on-going basis to identify opportunities for more efficient alternatives, and to ensure the vehicle is appropriate for its intended use." At present, however, the State operates on a decentralized structure, including in regard to fleet size, and the guidance offered by DAS to agencies is limited by that structure. If a centralized structure is established, it would be necessary for the Fleet Management organization to further evaluate the needs of conducting on-going utilization reviews and comprehensive analysis of fleet size and composition and to adjust procedures accordingly.

This Department may welcome the opportunity to address the concern on conducting on-going utilization reviews and comprehensive analysis of fleet size and composition. At the present time, this Department simply does not have the manpower resources to adequately address this issue. For on-going utilization reviews and comprehensive analysis of fleet size and composition to be effective within any centralized structure that may be established, it would require as least one Program Assistant, in addition to other personnel associated with a centralized fleet management program. As currently funded, this Department lacks the resources to adequately support this function.

If Centralized Vehicle Assignment is to be successful, it must be resourced by no less than three individuals, with a higher number possible dependent upon the scope of the authorized process. As currently funded, this Department lacks the resources to support this function.

Observation No. 9

Requests To Retain Passenger Vehicles Driven Less Than 12,000 Miles Annually Should Receive Closer Review

Chapter 568:11, Laws of 1981 requires agencies submit passenger vehicles assigned to the agency for the entire fiscal year and driven less than 12,000 miles to the Bureau of Purchase and Property for surplus, unless the agency presents a “clear and convincing case” to the Legislative Fiscal Committee to retain the vehicle. However, the reasons for retaining under-utilized vehicles are not adequately reviewed, and neither DAS personnel nor agencies responding to our survey recall having a request to retain an under-utilized vehicle denied. Additionally, there is no comprehensive review to compare the number of under-utilized vehicles with the number of vehicles agencies have in their existing fleet, or to determine whether eliminating these vehicles is feasible. Finally, agencies have not requested Fiscal Committee approval to retain all passenger vehicles assigned to them for the entire fiscal year and driven under 12,000 miles.

In SFYs 2006 and 2007, State agencies requested Fiscal Committee approval to retain a total of 302 and 464 passenger vehicles, respectively, assigned for the entire fiscal year and driven under 12,000 miles. Our analysis of SFY 2007 agency requests to the Fiscal Committee to retain a vehicle, noted the following:

- None of the 33 agency requests were dated 30 days prior to the end of SFY 2007.
- Four agencies did not request Fiscal Committee approval to retain a total of ten vehicles classified in their annual motor vehicle report as “passenger” vehicle and meeting the reporting requirements of Chapter 568:11. Pursuant to Chapter 568:11, these vehicles should have been transferred for surplus; however, they were still in the agencies’ fleets in SFY 2008.
- Agencies inconsistently requested Fiscal Committee approval to retain SUVs and pickup trucks driven under 12,000 miles. Seven agencies requested Fiscal Committee approval to retain vehicles classified in their annual motor vehicle report as light trucks while others did not. When we compared specific trucks, we found the same vehicle models were not consistently reported between agencies. For instance, one department requested Fiscal Committee approval to retain a specific pickup truck model traveling under 12,000 miles; however, another agency did not. Our 2008 audit of the Department of Fish and Game also found inconsistencies in classifying vehicles for the purpose of reporting to the Fiscal Committee. In SFY 2006 we found 12 SUVs were classified as passenger vehicles, while 12 were classified as light trucks and the Department only requested Fiscal Committee approval to retain SUVs classified as passenger vehicles, although an SUV classified as a light truck also traveled less than 12,000 miles. According to DAS personnel, agencies determine which vehicles are used as passenger vehicles and there is no clear guidance for agencies to determine which passenger vehicles, especially trucks, require Fiscal Committee approval.

- Eighteen agencies requested Fiscal Committee approval to retain the same 174 vehicles in *both* SFYs 2006 and 2007. Agencies provided the *same* reason for retaining eighty-seven percent (152 of 174) of vehicles in both SFYs 2006 and 2007. The most common reasons provided were:
 - the vehicle serves as a pooled vehicle for employees' daily use (32 percent in SFY 2006 and 27 percent in SFY 2007);
 - the vehicle responds to assignments in close proximity to the assigned employee's residence (nine percent in SFY 2006 and eight percent in SFY 2007); and
 - the vehicle is new and unassigned (six percent in SFY 2006 and eight percent in SFY 2007)

Our analysis of State sedans, station wagons, passenger vans, sport utility vehicles, and pickup trucks at the end of SFY 2007, showed agencies requesting to retain vehicles also had other vehicles available in their inventory. Table 3 shows agencies requesting Fiscal Committee approval to retain at least five vehicles and the percent of the agency's fleet traveling under 12,000 miles. While we note it may be justified to retain some vehicles, vehicles retained primarily for daily trips may not be justified.

Best practices recommend establishing a process for justifying and documenting continued need for a vehicle. The State does not have a mechanism in place to ensure agencies retain only vehicles necessary to support their missions. As discussed in Observation No. 8, agencies are not required to conduct fleet right-sizing studies; therefore, the State cannot determine whether agency fleets are the appropriate size for the agency's needs. Our survey of State fleet management personnel found 84 percent of agencies (31 of 37) do not formally analyze whether a vehicle is needed prior to replacing it, while 19 percent of agencies (seven of 37) reported they have never assessed fleet size and composition for their needs, and one agency reported it had not conducted an assessment in the past five years.

Table 3

Number Of Passenger Vehicles Agencies Requested To Retain And Percent Of Fleet Driving Under 12,000 Miles By Agency, SFY 2007

Agency	Number Of Vehicles Agencies Requested Fiscal Committee Approval To Retain	Percent Of Agency Fleet Driven Under 12,000 Miles ^{1,2}
State Police	125	29%
Safety, Excluding State Police	113	39%
Health & Human Services	52	74%
NH Community Technical Colleges	30	75%
Corrections	22	50%
Environmental Services	19	42%
Transportation	18	16%
Resources & Economic Development	16	68%
Fish & Game	10	51%
Police Standards & Training Council	10	90%
Justice	8	39%
Veteran's Home	7	89%
Revenue	6	10%
Liquor Commission	5	22%
Notes:		
1 Includes all sedans, station wagons, passenger vans, sport utility vehicles, and light pickup trucks in the agency's fleet.		
2 There may be legitimate reasons some passenger vehicles travel under 12,000 miles annually.		

Source: LBA analysis of agencies' SFY 2007 motor vehicle reports and submission to the Fiscal Committee to retain vehicles driven under 12,000 miles.

Recommendations:

We recommend the State centralize responsibility for reviewing requests to retain under-utilized vehicles under the DAS. Only vehicles presenting “clear and convincing” justification should be approved for retention, or alternatively removed from the fleet. The State should require agencies conduct a right-sizing analysis to justify retaining the vehicle, as well as report the number vehicles or percent of their fleet driving under 12,000 miles annually.

We recommend the DAS:

- **work with the Legislature to review the provisions of Chapter 568:11, Laws of 1981, including the continued appropriateness of the 12,000 miles requirement;**

- establish a procedure to ensure all vehicles meeting the requirements of Chapter 568:11, Laws of 1981 are presented to the Fiscal Committee or transferred for surplus; and
- establish a clear definition of “passenger vehicle” for the purpose of reporting passenger vehicles to the Fiscal Committee.

DAS Response:

We concur in part.

In its current, ongoing revision of the DAS Manual of Procedures, the Department is considering, among other things, options for best identifying an annual number of miles above which the use of a State vehicle would be required as well as an annual number of miles below which an agency might be required to declare a vehicle surplus. The precise approach has not at this time been established and it is anticipated that it may be necessary to adjust any number that is established to particular agency circumstances so as to avoid the possibility of creating policies that might unintentionally lead to increased vehicle usage. We are working with the State Government Energy Steering Committee (Executive Order 2005-4) to define suggested parameters.

Although Laws 1981, Ch. 568: 11 has been utilized as a guide in presenting vehicles driven under 12,000 miles to the fiscal committee for review, the Department has not recently assessed either the legislative history of the chapter law nor the period of time in which the Legislature initially intended the law to impose a direct mandate. DAS has therefore not assessed statutory alterations that might be specifically necessary or advisable in order to adjust the provisions of Laws 1981, Ch. 568: 11. These provisions were part of an act passed relative to appropriations for the fiscal years ending 6/30/1982 and 6/30/1983 and were not inserted as a provisions in the Revised Statutes Annotated. Nonetheless, the Department concurs that it would be worthwhile for the Legislature to include DAS in an any assessment that it wishes to make of any 12,000 mile limitation, including any assessment of whether the mile limitation is a matter appropriately addressed by Governor and Council; what types of factors might be utilized to adjust the chosen number in particular circumstances; and whether adjustments are best made by way of an addition to the Revised Statutes Annotated or by use of the DAS Manual.

In regard to the recommendation that the State centralize responsibility for reviewing requests to retain under-utilized vehicles, the recommendation that a right-sizing analysis be conducted and the recommendation of better reporting of vehicle usage, there presently exists no statutorily designated central agency to conduct fleet-related functions. As noted in the audit responses above, DAS endeavors to address such issues within the constraints of the current, decentralized structure and is in the process of updating and revising its Manual of Procedures relative to matters including vehicle assignment and reporting. DAS would be unable to institute broad alterations absent statutory designation of a centralized fleet management authority and assignment of dedicated personnel.

Observation No. 10

Establish A Statewide Fleet Acquisition And Replacement Plan

The State does not have a comprehensive management plan for acquiring or replacing vehicles. While some agencies have established a written long-term fleet management plan, our survey of State fleet management personnel with ten vehicles or more showed 74 percent of agencies (14 of 19 agencies) do not have a long-term fleet management plan. Additionally, 31 of 37 agencies (84 percent) do not have written policies and procedures regarding vehicle acquisition and replacement, or conduct a formal assessment to determine if a vehicle is needed prior to replacement.

Establishing and updating a long-range fleet replacement plan is a critical component of cost-effective fleet management that defines clear criteria for vehicle replacement, projects and plans fleet replacement requirements, and provides analysis of future funding needs. Timely replacement affects vehicle availability, safety, reliability, and on-going operating costs, as well as employee productivity; however, lack of planning for the volatility of fleet spending is the biggest impediment to replacing vehicles in a timely manner. Older vehicles are driven less often, cost more to maintain, and are less fuel efficient than newer vehicles. During SFY 2007, we found fleet vehicles older than eight years were driven yearly an average of 8,500 miles compared to 17,400 miles for vehicles between one and eight years old. Accuracy of some agency cost data limited our ability to perform a complete cost comparison; however, when we excluded data for the two agencies with the most number of data errors, we found vehicles older than eight years averaged 17.2 miles per gallon, while vehicles between one and eight years old averaged 20.7 miles per gallon. We also found the operating cost per mile for vehicles older than eight years was \$.29 per mile, while vehicles between one and eight years old cost \$.20 per mile to operate. We found similar patterns for vehicles in SFY 2006.

Since controlling vehicle costs is crucial to maintaining a cost effective fleet, vehicle acquisition decisions should include an analysis of the vehicle's life-cycle costs, rather than just initial acquisition cost. Life-cycle costing projects maintenance, repairs, and fuel costs over the life of the vehicle, as well as the vehicle's estimated resale value, and serves as an analysis tool that facilitates vehicle replacement during a period of time that minimizes life-cycle costs while at the same time maximizes resale value.

Recommendations:

We recommend the DAS:

- **establish statewide vehicle replacement criteria for vehicle types in the State fleet;**
- **establish and annually update a long-term statewide fleet management plan including identifying vehicles approaching the replacement criteria and establishing estimated replacement costs; and**
- **use a life-cycle cost when acquiring vehicles, as well as to identify the vehicle replacement period that minimizes life cycle costs and maximizes resale value.**

DAS Response:

We concur in part.

We agree that the State acting through an adequately staffed fleet management section should establish statewide replacement criteria for vehicles in the State fleet. In addition, this section should also establish and annually update a long term statewide fleet management plan including identifying vehicles approaching the replacement criteria and establishing estimated replacement costs. Statutory revisions would be necessary to accomplish the overall goal of centralization upon which this observation is premised.

We concur in part with the use of life cycle cost analysis and as such we recommend that the Legislature consider the full implications when acquiring vehicles. We are currently purchasing less expensive domestic passenger vehicles. Life cycle cost analysis may result in a shift to purchasing more expensive foreign vehicles. The General Court will need to decide this issue since the use of life cycle cost analysis, when acquiring vehicles may result in the State paying more initially in order to maximize the State's investment.

Observation No. 11

Establish, Competitively Bid, And Monitor Statewide Contracts For Routine Vehicle Maintenance And Repairs

RSA 21-I:11, requires the Division of Plant and Property Management within the DAS to purchase services, including vehicle repairs, for State agencies with some exceptions. While the DAS has established statewide contracts for certain vehicle parts including glass, tires, and batteries, it has not established contracts for preventive maintenance and repair services including oil changes; tire rotations, alignments, and balances; and transmission flushes. Additionally, some State agencies are circumventing established statewide contracts and purchasing parts from non-contracted vendors.

Our analysis of statewide expenditures showed State agencies used a variety of vendors for repairs and maintenance, with agencies using the largest number of vendors for oil changes (at least 42 vendors) and State inspections (at least 32 vendors). Agencies also used a large number of vendors for brakes (at least 17 vendors), batteries (at least 15 vendors); windshield wiper blades (at least 11 vendors); and car washes (at least 11 vendors). According to DAS personnel, the Department is in the process of establishing a contract for repairs and preventive maintenance and anticipates a contract for these services to be in place in December 2008.

Our analysis also showed State agencies purchased automotive tires, glass, and batteries from non-contracted vendors despite established statewide contracts. In SFY 2007, five agencies purchased tires from six different vendors not specifically contracted with the State to supply tires. We also found five agencies purchased automotive glass from six vendors not specifically contracted with the State to supply automotive glass, and six agencies purchased automotive batteries from 14 vendors not contracted with the State to supply batteries. According to DAS personnel, the Department does not formally monitor to ensure agencies are utilizing the established State contracts.

The goal of government procurement is to obtain the most appropriate and highest quality commodity or service possible at the lowest cost. The National Institute of Governmental Purchasing recognizes a centralized purchasing authority as the basis for responsibility and accountability in government purchasing, and recognizes competitive bidding as the most effective means for obtaining products and services at the most favorable prices. Best practice in government procurement indicates centralized procurement of public services through free and open competition is advantageous when obtaining repetitive purchases because it allows for greater quantity discounts and better internal control.

The State may be paying more than necessary for vehicle maintenance and repairs if statewide contracts are not established for routine maintenance and repair services, or if agencies are not utilizing established statewide contracts. Additionally, if agencies are not using statewide contracts, time and resources dedicated to preparing requests for proposals, collecting and analyzing bids, and assigning contracts are wasted.

Recommendations:

We recommend the Legislature consider amending RSA 21-I:11 to include central procurement of vehicle maintenance.

We recommend the DAS:

- **competitively bid and establish contracts for routine vehicle maintenance and repairs for statewide use, and**
- **establish procedures to ensure agencies are using established contracts for vehicle-related repairs and maintenance.**

DAS Response:

We concur.

RSA 21-I:11 authorizes the Department of Administrative Services, Division of Plant and Property Management to competitively bid and acquire services for state agencies. Said services are to be general in nature for use by all state agencies and not for the sole use by one agency. As such, we feel that the Department currently has the authority to competitively bid and establish contracts for routine vehicle maintenance. Under the current structure, which includes various exemptions from provisions of RSA 21-I and the provision excluding "services provided solely to one agency" from the statutory definition of "services" handled through DAS, however, some degree of decentralization would continue to exist.

Due to a lack of staffing dating back to 1985, the Division has not been able to establish and monitor services contracts to the degree that it would like. We currently have service contracts for over twenty-nine general use areas. The current "service" contracts are as follows:

Asbestos Testing	Paging Services
Asbestos Removal	Parcel Delivery Services
Credit Card Processing	Training Services
Cellular Phone Service	Scrap Tire Disposal
Small Roof Repairs	Tire Retreading
Paper Shredding Services	Oil Tank Testing and Repairs
Laboratory Equipment Maintenance	Portable Toilets (Emergency)
Telecommunication System Repair and Installation	Toner Cartridge Recycling
Electrical Ballast and Light Bulb Disposal	HP Maintenance
CISCO Maintenance	Scale Service and Preventative Maintenance
Desk Top Computer Maintenance	PC Hardware Maintenance
Elevator Maintenance	Facility Locating Services
Fuel Oil and Anti Freeze Removal	Hazardous Waste Medical
Hazardous Waste Removal	Inspecting, Testing and Calibrating of BSC's
Filenet Services	

We are currently in the process of adding the following general service contracts:

Pest Control	Indoor Air Quality Testing
Window Washing	Mold Testing Services
Tree Removal	Closed Circuit Television Maintenance
Burglar Alarm Maintenance	Porta-Potties
Sand Sweeping	Fire Extinguisher Maintenance
Mold Remediation Services	

In order to expand the amount of service contracts further, the Division of Plant and Property Management is in the process of requesting a reclassification of two existing positions to create two new purchasing agents. When this is complete we plan to add the following general service contracts:

Vehicle Maintenance	Vehicle Rental
Snow Removal	Trash Removal
Janitorial Services	HVAC Maintenance
Emergency Generator Service	Fire Suppression System Service
Purchasing Cards	Soil Testing

Centralization of fleet management, if assigned to DAS, accompanied by statutory revisions and if adequately staffed may help to advance the goals of this observation.

Observation No. 12

Centralize Passenger Vehicle Management Under A State Fleet Manager

State law does not designate a central agency to manage the 1,888 State passenger vehicles. Decentralization has resulted in 33 systems 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 State agencies.

State agencies are responsible for requisitioning, maintaining, disposing through Surplus Property, and reporting their passenger vehicle fleets; as well as establishing rules and regulations. As Observation No. 3 discusses, data are not comparable, and are incomplete and inaccurate. As Observation No. 2 discusses, this environment leads to duplicate efforts when developing policies and procedures, as well as inconsistent or non-standardized policies and procedures between agencies where they do exist.

Decentralization also leads to inefficient use of State resources. As discussed in Observation No. 7, there is currently no mechanism for sharing vehicles among State agencies which, according to best practices, is inefficient. In addition, the decentralized system creates barriers to sharing agency-operated maintenance and repair facilities. Seven State agencies reported operating an in-house facility to maintain their agency's vehicles, five of which are located in the Concord area. One facility located on the State Office Park South campus reported having the physical capacity to service other agencies' vehicles; however, it lacked adequate staffing and equipment. The facility has seven service bays, four of which are used to store agency vehicles. According to the agency's Garage Supervisor and Director of Finance and Support, the agency has the capacity to service other agencies' vehicles if given adequate resources.

Monitoring and controlling all aspects of an entity's fleet consumes considerable time and requires good administrative management, as well as technical competence. The federal General Services Administration's "*Guide To Federal Fleet Management*" states fleet management requires a professional "trained and experienced in basic business competencies, including general management, finance, purchasing, accounting, and risk assessment" in addition to possessing technical competence. Our interviews and surveys with personnel responsible for the State's fleet showed differing levels of resources dedicated to fleet management across the State. While State agencies with a fleet of more than 100 vehicles have designated responsibility for their fleets to automotive mechanics, equipment operations supervisors, and transportation managers, smaller agencies with less than 100 vehicles have designated primary fleet responsibility to their accounting staff, administrative assistants, clerks, or grounds maintenance personnel. Our survey also showed the following differences between small agencies and large agencies:

- Seven of 11 large agencies (64 percent) reported their fleet manager ensures all vehicles receive timely and appropriate maintenance and repairs, while only eight of 27 small agencies (30 percent) reported the same.

- Twelve of 27 small agencies (44 percent) reported the person assigned the vehicle ensures they receive timely and appropriate repairs and maintenance, while two of 11 large agencies (18 percent) reported the same.
- Three small agencies (11 percent) reported they did not have a formal process for ensuring vehicles received timely and appropriate repairs and maintenance, while one of 11 large agencies (nine percent) reported the same.
- Two small agencies reported also relying on commercial vendors to diagnose problems and identify needed repairs.
- Eight of 19 small agencies (42 percent) reported they would benefit from a central motor pool because their personnel would no longer be responsible for managing the agency's vehicles, allowing them to concentrate on the agency's core mission.

States and municipalities are moving towards consolidating fleet management functions into a central agency. A centralized fleet management structure facilitates establishing uniform policies and procedures, centralized accountability and control, standardized procedures, reduced duplication of effort, enhanced opportunities to evaluate cost and performance, and increased opportunities to identify methods of improving cost efficiency.

Centralized administration over State passenger vehicles occurs in varying degrees throughout the country. Forty states have consolidated management over State passenger vehicles to some degree; however, some states exclude public safety agencies and larger agencies from the centralized authority. Thirty-eight states require the central agency establish and monitor compliance with policies and procedures, including analyzing vehicle utilization. In 31 states, the central agency has the authority to approve long-term vehicle assignments to agencies under its purview and 31 states operate a motor vehicle pool to accommodate daily and short-term vehicle needs. We note all five other New England states have a central fleet management office responsible for some aspect of statewide fleet management.

Our survey of eastern states showed seven of eight states responding to the survey have a central fleet management office located within their central administrative agency responsible for some aspect of statewide fleet management. Five states (71 percent) have a central fleet agency responsible for establishing fleet policies; however, agencies themselves are responsible for daily management of their fleet. Two states have an agency responsible for managing all aspects of the states' passenger fleet, with the exception of the department of transportation and public safety agencies. All five states responding to the survey question responded their state's central fleet agency is responsible for establishing policies and procedures, assigning vehicles to state agencies, approving or denying vehicle assignments to state agencies, and approving vehicle maintenance and repairs. Additionally, all five states responding to the survey question reported their central agency is responsible for monitoring compliance with policies and procedures, monitoring agency utilization of State vehicles, and coordinating maintenance and repairs. Four of five states responding to the survey question (80 percent) reported their central agency is responsible for establishing minimum utilization guidelines; re-assigning under-utilized vehicles; and monitoring potential misuse of state vehicles, individual vehicles' maintenance and repairs, fuel usage of state vehicles, and mileage reimbursement for employees using private vehicles for state business.

Five surveyed states listed the following as benefits of centralizing responsibilities over their passenger vehicles into a single agency:

- Centralized tracking of fleet related expenditures (five of five states)
- Central oversight of fleet policies and procedures (four of five states)
- Improved controls over vehicle purchasing (four of five states)
- Improved controls over vehicle maintenance and repairs (three of five states)

Three surveyed states reported the disadvantages of centralizing responsibilities over their state's passenger vehicles include:

- Agencies perceived loss of control over agency vehicles (two of three states)
- Difficulty in disseminating information to large number of state employees (one of three states)
- Delays in approving agency requests (one of three states)
- Perceived interference from regulatory agency (one of three states)

Recommendations:

The State should centralize responsibility for the passenger fleet by designating a State Fleet manager within the DAS and provide adequate program support. The Fleet Manager should be trained and experienced in the field of fleet management, as well as possess business management competencies. The Fleet Manager should be responsible for:

- **all aspects of passenger fleet management including vehicle acquisition, utilization, maintenance, and replacement;**
- **establishing and monitoring passenger fleet related policies and procedures as recommended in Observation No. 2;**
- **maintaining a statewide fleet information system as recommended in Observation No. 3;**
- **overseeing vehicle assignment as recommended in Observation No. 6;**
- **overseeing regional motor vehicle pools as recommended in Observation No. 7;**
- **monitoring reimbursement for private vehicle use as recommended in Observation No. 4;**
- **establishing a long-term state fleet management plan as recommended in Observation No. 10; and**
- **analyzing and reporting fleet management information as recommended in Observation No. 3.**

Centralization of the State's fleet should include exemptions for special use vehicles such as law enforcement or construction support. The Fleet Manager should work with agencies to identify vehicles that could warrant exemption from centralized oversight.

DAS Response:

We concur in part.

While we agree that the State should centralize the responsibility for the passenger fleet, we feel that the operation of a centralized system will require a minimum of three full time positions devoted to the performance of functions relating to fleet management, with upward adjustment possible dependent upon the scope of the functions assigned by statute. In addition to the three full time positions the fleet management section will also need data system and auditing support.

As stated in the foregoing observations, once the Legislature determines the scope of an intended centralization initiative, if any, DAS would be in a better position to assess the need for alterations to statutory provisions, rules or provisions of the revised DAS Manual.

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STATE OF NEW HAMPSHIRE FLEET MANAGEMENT

OTHER ISSUES AND CONCERNS

In this section, we present issues we consider noteworthy, but not developed into formal observations. The State may wish to consider whether these issues and concerns deserve further study or action.

Specifically Authorize DAS Final Authority Over The Purchase Of Passenger Vehicles Based On Intended Use

Executive Order 2005-4 requires agencies to purchase vehicles meeting certain fuel economy ratings and emission standards, as well as to appropriately select vehicles based on intended use. In February 2006, the Department of Administrative Services (DAS) promulgated the *Clean Fleets Policy* to implement *Executive Order 2005-4*. Consistent with the executive order, the policy established a waiver process for requisitioning vehicles not meeting requirements.

Despite the restrictions imposed by the *Clean Fleets Policy* and *Executive Order 2005-4*, DAS personnel stated the DAS has no formal authority to deny an agency's request for a specific vehicle regardless of whether or not it meets the requirements. DAS personnel reported only having the authority to question the agency's request and ask the agency to reconsider the vehicle choice; however it does not have explicit authority to deny waivers. Additionally, State agencies and DAS personnel reported the length of time the waiver process takes is inconsistent.

We recommend the Legislature specifically authorize the DAS to have final authority over the purchase of passenger vehicles based on intended use. We also recommend the DAS establish clear criteria for approving or denying waivers under the *Clean Fleets Policy* and *Executive Order 2005-4*.

Clearly Define "Law Enforcement" And "Staff Official" For The Purpose Of Obtaining Governor And Council Approval For Permanent Vehicle Assignment

The *DAS Manual of Procedures* section Adm 305.02 (c) (4) does not require law enforcement, with the exception of staff officials, to obtain Governor and Council approval for permanent vehicle assignments. Adm 305.02 (c) (4) does not define "staff official" or "law enforcement." According to DAS personnel, agencies determine who is considered "law enforcement" and "staff official" and the DAS does not have the authority to supercede agency decisions. According to DAS personnel, it is unclear whether vehicles not specifically authorized to exceed the speed limit (e.g., vehicles used for hazardous waste response) should be considered law enforcement vehicles. Additionally, it is unclear what type of law enforcement positions qualify as "staff officials." For example, one law enforcement position in an agency is dedicated solely to administrative duties. However the position was assigned a law enforcement vehicle without Governor and council approval. Other agencies may also have staff official positions.

We recommend the DAS establish clear definitions of "law enforcement" vehicle exempt from the provisions of Adm 305.02 (c) (4) and "staff official" requiring Governor and Council

approval. The DAS should work with agencies to identify personnel who may be considered staff officials and ensure agencies obtain the necessary Governor and Council approvals.

Explore Servicing State Vehicles At State Garages

Seven State agencies currently operate maintenance and repair facilities in 17 locations statewide specifically designed to service their agencies' vehicles. Five of these facilities are located in Concord. Other agencies currently utilize some services at these State garages. However, agencies operating maintenance and repair facilities identified the lack of resources (i.e. personnel and equipment) as the biggest obstacle to expanding services to other agencies.

One agency has a facility with seven service bays located in Concord, four of which are currently used for storage. Personnel responsible for managing the facility indicated it has the capacity to service other agencies' vehicles if given adequate staffing and equipment. The agency currently performs work for other agencies on a limited basis and charges agencies for the cost of parts and a minimal labor charge.

Three of eight states responding to our survey have centrally operated maintenance and repair facilities. We recommend the State explore the feasibility of expanding access to State-operated maintenance and repair facilities in conjunction with establishing contracts for vehicle maintenance and repairs. Additionally, we recommend the State develop adequate rate and budgetary structures for agencies to recover, and pay for, the costs associated with working on other agencies' vehicles.

Consider Alternatives To Selling Vehicles At State Auction

Best practice suggests considering all means of mass and targeted marketing to maximize proceeds from used-vehicle sales. The State sells vehicles at a semi-annual public auction once they are transferred to Bureau of Surplus Property within the DAS. In October 2007, the average sale price for 48 sedans sold at the State auction was \$1,106. However, we found 33 sedans sold for \$1,000 or less, while 19 vehicles sold for under \$600. One agency administrator we spoke to stated vehicles are sold at the State auction at what amounts to wholesale prices but should be sold at their fair market value. For example, at the October 2007 auction, a 2001 sedan sold for \$2,600; however, based on national sources the market value of the vehicle in fair condition was \$4,200.

One New England state advertises used vehicles on various Internet sites. The state disposes of vehicles when they reach six years or between 75,000 and 100,000 miles to maximize resale value. The State obtains the vehicle's fair market value from national sources and, as a result of Internet sales, reports receiving between 75 and 90 percent of the vehicle's fair market value, as opposed to the 25 percent or less recovered through their state auction.

We recommend the State explore alternatives to selling used vehicles at State auction.

STATE OF NEW HAMPSHIRE

FLEET MANAGEMENT

CONCLUSION

Our audit found Executive Branch State vehicles were not managed effectively and efficiently during State fiscal years 2006 and 2007. This conclusion is consistent with our 1984 *Review Of The Management And Use Of State Owned Passenger Vehicles And Privately Owned Vehicles Used At State Expense*.

Decentralization and a lack of adequate controls have inhibited effective and efficient operation of the State's 1,888 passenger vehicles. Thirty-three State agencies are currently responsible for requisitioning, maintaining, disposing through Surplus Property, tracking, and reporting on their own passenger vehicles, as well as establishing rules and regulations to govern their fleets. Decentralization combined with a lack of adequate controls has resulted in a lack of readily available statewide cost data, inaccurate and incomplete data, inconsistent data reporting, and barriers to sharing State resources. These issues are further compounded by the lack of adequate and dedicated resources at the Department of Administrative Services (DAS) to centrally monitor and evaluate agency fleet operations despite statutory requirements for the Department to do so.

Lack of control over fleet operations is occurring at both the DAS and other State agencies. Overall, there are no standardized comprehensive policies and procedures governing the State's passenger fleet and the limited guidance provided by the DAS has not been updated since 1984, compromising its effectiveness. Agencies maintain responsibility for determining vehicle assignment and utilization, and report vehicle usage to DAS with minimal oversight. While the DAS requires agencies submit an annual vehicle inventory, it does not adequately review agency reports to ensure data fields are accurate, complete, or even logical, limiting the State's ability to compare information across agencies or assess operations at a statewide level. Despite requirements to establish rules to adequately control their fleet, some State agencies have not established policies and procedures, while others rely on informal policies and procedures, regarding vehicle requisition and replacement, vehicle assignment, vehicle utilization, repairs and maintenance, appropriate use of agency vehicles, and commuting in agency vehicles.

Our audit recommends areas where centralized oversight would greatly benefit New Hampshire, including establishing uniform policies and procedures, establishing a statewide information system, establishing regional motor pools for short-term vehicle use, reassessing vehicle needs statewide, centrally monitoring mileage reimbursement, thoroughly reviewing requests to retain under-utilized vehicles, ensuring State vehicles are used for their intended purposes, establishing contracts for maintenance and repairs (in conjunction with performing some of these services in-house), and establishing a statewide vehicle replacement plan. To help manage these responsibilities, we recommend establishing a Fleet Manager position.

We did not attempt to determine monetary savings for New Hampshire if management over the passenger fleet were consolidated. However, the implementation of our recommendations, which follow best practices, should yield significant benefits for the State.

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**STATE OF NEW HAMPSHIRE
FLEET MANAGEMENT**

**APPENDIX A
DEPARTMENT OF ADMINISTRATIVE SERVICES RESPONSE TO AUDIT**



LINDA M. HODGDON
Commissioner
(603) 271-3201

State of New Hampshire

DEPARTMENT OF ADMINISTRATIVE SERVICES
OFFICE OF THE COMMISSIONER
25 Capitol Street – Room 120
Concord, New Hampshire 03301

JOSEPH B. BOUCHARD
Assistant Commissioner
(603) 271-3204

August 22, 2008

Richard J. Mahoney, CPA
Director of Audits
Office of Legislative Budget Assistant
State House Room 102
107 North Main Street
Concord, NH 03301

Dear Mr. Mahoney,

Thank you for the opportunity to comment on the recent State of New Hampshire Fleet Management performance Audit issued by the Office of the Legislative Budget Assistant (LBA).

I want to thank LBA Audit Management and especially Vilay S. DiCicco, Audit Manager, for the time dedicated to research and learn about fleet management within the State of New Hampshire as well as nationally.

While it has been my experience to Concur with most audit findings in the past, I believe there are two underlying reasons for most of the Concur in Part responses on this audit. I believe either the statutes as presently written do not give DAS the authority to implement what is being suggested or there simply are no available staff to implement the suggested program changes. I have grave concern that 1 individual will be assigned to be a Fleet manager with no program staff to assist him or her and then an expectation that the full complement of work will be done. My recent experience with another one person unit shows that is not a viable solution, nor a commitment to the effort. It only ensures we burn out good staff, make moderate progress, and end up with a vacancy we have a great difficulty filling.

If you have any questions regarding our response to the audit report, please contact me at 271-3204 or at Linda.hodgdon@nh.gov.

Sincerely,

Linda M. Hodgdon
Commissioner

FAX: 603-271-6600

TDD Access: Relay NH 1-800-735-2964

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**STATE OF NEW HAMPSHIRE
FLEET MANAGEMENT**

**APPENDIX B
VEHICLES AND PERMANENT ASSIGNMENTS BY STATE AGENCY,
STATE FISCAL YEAR 2007**

The following table presents the number of sedans, station wagons, passenger vans, sport utility vehicles, and light trucks in each agency's inventory at the end of State fiscal year 2007, as reported on the annual motor vehicle reports, and the number of non-law enforcement vehicles permanently assigned to agency personnel.

Table 4

**Number Of Passenger Vehicles, Permanently Assigned Vehicles, And Status
Of Governor and Council (G&C) Approval By State Agency, SFY 2007**

Agency	Passenger Vehicles ¹	Non-Law Enforcement Permanently Assigned Vehicles ²	All Permanently Assigned Vehicles Approved By G&C ³ ?
Safety ⁴	627	33	N
Transportation	441	85	N
Resources & Economic Development ⁴	151	4	Y
Fish & Game ⁴	113	0	NA
Health & Human Services	98	4	N
Environmental Services	88	11	N
Corrections	74	1	Y
Community Technical Colleges	49	0	NA
Liquor Commission	37	4	Y
Justice ⁴	37	0	NA
Revenue Administration	34	0	NA
Agriculture	25	7	N
Labor	22	0	NA
Administrative Services	17	2	Y
Police Standards and Training Council ⁴	11	1	N
Veteran's Home	9	0	NA
Adjutant General	8	0	NA
Pari-Mutuel	7	1	Y
Plumber's Board	5	0	NA
Banking	5	0	NA
Education	4	0	NA
Cultural Resources	4	0	NA
Veteran's Council	3	0	NA
Secretary Of State	3	0	NA
Retirement	3	1	Y
Highway Safety	3	1	Y
Public Utilities Commission	2	0	NA

Agency	Passenger Vehicles ¹	Non-Law Enforcement Permanently Assigned Vehicles ²	All Permanently Assigned Vehicles Approved By G&C ³ ?
Pharmacy	2	0	NA
Cosmetology	2	0	NA
Christa McAuliffe Planetarium	1	0	NA
Office of Energy And Planning	1	0	NA
Insurance ⁵	1	1	N
Employment Security	1	0	NA
Total	1,888	156	

Notes:

¹ Passenger vehicles includes sedans, station wagons, passenger vans, sport utility vehicles, and light trucks.

² Does not include vehicles identified in the SFY 2007 annual motor vehicle reports as law enforcement.

³ Only includes non-law enforcement vehicles needing G&C approval.

⁴ Agencies noting law enforcement vehicles in their inventory.

⁵ Agency's vehicle is leased.

Source: LBA analysis of SFY 2007 annual motor vehicle reports and agency requests for permanent assignment.

STATE OF NEW HAMPSHIRE FLEET MANAGEMENT

APPENDIX C SURVEY OF NH STATE FLEET MANAGEMENT PERSONNEL

Summary Statistics

Total Number of Respondents: **38**

Introduction: The NH Office of Legislative Budget Assistant (LBA), an independent agency of the New Hampshire General Court, has been directed to perform an audit of the State's fleet management. Specifically, we are interested in the passenger vehicles in the fleet and most questions will pertain to this part of the fleet only. As part of this study, the LBA Audit Division has developed this questionnaire to send to all departments, divisions, and bureaus as defined by RSA 21-G:5. Your responses will enable us to efficiently collect information about fleet management in New Hampshire State agencies and your responses are essential to this study.

Purpose: The primary purpose of this survey is to collect information on various issues related to the State of New Hampshire's passenger fleet management.

Question Format: The questions primarily consist of Yes/No and multiple-choice responses with some scaled responses and open-ended questions. Please note that some Yes/No and multiple-choice responses may allow you to skip questions. You may add additional information and comments at the end of this survey.

Answering Questions: Please answer the survey as honestly and accurately as possible based on your direct experience. Select the best answer from the list provided. Some questions may allow you to provide multiple answers by asking you to "check all that apply." You may assume you only need to mark one item if the statement "check all that apply" does not appear. You may answer "Don't Know / Not Applicable" if you do not have sufficient information to answer the question.

We desire your input primarily, but you may consult with others who are familiar with these topics, if the consultation will provide a more accurate response. We expect that it will take you approximately 45 minutes to complete this survey. If you need to pause at any point, you may close the survey and return to it later. Your answers will be saved upon exiting.

Submitting Completed Survey: When you have completed the survey and are satisfied with your responses, please click the "Submit" button located at the bottom of the last page.

We recognize the demands on your time but we cannot provide meaningful information to the General Court without your answers. Thank you for your time and assistance.

Confidentiality: In order to provide follow-up messages and help as you complete this questionnaire, we will keep e-mail addresses and names associated with responses. Your responses will be compiled with others and will be reported as aggregate data in our final report. The LBA will not release individually identifiable data from this survey unless compelled to do so by law or under the procedure established in RSA 14:31-a, II.

Navigating and Exiting the Survey

Please **do not use** the "Enter" key on your keyboard or the browser's "Back" button to navigate through the survey.

To read to the bottom of a section: Use the scroll bar on the right hand side of the section.

To move from section to section: Use the "Next section" and "Previous section" buttons at the end of each section. Do not use the "Enter" key on your keyboard to navigate through the survey.

To exit at any time: Click on the "Exit" button at the end of each screen. Always use the "Exit" button to close the survey. If you do not, you will lose the information you entered in that section.

To restart your survey: Log on to the survey using your user name and password. The survey will restart at the point where you exited.

To change your answers: To change an answer marked with a "button" (circle), click on another answer. To "uncheck" a checked box, click on the box again (this will "uncheck" it), then check the box(es) you wish to check. To change what is in a text box, click in the box and then delete and retype.

Note: You cannot use your browser's "Back" button to backup and make changes. Use the previous section button instead. You can change your answers, even after logging off, by logging on again (see above).

To answer open-ended questions: Click anywhere inside the box and begin typing. When you reach the limit of the open space, keep typing and the box will automatically expand.

To print your responses: Click on the "View response summary" link at the end of the survey.

The First Set Of Questions Pertains To Basic Information About Your Agency's Passenger Fleet.

1. Please list titles of personnel involved in day-to-day operations of your agency's fleet (including, but not limited to, personnel responsible for vehicle acquisition, monitoring vehicle use, overseeing maintenance, and vehicle disposal) and the percent of their time devoted to fleet management activities.

N=36

	<u>Number</u>	<u>Percent of Time</u>
Average	7.2	17.6
Low	1	1.0
High	90	100

2. How does your agency define "passenger automobile" when requesting Fiscal Committee approval to retain vehicles assigned to your agency for the entire fiscal year and driven under 12,000 miles (pursuant to Chapter 568:11, Laws of 1981)?

N=37

<u>Count</u>	<u>Percent</u>	<u>Label</u>
10	27.0	Based on vehicle use (i.e., whether it is used to transport passengers or used for some other purpose, such as to transport supplies)
19	51.4	Based on vehicle type (e.g., if it is a sedan, we define it as a passenger vehicle; if it is a pickup truck, we define it as a non-passenger vehicle)
8	21.6	Other

(IF "OTHER", PLEASE SPECIFY.)

<u>Count</u>	<u>Response</u>
3	Use guidance from DAS to define passenger vehicle
1	Any vehicle holding two or more people

3. Which of the following types of vehicles does your agency consider to be a "passenger automobile" when requesting Fiscal Committee approval to retain vehicles assigned to your agency for the entire fiscal year and driven under 12,000 mile (pursuant to Chapter 568:11, Laws of 1981)? (Check all that apply)

N=36

<u>Count</u>	<u>Percent</u>	<u>Type</u>
31	81.6	Sedan
20	55.6	Station wagon
16	44.4	Passenger Van
1	2.8	Light pickup truck
2	5.6	Medium pickup truck
1	2.8	Extended/crew cab pickup truck
10	27.8	Sport utility vehicle (SUV)
6	16.7	Other

(IF "OTHER", PLEASE SPECIFY.)

<u>Count</u>	<u>Response</u>
1	Alternative Fuel Vehicle
1	Compact sedan

4. In state fiscal years 2006 and 2007, has your agency been denied a request to retain a vehicle assigned to your agency for the entire fiscal year and driven under 12,000 miles?

N=36

<u>Count</u>	<u>Percent</u>	<u>Label</u>
0	0.0	Yes
36	100.0	No

5. Does your agency have a written long-term fleet management plan?

N=36

<u>Count</u>	<u>Percent</u>	<u>Label</u>
6	16.7	Yes
30	83.3	No

6. How often does your agency analyze your fleet to determine if it is the appropriate size and composition for your agency's needs?

N=37

<u>Count</u>	<u>Percent</u>	<u>Label</u>
19	51.4	Annually
10	27.0	Biennially
1	2.7	The last analysis occurred over five years ago
7	18.9	We have never conducted an analysis to determine the appropriate size and composition of our fleet

The Next Set Of Questions Refers To Vehicle Acquisition And Replacement.

7. Does your agency have specific policies and procedures regarding vehicle acquisition and replacement? (Check all that apply)

N=37

<u>Count</u>	<u>Percent</u>	<u>Label</u>
2	5.4	Yes, we have written policies and procedures based on industry best practice
5	13.5	Yes, we have written policies and procedures based on guidance from the Department of Administrative Services
6	16.2	Yes, we have informal policies and procedures based on industry best practice
14	37.8	Yes, we have informal policies and procedures based on guidance from the Department of Administrative Services
1	2.7	Other
13	35.1	No, our agency does not have policies and procedures

8. Prior to purchasing a replacement vehicle, does your agency assess whether the vehicle is needed?

N=37

<u>Count</u>	<u>Percent</u>	<u>Label</u>
6	16.2	Yes, our agency formally documents our assessment to determine if the vehicle is needed
29	78.4	Yes, our agency conducts an informal assessment to determine if the vehicle is needed
2	5.4	No, our agency does not conduct a formal or informal assessment prior to replacing a vehicle

9. What factors does your agency use to determine the type of vehicle to purchase? (Check all that apply)

N=37

<u>Count</u>	<u>Percent</u>	<u>Label</u>
11	29.7	Based on an analysis of appropriate fleet size and composition
0	0.0	Based on an established long-term fleet master plan Not checked
23	62.2	Based on the type of vehicle being replaced
11	29.7	By comparing the lifecycle cost of vehicles being considered
15	40.5	Other

(IF "OTHER", PLEASE SPECIFY.)

<u>Count</u>	<u>Response</u>
5	Based on the purpose (use) of the vehicle.
4	Based on available funding.
2	Based on the best available vehicle at the White Farm
5	Based on agency need
5	Other
1	Based on the Clean Fleets Policy and vehicles available through State contract.

10. How does your agency determine when to replace a vehicle? (Check all that apply)

N=37

<u>Count</u>	<u>Percent</u>	<u>Label</u>
16	43.2	At the end of the vehicle's useful life based on age
24	64.9	At the end of the vehicle's useful life based on mileage
28	75.7	Based on an assessment comparing costs of retaining the vehicle or replacing the vehicle
2	5.4	Based on a cost analysis of the period of time which maximizes the vehicle's residual value
6	16.2	Other

(IF "OTHER", PLEASE SPECIFY.)

<u>Count</u>	<u>Response</u>
3	Based on safety of vehicle
3	Based on vehicle's condition
1	Based on availability of funds
1	Based on how vehicle is used

The Next Set Of Questions Refers To Vehicle Assignment And Utilization.

11. Does your agency have specific policies and procedures regarding vehicle assignment (e.g. who receives an assigned vehicle, which vehicles are assigned for general use, etc.)?

N=38

<u>Count</u>	<u>Percent</u>	<u>Label</u>
9	23.7	Yes, we have written policies and procedures addressing when an employee will be assigned a vehicle and which vehicles will be available for general use
16	42.1	Yes, we have informal policies and procedures addressing when an employee will be assigned a vehicle and which vehicles will be available for general use
0	0.0	Other
13	34.2	No, our agency does not have policies and procedures addressing vehicle assignment

(IF "OTHER", PLEASE SPECIFY.)

<u>Count</u>	<u>Response</u>
5	Our Vehicles are pooled –Not assigned to specific personnel
3	Vehicles are assigned based on specific job functions
2	We follow the DAS Manual of Procedures
1	Vehicle assigned based on distance personnel need to travel
1	Other

12. How does your agency determine which individuals are assigned a vehicle on a permanent basis (i.e. 24-hours-a-day, seven-days-a-week)? (Check all that apply)

N=38

<u>Count</u>	<u>Percent</u>	<u>Label</u>
10	26.3	Based on employee's job title (i.e., Commissioner, Director, etc.)
22	57.9	Based on employee's job responsibilities (i.e., law enforcement, plowing, maintenance, etc.)
7	18.4	Based on number of work-related miles an employee drives annually
12	31.6	Not applicable, our agency does not have vehicles permanently assigned to individuals

13. How does your agency determine which employees receive a vehicle on a home or location assignment? (Check all that apply)

N=37

<u>Count</u>	<u>Percent</u>	<u>Label</u>
7	18.9	Based on employee's job title (i.e., Commissioner, Director, etc.)
15	40.5	Based on employee's job responsibilities (i.e., law enforcement, plowing, maintenance)
16	43.2	Based on location of job site in relation to home (does not make sense for employee to drive to agency to get vehicle)
6	16.2	Based on number of work-related miles an employee drives annually
0	0.0	Other
0	0.0	Don't know
14	37.8	Not applicable, our agency does not have vehicles assigned to individuals on a home or location assignment

14. Does your agency have agency specific policies and procedures regarding appropriate use of agency vehicles (e.g. vehicles can only be used for State purposes)?

N=37

<u>Count</u>	<u>Percent</u>	<u>Label</u>
20	54.1	Yes, we have written policies and procedures addressing appropriate use of agency vehicles
10	27.0	Yes, we have informal policies and procedures addressing appropriate use of agency vehicles
4	10.8	Other
3	8.1	No, our agency does not have specific policies and procedures addressing appropriate vehicle use

(IF "OTHER", PLEASE SPECIFY.)

<u>Count</u>	<u>Response</u>
3	We follow the State's Manual of Procedures
1	Vehicles are assigned based on job responsibilities.

15. Does your agency have a formal process to handle vehicle-related complaints? (Check all that apply)

N=38

<u>Count</u>	<u>Percent</u>	<u>Label</u>
11	28.9	Yes, all complaints are forwarded to our fleet manager for review and investigation
4	10.5	Yes, we keep a log of all complaints and their resolutions
0	0.0	Yes, we use a 1-800 number for the public to call if they have a concern about an agency vehicle
5	13.2	Other
22	57.9	No, we do not have a formal process to handle vehicle-related complaints

(IF "OTHER", PLEASE SPECIFY.)

<u>Count</u>	<u>Response</u>
2	Complaints are forwarded to division director or agency head

16. Does your agency have agency-specific minimum utilization guidelines for your passenger vehicles? (Check all that apply)

N=38

<u>Count</u>	<u>Percent</u>	<u>Label</u>
8	21.1	Yes, our agency has formal guidelines requiring vehicles drive a specific number of miles annually
1	2.6	Yes, our agency has formal guidelines requiring vehicles drive a specific number of days annually
0	0.0	Yes, our agency has formal guidelines requiring vehicles drive a specific number of days monthly
9	23.7	Other
26	68.4	No, our agency does not have specific minimum utilization guidelines

(IF "OTHER", PLEASE SPECIFY.)

<u>Count</u>	<u>Response</u>
6	We follow DAS guidance
2	No agency specific criteria
2	other

17. Does your agency monitor vehicle utilization to ensure vehicles are used according to your agency's minimum use guidelines? (Check all that apply.)

N=20

<u>Count</u>	<u>Percent</u>	<u>Label</u>
13	65.0	Yes, we analyze vehicle utilization on a monthly basis
1	5.0	Yes, we analyze vehicle utilization on a quarterly basis
5	25.0	Yes, we analyze vehicle utilization on an annual basis
1	5.0	No, we do not analyze vehicle utilization on a regular basis

18. Does your agency have agency specific policies addressing commuting in agency vehicles?

N=38

<u>Count</u>	<u>Percent</u>	<u>Label</u>
2	5.4	Yes, our policy allows commuting in agency vehicles
8	21.6	Yes, our policy allows commuting in agency vehicles on an occasional basis
11	29.7	Yes, our policy prohibits commuting in agency vehicles
1	2.7	Yes, other
15	40.5	No, our agency does not have policies addressing commuting in agency vehicles

(IF "OTHER", PLEASE SPECIFY.)

<u>Count</u>	<u>Response</u>
3	We follow DAS guidelines
2	Other

19. Does your agency monitor the use of private vehicles for official State business? (Check all that apply)

N=38

<u>Count</u>	<u>Percent</u>	<u>Label</u>
24	63.2	Yes, we determine if an agency vehicle is available before an employee can use a private vehicle for State business
11	28.9	Yes, we require prior authorization before employees can use private vehicles for State business
3	7.9	Yes, other
6	15.8	No, our agency does not monitor the use of privately owned vehicles for State business

(IF "OTHER", PLEASE SPECIFY.)

<u>Count</u>	<u>Response</u>
3	Supervisors/Directors determine whether travel is necessary
1	Don't Know
1	Prior approval needed for reimbursement
1	We ensure employees use pooled vehicles rather than reimbursing for travel

20. How does your agency determine whether employees should use agency vehicles or receive mileage reimbursement when traveling on official State business? (Check all that apply)

N=36

<u>Count</u>	<u>Percent</u>	<u>Label</u>
1	2.8	The individual employee determines the most appropriate method to use
11	30.6	The employee's supervisor determines the most appropriate method to use
7	19.4	We perform a cost comparison between available transportation methods to determine the most appropriate method
17	47.2	Other
2	5.6	Don't know

(IF "OTHER", PLEASE SPECIFY.)

<u>Count</u>	<u>Response</u>
2	Agency head approves on case by case basis
1	No written policy
12	If agency vehicle is not available
1	If funding is available in travel reimbursement budget
2	We don't have vehicles available for employee use
3	Other

21. Who is responsible for reviewing travel reimbursement vouchers (State Forms A-4 and A-4M) in your agency? (Check all that apply)

N=35

<u>Count</u>	<u>Percent</u>	<u>Label</u>
24	63.2	The individual's immediate supervisor reviews travel vouchers prior to agency head approval
3	7.9	The fleet manager reviews travel vouchers prior to agency head approval
29	76.3	Business office personnel review travel vouchers prior to agency head approval
3	7.9	Checked Other
0	0.0	Don't know

(IF "OTHER", PLEASE SPECIFY.)

<u>Count</u>	<u>Response</u>
3	Agency head

The Next Set Of Questions Refers To Vehicle Maintenance And Repairs.

22. Does your agency have policies and procedures regarding vehicle maintenance and repair? (Check all that apply)

N=38

<u>Count</u>	<u>Percent</u>	<u>Label</u>
5	13.2	Yes, we have written policies and procedures based on industry best practice
3	7.9	Yes, we have written policies and procedures based on guidance from the DAS
6	15.8	Yes, we have written policies and procedures based on manufacturer's recommendations
12	31.6	Yes, we have informal policies and procedures based on industry best practice
8	21.1	Yes, we have informal policies and procedures based on guidance from the DAS
9	23.7	Yes, we have informal policies and procedures based on manufacturer's recommendations
8	21.1	Other
6	15.8	No, our agency does not have policies and procedures regarding vehicle maintenance and repairs

(IF "OTHER", PLEASE SPECIFY.)

<u>Count</u>	<u>Response</u>
3	Informal procedures based on personal knowledge of vehicle.
2	Rely on feedback from commercial vendors.
2	Rely on expertise of agency automotive personnel
1	In the process of developing written procedures for vehicle maintenance as well as a servicing schedule.

23. Does your agency have a written maintenance schedule?

N=37

<u>Count</u>	<u>Percent</u>	<u>Label</u>
15	40.5	Yes
22	59.5	No

24. How does your agency conduct vehicle maintenance and repairs? (Check all that apply)

N=38

<u>Count</u>	<u>Percent</u>	<u>Label</u>
11	28.9	Our agency has an in-house maintenance and repair facility for agency vehicles
8	21.1	Our agency's fleet manager is responsible for obtaining all maintenance and repairs for agency vehicles
5	13.2	Our agency's fleet manager is responsible for obtaining <u>certain</u> maintenance and repairs for agency vehicles
2	5.3	Our agency has a contract with commercial vendors for all maintenance and repair services
18	47.4	Individuals/divisions responsible for the vehicle obtain maintenance and repairs independently
11	28.9	Other

(IF "OTHER", PLEASE SPECIFY.)

<u>Count</u>	<u>Response</u>
3	Use State-approved vendors for maintenance and repairs.
2	Routine services are performed by agency personnel
2	Personnel are only authorized to use specific vendors
2	Business Office personnel coordinate maintenance and repairs
2	Utilize another agency's maintenance and repair facility
2	Agency Head coordinates maintenance and repairs
1	Other

25. How does your agency ensure vehicles receive timely and appropriate (i.e. necessary) maintenance and repairs? (Check all that apply)

N=38

<u>Count</u>	<u>Percent</u>	<u>Label</u>
15	39.5	Our fleet manager monitors vehicle mileage and ensures vehicles receive timely maintenance
20	52.6	Individuals responsible for the vehicle ensure they receive timely maintenance
3	7.9	Division or bureau heads are responsible for ensuring vehicles receive timely maintenance
5	13.2	Other
4	10.5	We do not have a formal process for ensuring vehicles receive timely maintenance

(IF "OTHER", PLEASE SPECIFY.)

<u>Count</u>	<u>Response</u>
2	Business office/ supervisor monitor and maintenance and repair schedule
2	Mechanic/Engineer monitor maintenance schedule and assess need
2	Rely on commercial vendors' assessment
1	Other

The Next Set Of Questions Refers To Vehicle-Related Data And Information Management Systems.

26. For permanently assigned vehicles (use classification 4), who ensures data (e.g. mileage, fuel, oil, repairs) on the State form MV2 is accurate and complete?

N=24

<u>Count</u>	<u>Percent</u>	<u>Label</u>
3	8.1	The person to whom the vehicle is assigned ensures data is complete and accurate
9	24.3	The fleet manager ensures data is complete and accurate
12	32.4	Other
13	35.1	Not applicable; we do not have permanently-assigned vehicles

(IF "OTHER", PLEASE SPECIFY.)

<u>Count</u>	<u>Response</u>
5	Accounting Personnel
4	Administrative Personnel
3	Other fleet personnel
1	Division heads
1	Operator

27. For vehicles assigned to personnel on a home or location assignment (i.e. use classification 2 and 3), who ensures data (e.g. mileage, fuel, oil, repairs) on the State form MV2 is accurate and complete?

N=38

<u>Count</u>	<u>Percent</u>	<u>Label</u>
11	28.9	The person to whom the vehicle is assigned ensures data is complete and accurate
6	15.8	The fleet manager ensures data is complete and accurate
6	15.8	Other
15	39.5	Not applicable; we do not have home or location vehicle assignments

(IF "OTHER", PLEASE SPECIFY.)

<u>Count</u>	<u>Response</u>
4	Accounting Personnel
1	Administrative Personnel
1	Vehicle Operator

28. For general use vehicles (use classification 1), who ensures data (e.g. mileage, fuel, oil, repairs) on the State form MV2 is accurate and complete?

N=36

<u>Count</u>	<u>Percent</u>	<u>Label</u>
13	34.2	The fleet manager ensures data is complete and accurate
6	13.8	The division to which the vehicle is assigned ensures data is complete and accurate
11	28.9	Other
6	15.8	Not applicable; we do not have vehicles assigned for general agency use

(IF "OTHER", PLEASE SPECIFY.)

<u>Count</u>	<u>Response</u>
7	Accounting Personnel
3	Administrative Personnel
1	Other fleet personnel
1	Division heads
1	Operator

29. Who ensures vehicle data reported in the annual motor vehicle report submitted to DAS is accurate? (Check all that apply)

N=38

<u>Count</u>	<u>Percent</u>	<u>Label</u>
14	36.8	Fleet Manager
3	7.9	Commissioner or Director of agency
20	52.6	Other employee at agency (specify job title below)
3	7.9	Individual vehicle operators
1	2.6	Department of Administrative Services Business Supervisor
1	2.6	Other employee at the Department of Administrative Services (specify job title below)
9	23.7	Other

(IF "OTHER", PLEASE SPECIFY.)

<u>Count</u>	<u>Response</u>
14	Accounting Personnel
1	Administrative Personnel
1	Other fleet personnel
10	Business Director
3	Other director

30. Does your agency maintain a daily vehicle utilization log (e.g. tracking days each vehicle is used) other than the State forms MV2?

N=36

<u>Count</u>	<u>Percent</u>	<u>Label</u>
17	47.2	Yes
19	52.8	No

31. Please indicate the level of agreement that best describes your answer to the following statements. *(PLEASE SELECT ONE ANSWER FOR EACH ROW LISTED BELOW.)*

N=36

	Strongly Agree	Agree	Neither Agree Nor Disagree	Disagree	Strongly Disagree
a. The DAS provides clear and consistent guidance regarding assigning vehicles to agency personnel.	2	13	14	4	3
b. The DAS provides clear and consistent guidance regarding appropriate use of State vehicles.	2	17	12	3	2
c. The DAS provides clear and consistent guidance regarding vehicle type classification.	1	16	12	3	4
d. The DAS provides clear and consistent guidance regarding altering our agency's fleet size.	2	8	17	7	2
e. The DAS provides clear and consistent guidance regarding obtaining Governor and Council approval to assign a vehicle on a permanent (i.e. 24-hours-a-day, seven-days-a week) basis.	3	14	16	2	1
f. The DAS provides clear and consistent guidance regarding the requirements of Chapter 568:11, Laws of 1981.	2	16	15	2	1
g. The DAS provides clear and consistent guidance regarding the definition of a "passenger automobile" pursuant to Chapter 568:11, Laws of 1981.	1	14	15	4	2
h. The process for obtaining a waiver to purchase a vehicle not on the DAS list of approved vehicles is clear and understandable.	2	11	14	6	3
i. The DAS is a valuable business partner in managing our agency's fleet.	0	11	17	4	4

The Next Set Of Questions Refers To The Possibility Of Establishing Central Management Over State-Owned Vehicles.

32. Would your agency benefit from Statewide central management of State-owned vehicles?

N=38

<u>Count</u>	<u>Percent</u>	<u>Label</u>
12	31.6	Yes
26	68.4	No

(IF "NO", PLEASE SPECIFY.)

<u>Count</u>	<u>Response</u>
5	Inconvenient to have to pick up vehicle/Need immediate access
4	Centralization may cost agency more
4	There are better controls at agency level
2	Agency has mostly law enforcement vehicles
2	It would entail more bureaucracy
1	There would be longer waiting for repairs
1	Central agency would not have adequate understanding of agency mission
1	Federal grant funds limitations
1	Agency does not have the needs for many vehicles
1	Centralization could lead to issues with customer dissatisfaction

33. Which of the following centralized functions would your agency benefit from? (Check all that apply)

N=26

<u>Count</u>	<u>Percent</u>	<u>Label</u>
15	57.7	Central establishment and monitoring of policies and procedures
8	30.8	Central coordination of vehicle assignment to all State agencies
14	53.8	Central motor pool for short-term vehicle needs
10	38.5	Central analysis and monitoring of agency fleet utilization
15	57.7	Central coordination of maintenance and repairs
7	26.9	Other

(IF "OTHER", PLEASE SPECIFY.)

<u>Count</u>	<u>Response</u>
2	Central purchasing
1	Statewide maintenance and repair contracts
1	Statewide maintenance and repair facility
1	Fleet operations training
1	Newer, safer vehicles
1	Access to vehicles not normally available to agency
1	Other

34. Would your agency benefit from the use of a centralized State motor pool for short-term vehicle needs (e.g. obtain a rental vehicle for the day)?

N=37

<u>Count</u>	<u>Percent</u>	<u>Label</u>
18	48.6	Yes
19	51.4	No

(IF "OTHER", PLEASE SPECIFY.)

<u>Count</u>	<u>Response</u>
5	Additional time to get vehicle from central location versus having vehicle on-site
3	Central motor pool will result in additional costs
3	Vehicle needs are not known in advance
2	Agency already runs an agency motor pool
1	Federal Guidelines prohibit financial reimbursement of this type of expenditure
1	Owning vehicle assures agency has vehicle available when needed
4	Other

35. What are the reasons your agency would benefit from a central motor pool? (Check all that apply)

N=23

<u>Count</u>	<u>Percent</u>	<u>Label</u>
10	43.5	A central motor pool would eliminate the cost of purchasing vehicles for agency use
11	47.8	A central motor pool would eliminate the cost of maintaining vehicles for agency use
10	43.5	Agency personnel would no longer be responsible for managing agency vehicles allowing them to concentrate on the agency's core mission
15	65.2	Employees would have immediate access to a State vehicle when needed for short trips
6	26.1	Other

(IF "OTHER", PLEASE SPECIFY.)

<u>Count</u>	<u>Response</u>
1	Motor Pool could alleviate demand for vehicles during high usage months
1	Agency could have access to younger vehicles
1	Agency could have access to more energy-efficient vehicles
3	No Benefits
4	Other

36. Would your agency benefit from the use of a centralized State maintenance and repair garage? (Check all that apply)

N=38

<u>Count</u>	<u>Percent</u>	<u>Label</u>
7	18.4	Yes, our agency does not have the expertise to coordinate vehicle maintenance and repairs
17	44.7	Yes, a central garage would eliminate time associated with obtaining quotes
5	13.2	Yes, other
14	36.8	No, our agency would not benefit from a centralized garage

(IF "OTHER", PLEASE SPECIFY.)

<u>Count</u>	<u>Response</u>
2	It would only benefit if costs were lower than what agency is currently charged
1	State garage would hopefully be looking out for the State's best interest and not try to get as much money as they can.
2	Other

37. What are the reasons your agency would not benefit from a central maintenance and repair garage?

N=14

<u>Count</u>	<u>Response</u>
2	Turn-around time would prevent benefits
4	Location of central garage may prohibit agency's ability to use services efficiently
6	Has own facility/perform own services
1	Currently use State contracts
2	Other

38. Would your agency benefit from a Statewide contract for routine maintenance services (e.g. lube, oil, filter; tire rotation; preventive maintenance; etc.)?

N=38

<u>Count</u>	<u>Percent</u>	<u>Label</u>
29	76.3	Yes
9	23.7	No

39. What are the reasons your agency would not benefit from a Statewide contract for routine maintenance services?

N=9

<u>Count</u>	<u>Response</u>
7	These services are performed in-house
1	Need is not great
1	Other

40. What are obstacles to centralizing fleet management functions into a single agency?

N=31

<u>Count</u>	<u>Response</u>
11	Loose local control/flexibility
6	More red tape/slower or more complicated process
6	Additional time wasted to pick up vehicle/travel to maintenance location
5	Lost productivity due to vehicle downtime
5	Access to Vehicles/Limited availability of vehicles
3	Increased requirements/time commitment for agencies
3	Lack of resources for implementation
2	None
2	Unknown additional costs
1	Timely Response From Central Agency
1	No guarantee of funding for vehicle replacement
1	Needs vary among agencies
1	Unsure
1	Law Enforcement
2	Other

41. Do you have any other comments about your agency's fleet management practices or fleet management in New Hampshire State government?

N=15

<u>Count</u>	<u>Response</u>
2	Agencies need funding to replace vehicles.
2	Statewide rules and consistent application are needed.
2	System needs accountability.
1	Centralization would lead to increased costs for small agencies.
1	The period to requisition vehicles should be longer.
1	Motor pool does not make sense for larger fleets.
1	Motor Pool would be beneficial for the agency.
1	Motor Pool may hinder agencies' access to federal money for vehicle purchases
1	Current system is inequitable.
1	SUVs and extend cab trucks are not necessary.
1	Small agencies have difficulty finding businesses to service their vehicles.
1	The agency's current system provides needed flexibility.
1	Consistent training is needed for agency fleet managers.
1	The State does not need another layer of oversight.
6	Other

Thank You

Before you click the Exit button below to log out, you may view and print a summary of all the responses you made by clicking on the link below. Click on the Exit button below to exit the survey, then click on the Close button to close the browser windows associated with this survey. You may access your responses for review, changes, and printing up until May 22, 2008.

STATE OF NEW HAMPSHIRE FLEET MANAGEMENT

APPENDIX D SURVEY OF OTHER STATES' FLEET MANAGEMENT PRACTICES

Summary Statistics

Total Number of Respondents: 7

Introduction

Purpose: The NH Office of Legislative Budget Assistant (LBA), an independent agency of the New Hampshire General Court, has been directed to perform an audit of New Hampshire's fleet management. As part of our audit, we are determining how other states manage their state-owned vehicles. Specifically, we are interested in your state's passenger vehicles and the questions will pertain to this part of the fleet only. For the purpose of this audit, a passenger vehicle is defined as a sedan, passenger van, station wagon, pickup truck, or sport utility vehicle. The primary purpose of this survey is to collect information on other states' passenger fleet management practices.

Answering Questions: Select the best answer from the list provided. Some questions may allow you to provide multiple answers by asking you to "check all that apply." You may assume you only need to mark one item if the statement "check all that apply" does not appear. You may answer "Don't Know" if you do not have sufficient information to answer the question.

We desire your input primarily, but you may consult with others who are familiar with these topics, if the consultation will provide a more accurate response. The survey contains 36 questions and we expect that it will take you approximately 45 minutes to complete this survey. If you need to pause at any point, you may close the survey and return to it later. Your answers will be saved upon exiting. When you have completed the survey and are satisfied with your responses, please click the "Submit" button located at the bottom of the last page.

Confidentiality: In order to provide follow-up messages and help as you complete this survey, we will keep e-mail addresses and names associated with responses. Your responses will be compiled with others and will be reported as aggregate data in our final report. While it is our policy not to name you specifically in our final report, survey responses may be attributed to specific states.

Navigating and Exiting the Survey

Please do not use the "Enter" key on your keyboard or the browser's "Back" button to navigate through the survey.

To read to the bottom of a section: Use the scroll bar on the right hand side of the section.

To move from section to section: Use the "Next section" and "Previous section" buttons at the end of each section. Do not use the "Enter" key on your keyboard to navigate through the survey.

To exit at any time: Click on the "Exit" button at the end of each screen. Always use the "Exit" button to close the survey. If you do not, you will lose the information you entered in that section.

To restart your survey: Log on to the survey using your user name and password. The survey will restart at the point where you exited.

To change your answers: To change an answer marked with a "button" (circle), click on another answer. To "uncheck" a checked box, click on the box again (this will "uncheck" it), then check the box(es) you wish to check. To change what is in a text box, click in the box and then delete and retype.

Note: You cannot use your browser's "Back" button to backup and make changes. Use the previous section button instead. You can change your answers, even after logging off, by logging on again (see above).

To answer open-ended questions: Click anywhere inside the box and begin typing. When you reach the limit of the open space, keep typing and the box will automatically expand.

To print your responses: Click on the "View response summary" link at the end of the survey.

The First Set Of Questions Pertain To Basic Information On Your State's Passenger Fleet Management Structure.

1. Which of the following vehicle types does your state have in its passenger vehicle fleet?

N=7

<u>Count</u>	<u>Percent</u>	<u>Label</u>
7	100.0	Sedan
6	85.7	Station Wagon
7	100.0	Passenger Van
7	100.0	Light pickup truck
7	100.0	Medium pickup truck
7	100.0	Extended/crew cab pickup truck
7	100.0	Sport utility vehicle
1	14.3	Other

(IF "OTHER", PLEASE SPECIFY.)

(1) Wheelchair Vans, Box Trucks, Prisoner Vans, 16 Pass Adult Bus

2. In fiscal year 2007, how many passenger vehicles were in your state's passenger vehicle fleet?

N=7

<u>Low</u>	<u>Mean</u>	<u>High</u>
418	5,533	16,364

3. How are vehicles assigned to individual state agencies?

N=7

<u>Count</u>	<u>Percent</u>	<u>Label</u>
5	71.4	Agencies determine their own vehicle assignments
3	42.9	Vehicles are assigned through the central agency to state agencies and re-assessed periodically
5	71.4	Vehicles are assigned through the central agency to state agencies as needed or requested
4	57.1	Vehicles are permanently assigned to specific state employees
5	71.4	Vehicles are permanently assigned to state agencies
0	0.0	Other

4. How would you best describe the level of centralization over management of your state's passenger fleet?

N=7

<u>Count</u>	<u>Percent</u>	<u>Label</u>
4	57.1	Our state has one agency responsible for establishing fleet policies for to all state agencies, but the agencies themselves are responsible for daily management of their fleet
1	14.3	Our state has one agency responsible for establishing fleet policies only for specific state agencies, but the agencies themselves are responsible for daily management of their fleet
2	28.6	Our state has one agency responsible for managing all fleet-related activities only for specific state agencies

5. If the central fleet agency does not have authority over all state agencies, which agencies are exempt?

N=3

<u>Count</u>	<u>Percent</u>	<u>Label</u>
2	66.7	Department of Transportation
2	66.7	Public safety agencies
2	66.7	Legislative Branch
3	100.0	Judicial Branch
3	100.0	State's University System
1	33.3	Other

(IF "OTHER", PLEASE SPECIFY.)

- Agencies can be granted exemption as deemed by appropriate by the central fleet management office (1)

6. If your state has a central agency responsible for managing state-owned passenger vehicles, in which department is the agency located?

N=7

<u>Count</u>	<u>Percent</u>	<u>Label</u>
7	100.0	State's central administrative agency
0	0.0	Other state agency

The Next Set Of Questions Pertain To Responsibilities Of Your Central Fleet Management Agency.

7. Please list the benefits of centralizing responsibilities over the state's passenger vehicles into a single agency?

N=7

- Improved controls over tracking fleet information (5)
- Improved oversight regarding policies and procedures (4)
- Improved controls over vehicle purchasing (4)
- Improved control over use agency's maintenance and repairs (3)
- Improved accountability (1)
- Improved control over fleet inventory (1)
- Improved control over fuel purchases (1)
- Improved controls over insurance claims (1)
- Improved controls over vehicle assignments (1)
- Centralized administration (1)
- Specialized skills of professional staff (1)

8. Please list the disadvantages of centralizing responsibilities over the state's passenger vehicles into a single agency?

N=3

- Perceived loss of control (2)
- Difficulty disseminating information to a large group of employees (1)
- Delay in approvals from fleet agency (1)
- Perceived interference from regulatory agency (1)
- Other (1)

9. Does your state's central agency have the authority to:

N=5

	YES		NO	
	<u>Count</u>	<u>Percent</u>	<u>Count</u>	<u>Percent</u>
establish policies and procedures applicable to all agencies under its purview?	5	100.0	0	0.0
assign vehicles to state agencies under its purview?	5	100.0	0	0.0
approve/deny vehicle assignments to state agencies under its purview?	5	100.0	0	0.0
establish minimum vehicle utilization guidelines?	4	80.0	1	20.0
reassign an under-utilized vehicle?	4	80.0	1	20.0
determine when a vehicle will be purchased?	4	80.0	1	20.0
determine the type of vehicle to be purchased?	5	100.0	0	0.0
determine when a vehicle will be disposed?	4	80.0	1	20.0
approve vehicle maintenance and repairs?	5	100.0	0	0.0

10. Is your state's central agency responsible for monitoring:

N=5	YES		NO	
	<u>Count</u>	<u>Percent</u>	<u>Count</u>	<u>Percent</u>
	compliance with state-wide vehicle policies and procedures?	5	100.0	0
agency utilization of state-owned vehicles?	5	100.0	0	0.0
potential misuse of state-owned vehicles?	4	80.0	0	0.0
vehicle repairs and maintenance costs for individual vehicles?	4	80.0	1	20.0
fuel usage of state-owned vehicles?	4	80.0	1	20.0
mileage reimbursement for employees using private vehicles for state business?	1	20.0	4	80.0

11. Is your state's central agency responsible for:

N=5	YES		NO	
	<u>Count</u>	<u>Percent</u>	<u>Count</u>	<u>Percent</u>
	coordinating maintenance and repairs?	5	100.0	0
procuring commercial repairs and maintenance?	5	100.0	0	0.0
coordinating vehicle rental from commercial vendors?	2	40.0	3	60.0
managing a state-wide fleet information management system?	4	80.0	1	20.0

12. Is your state's central agency responsible for operating a vehicle motor pool for short-term vehicles needs (i.e. a pool of vehicles available to all agencies for daily use)?

N=5		
<u>Count</u>	<u>Percent</u>	<u>Label</u>
3	60.0	Yes
2	40.0	No

13. How are costs associated with operating the motor pool charged to agencies?

N=3		
<u>Count</u>	<u>Percent</u>	<u>Label</u>
2	66.7	Agencies are charged a daily rate for the use of the vehicle
2	66.7	Agencies are charged a per mile rate for the use of the vehicle
0	0.0	Agencies using the motor pool are charged a flat rate annually
1	33.3	Agencies are not charged a fee to use motor pool vehicles
0	0.0	Other

14. Which of the following expenses are included in the rate charged to agencies using the motor pool?

N=2

<u>Count</u>	<u>Percent</u>	<u>Label</u>
2	100.0	Cost of fuel
2	100.0	Cost of routine maintenance
2	100.0	Cost of repairs
2	100.0	Cost of acquiring the vehicle
1	50.0	Cost of facility housing motor pool
2	100.0	Cost of motor pool employees
1	50.0	Other costs

(IF "OTHER", PLEASE SPECIFY.)

- All other operational costs including insurance (2)

15. Please indicate the level of agreement that best describes your answer to the following statements. (PLEASE SELECT ONE ANSWER FOR EACH ROW LISTED BELOW.)

N=3

	Strongly Agree	Agree	Neither Agree Nor Disagree	Disagree	Strongly Disagree
The motor pool benefits small agencies which do not have the expertise to manage their own fleet operations.	2	1	0	0	0
The motor pool helps in monitoring vehicle utilization.	2	1	0	0	0
The motor pool enables collection of accurate, timely, and complete vehicle utilization data.	2	1	0	0	0
The motor pool helps ensure vehicles receive timely preventive maintenance and repairs.	2	0	1	0	0
The motor pool helps maximize the vehicle's life span by ensuring vehicles are properly rotated.	1	0	1	0	0
The motor pool adequately meets agencies' short-term vehicle needs.	2	0	1	0	0
Based on our cost comparisons, the motor pool is the most cost-efficient option for meeting agencies' short-term vehicle needs.	1	1	1	0	0

The Next Set Of Questions Pertain To Your State’s Specific Fleet Management Practices.

16. How does your state determine whether a vehicle is utilized to its optimal level?

N=5

<u>Count</u>	<u>Percent</u>	<u>Label</u>
2	40.0	Vehicle must meet annual mileage criteria
0	0.0	Vehicle must meet quarterly mileage criteria
1	20.0	Vehicle must meet monthly mileage criteria
0	0.0	Vehicle must be used a specific number of days per year
0	0.0	Vehicle must be used a specific number of days per quarter
1	20.0	Vehicle must be used a specific number of days per month
1	20.0	Other
1	20.0	We do not have a definition of optimal utilization

(IF "OTHER", PLEASE SPECIFY.)

- No definition of optimal utilization; use cost benefit analysis to determine if it is less expensive to pay private reimbursement versus a state vehicle.

17. For each item selected in Question 16 above, please indicate your state's criteria.

N=4

- 12,00 miles per year minimum
- 1,000 miles per monthly and 18-21 days used monthly
- 18,000 miles annually if the vehicle replaced mileage reimbursement.
- Varies annually

18. What methods of transportation are available to state employees who need to travel on state official business?

N=5

<u>Count</u>	<u>Percent</u>	<u>Label</u>
4	80.0	State-owned passenger vehicle assigned to a specific employee
5	100.0	State-owned passenger vehicle assigned to a specific agency
2	40.0	Renting/leasing a state-owned vehicle from the state-operated motor pool
5	100.0	Renting/leasing a vehicle from a state-contracted commercial vendor
0	0.0	Renting/leasing a vehicle from the employee's choice of commercial vendors
5	100.0	Reimbursement for use of privately owned vehicle
0	0.0	Other
0	0.0	Don't know

19. How does your state determine which of the above methods is the most appropriate method for traveling on official state business?

N=5

<u>Count</u>	<u>Percent</u>	<u>Label</u>
2	40.0	The employee's agency decides the most appropriate method to use
3	60.0	The central agency performs a cost comparison between available methods to determine the most appropriate method
1	20.0	Other

(IF "OTHER", PLEASE SPECIFY.)

- Perform a cost comparison between different methods of transportation; a cost calculator is available on the website (2)

20. Who monitors to ensure the most appropriate method is used?

N=5

<u>Count</u>	<u>Percent</u>	<u>Label</u>
5	100.0	The employee's agency monitors to ensure the most appropriate method is used

21. Does your state have policies and procedures, applicable to all state agencies under its purview, specifically addressing:

N=5

	YES		NO	
	<u>Count</u>	<u>Percent</u>	<u>Count</u>	<u>Percent</u>
general fleet management?	5	100.0	0	0.0
purchasing new vehicles (e.g. when a new vehicle will be purchased, what type of vehicle to purchase, etc.)?	4	80.0	1	20.0
vehicle replacement (when a vehicle will be replaced)?	3	60.0	2	40.0
vehicle maintenance and repairs?	4	80.0	1	20.0
vehicle assignment (e.g. how vehicles will be assigned to agencies or specific personnel)?	3	60.0	2	40.0
vehicle utilization (e.g. appropriate and inappropriate use, minimum use criteria)?	5	100.0	0	0.0
mileage reimbursement for privately owned vehicles?	5	100.0	0	0.0

22. How often does your state analyze its fleet to determine if it is of the appropriate size and composition for your state's needs?

N=4

<u>Count</u>	<u>Percent</u>	<u>Label</u>
2	50.0	Annually
2	50.0	The last analysis occurred over five years ago

23. Does your state have a long-term fleet management plan?

N=4

<u>Count</u>	<u>Percent</u>	<u>Label</u>
2	50.0	Yes
2	50.0	No

24. Does your state have a written preventative maintenance schedule?

N=4

<u>Count</u>	<u>Percent</u>	<u>Label</u>
4	100.0	Yes

25. Does your state allow commuting in state-owned vehicles?

N=5

<u>Count</u>	<u>Percent</u>	<u>Label</u>
4	80.0	Yes
1	20.0	No

26. If your state allows commuting in state-owned vehicles, does your state require employees to reimburse the state for the cost of commuting?

N=4

<u>Count</u>	<u>Percent</u>	<u>Label</u>
4	100.0	Yes
0	0.0	No

27. If your state requires employees to reimburse the state for commuting in state-owned vehicles, how is the reimburse rate calculated?

- N=3
- Don't know; this function is handled by another Department (1)
 - There are very few people that are allowed to use their vehicle for "Home to Office". Those that do, are required to fill out forms for "fringe benefit" and is noted on their W-2 forms for tax purposes (1)
 - Reimbursement is not always required, but employees may use one of the IRS methods to calculate the cost of commuting (1)

28. If your central agency has the authority to approve or deny an agency's vehicle assignment, what are the criteria used to approve or deny a vehicle assignment?

N=4

<u>Count</u>	<u>Percent</u>	<u>Label</u>
0	0.0	Vehicles are automatically assigned to an agency head
0	0.0	Vehicles are automatically assigned to assistant agency heads Not checked
0	0.0	Vehicles are automatically assigned to other personnel
0	0.0	Our central agency does not have the authority to approve or deny an agency's vehicle assignment
4	100.0	Agency clearly justifies the need for the vehicle including projected annual utilization, frequency of use, etc.
0	0.0	Other

29. Which of the following methods does your state use for vehicle maintenance and repair?

N=5

<u>Count</u>	<u>Percent</u>	<u>Label</u>
3	60.0	Our state has centrally-operated maintenance and repair facilities
2	40.0	Agencies have their own department-operated maintenance and repair facilities
3	60.0	Our state has statewide maintenance and repair contracts with commercial vendors available for all agencies to use
1	20.0	Agencies have individual maintenance and repair contracts with commercial vendors
1	14.3	Our state does not have state-owned maintenance and repair facilities or contracts with commercial vendors; services are procured on a case-by-case basis
1	20.0	Other

(IF "OTHER", PLEASE SPECIFY.)

- Commercial repair contracts are managed through a central office where end users call in for repairs via a toll free line and obtain purchase orders and guidance on receiving repairs. Repairs are then billed back to the requesting agency with a management fee (1)

The Next Set Of Questions Refers To Your State’s Fleet Information Management System.

30. Does your state have a statewide fleet information management system?

N=5

<u>Count</u>	<u>Percent</u>	<u>Label</u>
4	80.0	Yes
1	20.0	No, each agency has its own information management system

31. Who is responsible for managing the statewide fleet information management system?

N=5

<u>Count</u>	<u>Percent</u>	<u>Label</u>
4	80.0	The central fleet management agency is responsible for managing all aspects of the statewide information management system
1	20.0	Other

(IF "OTHER", PLEASE SPECIFY.)

- Other agencies are allowed to use programs as long as their data can be uploaded into our central management information system (1)

32. What type of statewide information management system does your state use?

N=4

<u>Count</u>	<u>Percent</u>	<u>Label</u>
2	50.0	An in-house application developed by state personnel
2	50.0	A commercial application

33. If your state uses a statewide commercial application, what application do you use?

N=2

- FASTER (1)
- Maximus M5 (1)

34. Please list the benefits of the commercial application your state uses?

N=1

- Ease of use for data analysis (1)

35. How is mileage information transmitted to the information management system(s)?

N=5

<u>Count</u>	<u>Percent</u>	<u>Label</u>
1	20.0	Individual vehicle operators manually transmit mileage information for manual entry into the system
4	80.0	Other

(IF "OTHER", PLEASE SPECIFY.)

- Mileage is entered as part of the fueling system (2)
- Agencies submit mileage reports for the central agency to enter into the Fleet Management system using an Access program. Within the next couple of months we will be implementing a system where each agency will enter their own for use by our central agency (1)
- A web interface is provided for users to manually enter their mileage monthly (1)

36. How is fuel usage information transmitted to the information management system(s)?

N=5

<u>Count</u>	<u>Percent</u>	<u>Label</u>
5	100.0	Other

(IF "OTHER", PLEASE SPECIFY.)

- Fuel data is supplied by commercial fuel card providers (3)
- Dept of Transportation has their own Fuel system which is not shared with any other agency. On request, they will issue reports for need information (1)
- Odometer and employee identification are keyed in at the pump - information gets to use through the nightly interface (1)

37. How is vehicle maintenance and repair information transmitted to the information management system(s)?

N=4

<u>Count</u>	<u>Percent</u>	<u>Label</u>
1	25.0	Individual vehicle operators manually transmit maintenance and repair information for manual entry into the system
3	75.0	Other

(IF "OTHER", PLEASE SPECIFY.)

- Information manually entered by central fleet agency personnel/contracted personnel (2)
- Information entered into Fleet system by state maintenance facilities (2)

38. Do you have any other comments regarding your state's fleet management structure, organization, or practices?

- We recent hired a new Director and Assistant Director and are presently in the process of reorganizing (1)

Thank You

Before you click the Exit button below to log out, you may view and print a summary of all the responses you made by clicking on the link below. View response summary Click on the Exit button below to exit the survey, then click on the Close button to close the browser windows associated with this survey. You may access your responses for review, changes, and printing up until May 23, 2008.

**STATE OF NEW HAMPSHIRE
FLEET MANAGEMENT**

**APPENDIX E
CURRENT STATUS OF PRIOR AUDIT FINDINGS**

The following is a summary of the status of 11 observations related to New Hampshire fleet management contained in reports previously issued by our office.

Copies of audits issued prior to 1999 can be obtained from the Office of the Legislative Budget Assistant Audit Division, 107 North Main Street, State House, Room 102, Concord, NH 03301-4906. Audit reports issued after 1999 can be obtained online at our website <http://www.gencourt.state.nh.us/lba/index.html>.

REPORT AND RECOMMENDATIONS

STATUS

Review Of The Management And Use Of State Passenger Vehicles And Privately Owned Vehicles Used At State Expense, August 1984

- Establish a centralized interagency motor pool. (See current Observation No.7) ○ ○ ○
- Create a Fleet Administrator position authorized to control permanent vehicle assignment, a daily trip pool, and the use of private vehicles. (See current Observation No.12) ○ ○ ○

Department Of Resources And Economic Development Division Of Parks And Recreation, Cannon Mountain Financial And Compliance Audit Report For The Ten Months Ended April 30, 2001

- Review with the Department of Justice whether the lessee of Mount Sunapee has the authority to register and operate State motor vehicles. ● ● ●

Management Letter For The State Of New Hampshire For The Year Ended June 30, 2002

- Bureau of Turnpikes, within the Department of Transportation, should migrate to the Maximus M4 system for their fleet management needs. ● ● ●

Police Standards And Training Council Financial And Compliance Audit Report For The Nine Months Ended March 31, 2005

- Review the proper tax reporting implications of the Director's use of an undercover police vehicle for commuting use. ● ● ●

Fish And Game Department Performance Audit Report, January 2008

- Strengthen fleet management by: centrally tracking vehicles, establishing a maintenance schedule, centrally authorizing scope of work, ensuring invoices are matched to authorizations, and establishing controls to prevent double payment. ● ● ○
- Discontinue assigning vehicles to part-time Conservation Officers and conduct annual utilization analysis. ● ● ○
- Pool vehicles for Department use, reduce the number of vehicles, and conduct an annual utilization analysis. (See current Observation No.7) ○ ○ ○

REPORT AND RECOMMENDATIONS

STATUS

Fish And Game Department Performance Audit Report, January 2008 (continued)

- Ensure all vehicles driven under 12,000 miles annually are reported to the Fiscal Committee, determine if it is more cost effective to reimburse employees for private vehicle use rather than retaining a vehicle for employee use; work with the Department of Administrative Services to define “passenger vehicle.” (See current Observation No.9) ● ○ ○
- Establish and competitively bid contracts for maintenance and repairs. (See current Observation No.11) ○ ○ ○
- Obtain quotes for vehicle repairs and maintenance under \$2,000. ○ ○ ○

Status Key

Fully Resolved	●	●	●
Substantially Resolved	●	●	○
Partially Resolved	●	○	○
Unresolved	○	○	○