



**THE STATE OF NEW HAMPSHIRE**  
**DEPARTMENT OF TRANSPORTATION**

JUN 10 '15 PM 1:04 DAS  
1:03 DA



**WILLIAM CASS, P.E.**  
**ASSISTANT COMMISSIONER**

June 8, 2015

Her Excellency, Governor Margaret Wood Hassan  
State House  
Concord, New Hampshire 03301

RE: Executive Order 2014-03: An order directing state agencies to report on progress implementing the recommendations of performance and financial audits.

Governor Margaret Wood Hassan,

In response to your Executive Order 2014-03, the Department of Transportation, Operations Division, is reporting the progress and responding to recommendations of the audit as found in the Fleet Management Performance Audit Report prepared by the Office of the Legislative Budget Assistant and presented to the Joint Legislative Fiscal Committee at its meeting November 10, 2014. This letter is the 60-day follow-up to our original response dated in a letter December 10, 2014.

Please see the following attachment for the details of the audit recommendations and the actions taken by the Department to resolve them.

Should you have any additional questions or comment, please do not hesitate to contact me.

Sincerely,

William Cass, P.E.  
Assistant Commissioner

Attachment

State of New Hampshire  
Department of Transportation  
Operations Division  
Fleet Management

LBA Performance Audit Report  
November 2014

Current Status of DOT Observation Responses as of **June 1, 2015**

**Observation No. 1: Periodically Review Fleet Size and Composition**

Department Corrective Action Plan:

The Department is preparing to establish a special subcommittee of the Departments Equipment Needs Committee to more formally review and document right sizing of existing and contemplated equipment needs.

**June 1, 2015 update:** A subcommittee of the NHDOT Equipment needs committee has been convened to **Periodically Review Fleet Size and Composition**. The subcommittee has reviewed standard industry practices of such reviews. Next steps include surveying Bureaus within NHDOT for equipment needs. It is anticipated that the work and results of the subcommittee will be completed by the winter of 2015.

**Observation No. 2: Review Controls Over DOT Fleet Purchases**

Department Corrective Action Plan:

The Department is continuing to obtain all required legislative approvals regarding fleet purchases and use. The Department is also working to apply internal fleet management processes and reporting to insure we are consistent across Divisions and Bureaus.

**June 1, 2015 update:** A subcommittee of the NHDOT Equipment needs committee has been convened to **Review Controls Over DOT Fleet Purchases**. The subcommittee has met and is documenting all current controls. Next steps include recommendations for removing some unnecessary controls. It is anticipated that the work and results of the Department will be completed by the fall of 2015.

**Observation No. 3: Adopt Formal Guidelines and Review Fleet Utilization**

Department Corrective Action Plan:

The Department is currently preparing monthly utilization reports from our M-5 Fleet management system. The Equipment Needs Committee will fine tune the target hours per year and target miles per year for each equipment category and develop a process for Districts and Bureaus to explain why certain utilization thresholds are not met.

**June 1, 2015 update:** A subcommittee of the NHDOT Equipment needs committee has been convened to **Adopt Formal Guidelines and Review Fleet Utilization**. The subcommittee has met and is working within existing computer systems to present utilization data in a way to inform management decisions.

Equipment types are being reviewed to set utilization targets for each equipment type. It is anticipated that the work and results of the committee will be completed by the winter of 2015.

**Observation No. 4: Track Utilization of Rented Equipment**

Department Corrective Action Plan:

The Departments Equipment Needs Committee will develop a standard monthly report by District and Bureau that will identify the equipment utilization and cost. The Department will manage the equipment based on the information in the report to minimize the hourly cost for each equipment category.

**June 1, 2015 update:** A subcommittee of the NHDOT Equipment needs committee has been convened to **Track Utilization of Rented Equipment**. The subcommittee has met and is working within existing computer systems to present rented equipment utilization data in a way to inform management decisions. Rented Equipment types are being reviewed to set utilization targets for each equipment type. It is anticipated that the work and results of the committee will be completed by the winter of 2015.

**Observation No. 5: Consistently Report Non-Business Mileage**

Department Corrective Action Plan:

The Department will seek clarification and work with the Department of Administrative Services on this policy.

**June 1, 2015 update:** A subcommittee of the NHDOT Equipment needs committee has been convened **Consistently Report Non-Business Mileage**. The subcommittee has made recommendations to DOT leadership to better define non-business miles consistent with IRS guidelines. It is anticipated that the work and results of the Department will be completed by fall 2015.