

# OVERVIEW

THE AUDITOR  
STATE OF HAWAII

## Audit of the Management of Motor Vehicles at the University of Hawaii

### Summary

The University of Hawaii has more than 600 motor vehicles of various types. These vehicles are state property that help support the various activities of the university. In some cases, vehicles help facilitate the day-to-day administrative operations of the university. In other instances, vehicles support research and/or instructional activities.

The purchase and maintenance of these vehicles is the responsibility of various organizational units. The university's Transportation Services Division provides a number of services and vehicle support programs to the organizational units. In the *activity owned program*, the organizational unit takes complete responsibility for the purchase, maintenance and repair, and replacement of the vehicle. The unit may purchase gas and maintenance services from the Transportation Services Division. In the *fleet management program*, the organizational unit pays an annual fee for the maintenance and repair, and the future replacement of the vehicle. The organizational unit is still responsible for the initial purchase of the vehicle. In the division's *rental program*, units can rent a vehicle on a daily, weekly, or monthly basis. Revenues from the sale of gas, repairs, rental fees, interest, and fleet management fees are deposited into a special fund. Revenues for fiscal year 1997 amounted to around \$862,000.

We found that the University of Hawaii failed to develop clear guidelines and policies to manage its motor vehicles. The university failed to develop an adequate policy requiring organizational units to provide adequate justification for vehicle purchases. As a result, many organizational units failed to carefully analyze all available alternatives and develop sufficient justification for vehicle purchases. We found a questionable need for so many vehicles in some of the organizational units. We also found that the justifications submitted for the personal use of state vehicles were questionable and not necessarily in conformance with criteria established by the State. We found that more cost-effective alternatives were available.

Our audit also found that the fleet management program enables the university to avoid the budgeting process by allowing organizational units to "bank" money in the special fund for future purchases. This program obscures true costs. We found the annual fees to be excessive. For example, a vehicle purchased for \$16,000 will result in a total cash outflow from the unit's operating budget in excess of \$70,000 over a 12 year period. We also found that this program allowed organizational units to purchase vehicles without providing any justification.



Finally, we found that the university lacked adequate policies to ensure that vehicle maintenance and documentation on vehicle use are done in a standardized, uniform manner. Vehicle maintenance is necessary to extend the life of the vehicle and increase operator safety. However, we found that 43 percent of community colleges and 15 percent of Manoa vehicles were not maintained on a regular basis. We also found that usage logs were not kept in a consistent manner. Some schools used examples developed by the Transportation Services division. Others simply kept logs intended primarily for scheduling. Still others kept no documentation at all.

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## Recommendations and Response

We recommended that the University of Hawaii develop adequate procedures for the purchase of new vehicles. The procedures should include an assessment of need that ties into the mission of the organizational unit, an assessment of alternatives, and an analysis of future recurring costs to include estimated costs for maintenance, repair, and insurance. We also recommended that the university examine how vehicles are currently being utilized, to include an examination of cost saving alternatives. This review should also encompass the practice of providing the perquisite of personal use of state vehicles. We further recommended that the university do away with the fleet management program and that the Transportation Services Division develop adequate policies and procedures for maintenance and use of all university vehicles.

The university generally agreed with most of our findings and recommendations. The university has begun to work on standard criteria for vehicle acquisition. The new policy will require an analysis of alternative forms of transportation and justification for the acquisition. The university will also initiate a review of perquisites granted to individuals for the personal use of state vehicles. The university, however, disagreed with our recommendation to do away with the fleet management program, but noted that it would develop alternatives. Finally, the university stated that it will revise its Transportation Services Division Policy and Procedures Manual to apply to all university vehicles.

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