

REPORT BY THE
AUDITOR GENERAL
OF CALIFORNIA

**THE STATE HAS NOT EFFECTIVELY
MANAGED THE USE OF SOME OF ITS
AIRCRAFT FOR EXECUTIVE TRANSPORTATION**

REPORT BY THE
OFFICE OF THE AUDITOR GENERAL
TO THE
JOINT LEGISLATIVE AUDIT COMMITTEE

F-312

THE STATE HAS NOT EFFECTIVELY
MANAGED THE USE OF SOME OF ITS
AIRCRAFT FOR EXECUTIVE TRANSPORTATION

MARCH 1984



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Auditor General

STATE OF CALIFORNIA
Office of the Auditor General
660 J STREET, SUITE 300
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March 1, 1984

F-312

Honorable Art Agnos, Chairman
Members, Joint Legislative
Audit Committee
State Capitol, Room 3151
Sacramento, California 95814

Dear Mr. Chairman and Members:

The Office of the Auditor General presents its report concerning
The Department of Fish and Game and the California Department of
Forestry's use of some of their aircraft for executive transportation.

Respectfully submitted,


THOMAS W. HAYES
Auditor General

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SUMMARY

We audited the use of state aircraft by the California Department of Forestry (CDF) and the Department of Fish and Game (DFG) during fiscal year 1982-83 and July and August of 1983. Our audit focused on use of the aircraft to transport personnel for administrative purposes ("executive transportation"). We also evaluated new regulations in the State Administrative Manual governing the use of state aircraft and the two departments' compliance with the regulations.

Our audit did not reveal evidence of personal use of state aircraft by either the CDF or the DFG during our audit period. However, we did find some official flights that were lengthened for the personal convenience of passengers at additional cost to the State. On five occasions, DFG aircraft stationed in Sacramento flew Fish and Game Commissioners from or back to Napa, near their homes, when they attended Fish and Game Commission meetings throughout the State. We noted nine occasions when CDF aircraft stationed in Sacramento flew a former CDF director from or back to Oakland, near his home, when he attended meetings throughout the State.

The CDF and the DFG have used their aircraft for executive transportation when other available transportation, such as a state car or commercial air service, would have cost less. For the period from July 1, 1982, to August 31, 1983, the cost to the State for these flights was approximately \$16,200 more than the cost of other available

transportation. Documentation is not available to explain why state aircraft were used on these occasions instead of other, less costly, transportation. Officials from both the CDF and the DFG cite constant availability and timesaving as factors justifying their selection of state aircraft to transport personnel. Since January 1983, the number of executive transportation flights by the CDF and the DFG has decreased.

In addition, parts of the new state regulations governing executive transportation are inadequate. These State Administrative Manual regulations, which became effective June 1983, were developed to provide guidance in selecting the most economical transportation; the criteria for the selection, however, are not specific. The lack of specificity has resulted in differing interpretations and practices in the use of state aircraft by the CDF and the DFG. Revision of the regulations by the Department of Finance would provide agencies precise and uniform criteria for use of state aircraft.

Furthermore, neither the CDF nor the DFG have fully implemented management control systems required since June 1983 by the State Administrative Manual. These systems would provide accurate and complete pre-flight comparison of alternative transportation, pre-flight approvals, and post-flight accountability. As a result of not implementing such systems, neither department is ensuring that its use of state aircraft provides the most economical transportation available.

Finally, CDF pilots are not providing complete post-flight logs for their flight activity as required by the State Administrative Manual, and they are not preparing logs for flights in rented aircraft. Lack of complete and accurate logs prevents the department from monitoring flight activity adequately. Moreover, the CDF needs to modify the logs to enable pilots to more completely describe the purpose of the flights.

INTRODUCTION

The California Department of Forestry (CDF) and the Department of Fish and Game (DFG) maintain and operate state-owned and leased aircraft at locations throughout the State. Generally, these aircraft are used by game wardens, foresters, and other staff to carry out program-related missions. These missions include patrol, observation, reconnaissance, aircraft accident investigations, aircraft safety and maintenance inspections, and pilot training. However, the aircraft are also used to transport personnel of these and other departments for administrative purposes. This type of transportation is referred to by the CDF, the DFG, and the State Administrative Manual as "executive transportation."

The CDF maintains 41 aircraft in active use throughout the State; all but one of the active aircraft are leased from the federal government at no cost to the State. Four of these CDF aircraft are stationed at Sacramento's Executive Airport. The Sacramento aircraft are used primarily for administration of the CDF's Fire Protection Program and for executive transportation. The department also rents aircraft in Sacramento when its aircraft are down for maintenance or committed to other locations. During fiscal year 1982-83, 571 flight hours were logged on CDF and rented aircraft stationed in Sacramento. Approximately 105 (18 percent) of these hours were for executive transportation. According to the Senior Air Operations Officer, CDF aircraft stationed outside of Sacramento are used solely for firefighting, reconnaissance,

or other emergency operations; these aircraft are not used for executive transportation.

The DFG owns, maintains, and operates six aircraft. Two are located at Sacramento's Executive Airport, with the others stationed in Redding, Fresno, and Long Beach. All DFG aircraft are flown by game wardens and used primarily in the protection and observation of California's wildlife. However, the two aircraft stationed in Sacramento are also used for executive transportation. During fiscal year 1982-83, 846 flight hours were logged on these two aircraft; approximately 187 (22 percent) of these hours were for executive transportation. The aircraft stationed in Redding, Fresno, and Long Beach are used for executive transportation occasionally, but, much less frequently than those in Sacramento.

Based on past costs of operating the aircraft, the CDF and the DFG have determined hourly aircraft operating costs, which include maintenance, fuel, storage, and pilots' wages and benefits. The CDF calculated an operating cost of \$197 per hour; the DFG calculated costs of \$110, \$145, and \$350 per hour, depending on the particular aircraft.

In response to budget hearings resulting in control language in the Supplemental Report of the 1983 Budget Act, the Department of Finance developed new regulations, which became effective in June 1983, to provide management control and guidance for the use of state-owned and leased aircraft for executive transportation. The new regulations, which

were included in Sections 0743 and 0744 of the State Administrative Manual, state that use of aircraft shall be restricted to official business: the regulations also provide considerations to guide officials in deciding when state aircraft should or should not be used. For example, state agencies shall authorize executive transportation only when the most economical method of transportation is selected, considering the direct expense to the State and the employee's time away from the office. Further, state aircraft shall not be used for executive transportation if the destination is within two-hours' driving time or if the destination is served by regular commercial airlines. In addition, other new regulations in the State Administrative Manual specify channels for flight authorization, procedures and policies to ensure accountability for aircraft use, and requirements for recording flight activity.

SCOPE AND METHODOLOGY

We audited the use of aircraft for executive transportation by the California Department of Forestry and the Department of Fish and Game during fiscal year 1982-83 and July and August of 1983. We reviewed the activity of the CDF aircraft stationed in Sacramento and the activity of all DFG aircraft throughout the State. We examined flight logs and other aviation activity documents, inspected program and accounting records, and interviewed pilots, passengers, and other departmental officials to determine the nature of and reasons for flights.

In determining the cost effectiveness of executive transportation flights, we compared the hourly flight costs calculated by the departments with approximate costs of alternative transportation. To estimate costs of flights on commercial airlines, we used data from published guides to airline schedules and fares. To estimate ground transportation costs, we determined the cost of using a state car as calculated by the Department of General Services, custodian of the state motor vehicle fleet.

When estimating costs of alternative transportation, we did not consider timing constraints of personnel (e.g., the need to be at certain locations at specific times) or the cost of employees' time away from the office. We cannot independently verify timing constraints nor can we associate costs with them. Employee time away from the office is a factor regardless of method of transportation. Thus, we compared the various methods of transportation on the basis of quantifiable direct costs to the State, including obvious additional per diem costs necessary as a result of the various transportation alternatives.

We also assessed new regulations in the State Administrative Manual governing the use of state aircraft to determine if the criteria provided are sufficient to effectively and consistently control aircraft use. We compared the two departments' interpretations and adaptations of the regulations. Finally, we reviewed each department's implementation of and compliance with the new regulations and each department's policies to control the use of aircraft.

AUDIT RESULTS

I

THE CALIFORNIA DEPARTMENT OF FORESTRY AND THE DEPARTMENT OF FISH AND GAME HAVE NOT USED THEIR AIRCRAFT ECONOMICALLY FOR EXECUTIVE TRANSPORTATION

The California Department of Forestry and the California Department of Fish and Game have used their aircraft for executive transportation to reach destinations within close driving distance and destinations served by regular commercial airlines when other transportation would have been more economical. Between July 1, 1982, and August 31, 1983, flights of CDF and DFG aircraft to destinations within two-hours' driving time cost the State approximately \$2,600 over the cost of available ground transportation. Using state aircraft for flights to destinations served by commercial airlines cost the State approximately \$13,600 over the cost of using commercial air service. Since January 1983, at the beginning of the 1983 budget hearings, each department has decreased the use of its aircraft for executive transportation to areas within two-hours' driving time and to areas served by commercial airlines.

Flights to Areas Within Two-Hours' Driving Time

Between July 1, 1982, and August 31, 1983, the CDF used its aircraft eleven times and the DFG used its aircraft seven times for

flights to destinations within a two-hour drive. These flights cost the State approximately \$2,600 over the cost of other available transportation.

In one case, a CDF plane in Sacramento transported a Fire Protection Division staff member to and from Oroville (approximately 75 miles north of Sacramento) at a cost of \$256. Using a state car for the trip would have cost approximately \$30. In February 1983, a DFG plane from Sacramento flew the director of the department and two other officials to Modesto (approximately 75 miles south of Sacramento) and back at a cost of \$385. Using a state car would have cost approximately \$30.

We also noted five instances in which DFG aircraft from Sacramento were used to pick up members of the Fish and Game Commission in Napa, near their homes, and fly them to commission meetings. On one occasion, a DFG aircraft from Sacramento was flown to Napa (approximately 60 miles southwest of Sacramento), where two commissioners were picked up and flown to Burney (approximately 170 miles north of Sacramento) for a commission meeting. The two commissioners were then flown back to Napa and the aircraft returned to Sacramento. According to DFG officials, the commissioners were picked up in Napa for their personal convenience. The cost of the two flights between Sacramento and Napa was \$280. Had both commissioners driven their personal cars to Sacramento, the cost to the State would have been approximately \$80.

Prior to June 1983, when the Department of Finance's new regulations governing executive transportation became effective, both the CDF and the DFG had informal policies to discourage the use of state aircraft for flights to locations within two-hours' driving time. The new regulations in the State Administrative Manual formally prohibit use of state aircraft for executive transportation to nearby locations.

Flights to Areas
Served by Regular
Commercial Airlines

Both the CDF and DFG have used state aircraft to transport personnel when available commercial air service would have cost less. Between July 1, 1982, and August 31, 1983, the CDF used its aircraft 11 times and the DFG used its aircraft 24 times for flights to areas served by regular commercial airlines. The total cost to the State for these flights was approximately \$13,600 over the cost of available commercial air service.

In September 1982, a CDF plane flew from Sacramento to Oakland (approximately 75 miles southwest of Sacramento) to pick up the director of the department near his home, then flew him to Reno for a conference of the National Association of State Foresters. Leaving the director in Reno, the plane returned to Sacramento. Later the same day, the CDF plane returned to Reno, picked up the director and returned him to Oakland; the plane then returned to Sacramento. The next day, the plane, carrying one person from the Fire Protection Division in Sacramento,

returned to Oakland, picked up the director, and flew the two officials to Lake Tahoe (approximately 100 miles east of Sacramento), for a continuation of the same conference. The plane returned to Sacramento the same day. The two officials remained in Lake Tahoe overnight and arranged other transportation to Sacramento.

The total cost of using CDF aircraft for these flights was approximately \$1,064. Alternative transportation, including round trip commercial air service between Oakland and Reno for the director, use of a state car for transportation between Sacramento and Lake Tahoe, and an allowance for per diem on the second night for both officials, would have cost the State approximately \$340. On a total of nine occasions, the former director was flown on Sacramento-based CDF aircraft, from or back to Oakland, when he attended meetings throughout the State.

In another example, a CDF pilot flew a state plane from Sacramento to San Diego and back to participate in training activities. The cost of this trip was \$774. Commercial air service would have cost approximately \$222.

The DFG has also used its aircraft for executive transportation when other available transportation would have been cheaper. For example, in July 1982, the director of the department and five other officials used a DFG plane to attend a weekend field trip in a game preservation area on the Channel Islands off the coast of Oxnard. The DFG aircraft made two round trip flights between Sacramento and Oxnard

(approximately 50 miles north of Los Angeles) for a total cost of approximately \$2,485. Alternative transportation, including six round trip airline tickets between Sacramento and Los Angeles and use of two state cars for the two-hour drive to Oxnard, would have cost approximately \$1,070.

In another case, a DFG aircraft was used to fly one program executive from Sacramento to Eureka and back the same day at a cost of approximately \$875. Commercial air service with one day of per diem expenses would have cost approximately \$230.

Flights to Areas Neither
within Two-Hours' Drive Nor Served
by Regular Commercial Airlines

Both the CDF and DFG have regularly used state aircraft for executive transportation to locations beyond two-hours' driving time or without regular commercial air service. For example, the Fish and Game Commission hosts an annual weekend pack trip in the Sierra Nevada. For the trip, the CDF and the DFG provide transportation to and from Bishop using CDF aircraft based in Sacramento and DFG aircraft based in Sacramento and Long Beach.

The trip is attended by officials of both state and federal government, members of private industry, and representatives of various public interest groups. According to the Executive Secretary of the Fish and Game Commission, the trip is an inspection and informational trip

attended by approximately 30 people that the commission considers important to California's resources. During the trip, according to the commission's executive secretary, experts conduct informational and educational seminars. For the 1982 pack trip, CDF and DFG aircraft made seven round trip flights at a total cost of approximately \$4,680.

Because commercial air transportation is not available to locations such as Bishop, we could not compare the cost of such flights with the cost of commercial air service, nor could we evaluate the importance or urgency of executive travel to these locations.

Decreased Use of State Aircraft for Executive Transportation

Although the CDF and the DFG have continued to use their aircraft for executive transportation, the frequency of flights to areas within two-hours' drive and to areas served by regular commercial airlines has decreased since the beginning of budget hearings in early 1983. The decrease in such flights began several months before the new regulations governing executive transportation became effective in June 1983. During the period from July 1982 to December 1982, the CDF averaged four flights per month to areas within two-hours' drive or areas served by regular commercial airlines. The CDF averaged less than one of these flights per month during the period from January 1983 to September 1983. For the DFG, the average during the former period was 4.3 flights per month; the average decreased to 2.2 flights per month for the latter period.

CONCLUSION

The California Department of Forestry and the Department of Fish and Game have used their aircraft in an uneconomical manner for executive transportation. Both departments have used state aircraft to transport personnel to locations within two-hours' driving time and locations served by regular commercial airlines when other available transportation would have been cheaper. For these flights, the total additional costs to the State were approximately \$16,200 for the period July 1982 through August 1983. Since January 1983, during the development of formal regulations to control the use of state aircraft, the CDF and the DFG decreased the number of flights for executive transportation to areas within two-hours' driving time and areas served by regular commercial airlines.

II

STATE ADMINISTRATIVE MANUAL REGULATIONS AND DEPARTMENT CONTROL OVER USE OF STATE AIRCRAFT COULD BE IMPROVED

The new State Administrative Manual regulations governing the use of state aircraft for executive transportation do not provide specific criteria for selecting the most economical transportation. The lack of specificity has resulted in different interpretations of the regulations and inconsistent use of state aircraft. In addition, the California Department of Forestry and the Department of Fish and Game have not implemented adequate management control systems over pre-flight approval and post-flight accountability as required by the State Administrative Manual. Because neither the CDF nor the DFG is fully implementing approval and accountability procedures, neither department is ensuring that its use of state aircraft provides the most economical transportation for personnel. Finally, the CDF's system of recording flights does not provide for complete and accurate logging of flight activity, as required by the State Administrative Manual; incomplete logs prevent adequate control over the use of state aircraft.

New Regulations Are Not Specific

The new State Administrative Manual regulations require state agencies to select the most economical executive transportation. Not all

criteria for the selection, however, are sufficiently specific. As a result, the CDF and the DFG each define the criteria differently in applying the regulations.

One new criterion provides that "State aircraft shall not be used for executive travel if the destination is served by regular commercial airlines." The DFG interprets this phrase to mean "...arrival and return flights scheduled at least at 4-hour intervals...." The CDF interprets the phrase to mean "...commercial transportation may be considered whenever its total cost is less than the cost of department provided aircraft, schedules are compatible, and driving would require unreasonable trip time or per diem costs." The inconsistent interpretations of this criterion would not have occurred if the Department of Finance had specifically listed sites that are served by regular commercial airlines.

A second criterion provides that "...the most economical method of transportation shall be selected in terms of direct expense and the employee's time away from the office...." This criterion gives equal weight to a factor that can be objectively determined and a factor that must be subjectively estimated. Direct expenses that result from use of state-owned or leased aircraft, additional per diem, and commercial travel costs, can be objectively determined and evaluated to select "the most economical method of transportation." However, the other factor, "employee's time away from the office" that may be saved by using state-owned or leased aircraft, requires a subjective evaluation that is

not always measurable in determining if a method of transportation is "the most economical." It may be necessary to consider the value of the employee's time away from the office to destinations not served by regular commercial airlines and not within two-hours' driving distance. However, giving this subjective and vague factor equal weight with the objective and measurable direct costs erodes the basis for holding agencies accountable for selecting the most economical method of transportation.

The new regulations also allow state agencies to consider other subjective factors in choosing to use state aircraft rather than less expensive transportation. For example, state agencies are permitted to weigh such vague considerations as "accessibility and/or the urgency of the situation dictating the need for an aircraft," and "scheduling demands and limitations." However, since state employees should travel only when necessary and can usually adapt their schedule to use of ground or commercial air transportation, the transportation selected should be the least expensive to the State.

Lack of Fully Implemented Systems to Control Use of Aircraft

Since June 1983, Section 744 of the State Administrative Manual has required state agencies to document flight requests and approvals for use of state aircraft. Both the CDF and the DFG have partially established procedures for selecting, authorizing, and accounting for executive transportation flights. At the time of our review, however,

neither the CDF nor the DFG had finalized its proposed system for documenting flight requests and approvals. Consequently, neither department is ensuring that its use of state aircraft provides the most economical transportation for personnel.

Only two of the seven flights by CDF aircraft for executive transportation since the regulations became effective in June 1983 were supported in CDF files by documentation of request and approval. Moreover, the documentation available for these two flights was incomplete. The documentation did not include signatures or other evidence of approval by responsible CDF personnel. We found a similar situation at the DFG. From July 1 through September 30, 1983, none of the 16 flights for executive transportation on Sacramento-based DFG aircraft were supported by the required documentation.

The Supplemental Report of the 1983 Budget Act required both the CDF and the DFG to report to the Joint Legislative Budget Committee on measures they have taken to reduce aircraft use for executive transportation. Although each department has reported such measures to the Legislature, we found that the reported measures and procedures have not been implemented.

Improvement Needed in the CDF's
System of Recording Aviation Activity

The CDF post-flight logs do not provide complete and accurate records of flight activity. Sometimes the logs omit information such as

purpose of the flight, data on passengers, and time of day of the flight. In addition, CDF pilots have not prepared flight logs for trips on rental aircraft. Without the complete and accurate reporting of data such as flight purpose, passengers, time of day flown, stopover, destination, and return information, department management cannot properly monitor aircraft use.

We were not able to determine the nature of some flights because either no purpose or an incomplete explanation of the purpose was presented on the logs. Also, no explanations were included for many of the flight stopovers. Section 744 of the State Administrative Manual requires pilots to record the purpose of each flight. On the CDF form for logging flight activity, however, insufficient space is provided for pilots to record an adequate explanation of the flight purpose. When we discussed each flight with the CDF pilots, three of the four we interviewed could not recall flight details even with the aid of the flight log; three pilots consulted their personal calendars to provide explanations.

In addition, the CDF does not require its pilots to prepare flight logs on rental aircraft. Since June 1983, Section 744 of the State Administrative Manual requires that a flight log must be maintained for each state-owned or leased aircraft, including rentals. Between July 1, 1982, and August 31, 1983, the CDF used rental aircraft from Sacramento for 51 flights for both Fire Protection Program missions and executive transportation. No flight logs were prepared for these

flights. Without flight logs prepared by the pilots for these flights, we could not substantiate the accuracy of monthly flight summaries given to us by the CDF aviation management staff.

In contrast, we found the DFG system of logging flights to be adequate. In this system, DFG pilots complete a form for each flight, with complete explanations provided for the purpose and each passenger's relationship to that purpose. Also, complete data regarding timing of departure, stopovers, and destination is provided. The DFG does not rent privately-owned aircraft.

CONCLUSION

Regulations in the State Administrative Manual for selection of transportation for executive travel are not specific. As a result, the California Department of Forestry and the Department of Fish and Game have different interpretations of the regulations. Also, the regulations give subjective factors equal weight with objectively measurable factors when determining the least expensive method of travel.

Neither the CDF nor the DFG has implemented systems for documenting flight request and approvals as required by the State Administrative Manual. As a result, neither department is ensuring that its use of state aircraft for executive transportation provides the most economical transportation.

The CDF could improve its system of recording aviation activity. Sufficient explanation of flight activity is not provided on CDF logs. Furthermore, flight logs are not prepared by CDF pilots for flights on rental aircraft. As a result, the CDF cannot compare actual flight activity with pre-flight requests and approvals.

RECOMMENDATION

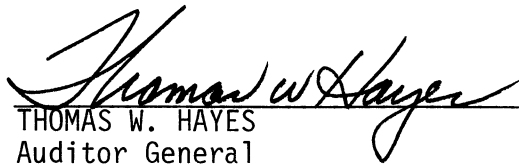
To provide consistency and objective application of the new regulations in the State Administrative Manual, the Department of Finance should specifically identify those cities that are served by regular commercial airlines. In addition, the Department of Finance should revise the State Administrative Manual to require that objective measurable direct costs to the State be the predominate factors in determining the most economical method of travel. Finally, agencies should choose the transportation that results in the lowest direct cost to the State.

To ensure that state aircraft are used economically, the California Department of Forestry and the Department of Fish and Game should implement State Administrative Manual requirements to formally document flight requests and approvals.

To ensure better management control, the CDF should revise its flight log form to require pilots to record, in addition to data required on the current form, the time of day flown, overnight stops, all stops enroute, names of passengers and their titles and employers, and sufficient space to explain the reason for the flight. Pilots should also include on the logs a brief explanation of the relationship of the purpose of the flight and the stops, destination, passengers, and time of day flown. This added description would clarify the explanation of purpose when flights serve more than one purpose. Furthermore, the CDF should require pilots to record all flight activity for all aircraft, regardless of aircraft ownership.

We conducted this review under the authority vested in the Auditor General by Section 10500 et seq. of the California Government Code and according to generally accepted governmental auditing standards. We limited our review to those areas specified in the audit scope section of this report.

Respectfully submitted,


THOMAS W. HAYES
Auditor General

Date: February 21, 1984

Staff: Richard I. LaRock, CPA, Audit Manager
Merrill E. Tompkins, CPA
Donald C. Roberts

Memorandum

To : Gerald L. Partain, Director
Department of Forestry

Howard D. Carper, Director
Department of Fish and Game

Date : FEB 10 1984

File No.:

Subject: Auditor General
Report

From : Office of the Secretary

Attached is a copy of a draft report from the Auditor General entitled "The State Has Not Effectively Managed The Use Of Some Of Its Aircraft For Executive Transportation."

In order to meet the deadline for comments of February 16, 1984, please provide your written response directly to the Auditor General with a copy to this office. The Resources Agency will not be commenting independently on the report.

Original signed by
Harold F. Waraas

Harold F. Waraas
Assistant Deputy Secretary
for Resources

Attachment

✓ cc: Office of the Auditor General
660 J Street, Suite 300
Sacramento, CA 95814

DEPARTMENT OF FORESTRY

1416 NINTH STREET
SACRAMENTO, CALIFORNIA 95814
(916) 445-9886



F4

February 16, 1984

Mr. Thomas W. Hayes
Auditor General
Office of the Auditor General
660 J Street, Suite 300
Sacramento, California 95814

Dear Mr. Hayes:

The California Department of Forestry (CDF) has the following comments concerning the report on State aircraft use:

The title "The State Has Not Effectively Managed The Use Of Some Of Its Aircraft For Executive Transportation" lends a negative connotation to the entire report. The Department feels that a better title could be "A Review of the Use of State Aircraft for Executive Transportation". This change would remove the judgmental implication and make the report more factual. The report states that CDF and the Department of Fish and Game (DFG) "have not used their aircraft economically for executive transportation". CDF feels it has been very economical in its use of State aircraft.


The auditor's judgement that the only criteria for a decision to use State aircraft should be cost is unrealistic. This would take away the administrator's prerogative to consider the importance of the mission and possible overriding reasons for not using the more economical method of transportation.

CDF is in the process of adopting a new flight log procedure which will parallel that used currently by DFG. This procedure apparently meets the needs of auditors for an original document to record all information concerning aircraft flights.

CDF also agrees that revisions of the State Administrative Manual in identifying cities served by commercial airlines may be helpful; however, the mere fact that a city is served by a commercial airline does not completely resolve all of the problems. Scheduling, overnight stays, and other considerations may dictate the use of a more timely and, perhaps, more costly method of transportation.

In summary, the report does not fully take into consideration the needs of the Department Director in administering a \$150 million budget to utilize State aircraft in the interest of overall efficiency and cost effective utilization of executives' time.

Sincerely,


For - JERRY PARTAIN
Director

cl

cc: Gordon Van Vleck

DEPARTMENT OF FISH AND GAME

1416 NINTH STREET
SACRAMENTO, CALIFORNIA 95814



(916) 445-3118

February 15, 1984

Mr. Thomas W. Hayes
Office of the Auditor General
660 "J" Street, Suite 300
Sacramento, CA 95814

Dear Mr. Hayes:

Thank you for the opportunity to review the draft of your audit report on use of state aircraft for executive transportation.

While we assume that the facts presented are correct, the short response time allowed and the lack of detail relating to the exceptions did not give the Department the opportunity to review each exception noted. The comments below will address the issues raised to the extent possible.

Perhaps one of the most significant omissions in the report is that timing constraints were not considered. During my tenure as Director of Fish and Game, I have found that time is one of the most precious resources a manager has. When in the office, my calendar is completely full, appointments are made many days or weeks in advance. With an organization as dynamic as Fish and Game and the diverse areas of responsibility, it is inevitable that circumstances arise that require immediate attention. Many of these situations are dictated by outside influences and the Department does not have the opportunity to set up meetings to accommodate commercial air travel. A Director's, Legislator's, Commissioner's or Manager's time should not be measured in terms of an hourly rate alone. Decisions could result in the savings of dollars many times the cost of a flight when a resource is protected or an enforcement confrontation is avoided by expeditious action.

The report indicates that the Department of Finance's new regulations became effective June 1983. In actuality, the regulations were issued June 27, 1983. The Department had to review these regulations, develop forms and departmental procedures and incorporate the procedures in the Department's operational manual. While use of DFG aircraft for executive flights was controlled informally in the interim, the procedures and forms were adopted formally October 1, 1983, and are currently in use. That is not an unreasonable amount of time to develop and formalize a new system.

The report mentions that in five instances DFG's aircraft were used to pick up Commission members at Napa and fly them to Commission meetings and back for their personal convenience. In several instances this was done because the Commissioners had commitments that could not have been met if they were required to fly into Sacramento and drive through rush hour traffic to return to the Bay area. Another consideration would be that these flights were for the convenience of the State. These Commissioners are private citizens appointed by the Governor. They serve in this most important capacity at \$50 per day. This takes precious time from their private practice and diminishes their earning capacity. Time is money to these dedicated individuals, a 15-minute flight could save them 2 hours on the road.

The case where a DFG aircraft was used to fly a program executive from Sacramento to Eureka and back the same day at an excessive cost was a last minute substitution of an individual to replace the Director on a television talk show on the subject of foreign processing of fish. Other individuals involved were local public officials, representatives of the commercial industry and members of the Indian Community. It was not possible to use the scheduled airline and attend the show. Had the Department not been represented, the State's interests would not have been protected.

In regard to the "Commission Pack Trip", DFG provided four of the round trip flights. The purpose of the trips is to bring high level resource people together in a remote setting to discuss issues of mutual interest, and much is accomplished during the five days that the group is together. As an example, this year's trip to Upper Bishop Creek brought together legislators, state Resources Agency representatives, top administrators from the Corps of Engineers, U.S. Fish and Wildlife Service, National Park Service, U.S. Forest Service, the commercial fishing industry, conservation groups and Commission members. Each participant, with the exception of our camp doctor, paid their fair share of the cost of the trip. These costs include food and beverages, pack stock, packers, etc. It is an outdoor camping experience and no permanent facilities are utilized while in the pack country. The trips accomplished much more than just the dissemination of educational information. It garners support for many of the Department's programs so vital to the protection of the environment and our wildlife resources.

While we certainly agree that there were instances where aircraft were used when other available means of transportation would have been cheaper, there were mitigating circumstances that did make their use appropriate. As the report also states, there has been a decreased use of state aircraft for executive transportation. We will continue to manage this use to the benefit of the State.

While we cannot respond for the Department of Finance and their State Administrative Manual regulations, we feel that they do provide the controls necessary to insure that the most economical means of transportation is used. Economy is not always

Mr. Thomas W. Hayes

-3-

February 15, 1984

translated into identifiable dollars. If attending a meeting on emergency basis results in a closure of a fishery because of overfishing, this would certainly have a major economic impact that cannot be easily translated into dollars. Executives should have the latitude to consider more than just identified dollars in making decisions when a state resource is involved.

We have implemented the State Administrative Manual requirements and will continue to abide by them together with any changes that may be made.

Sincerely,


Director

Memorandum

Date : February 22, 1984

To : Thomas W. Hayes
Auditor General

Telephone: ATSS ()
()

From : **Department of Finance**
DIRECTOR'S OFFICE

Subject: Auditor General Report F-312 Regarding Use of State-Owned Aircraft

We have reviewed your draft report of February 1984 entitled "The State Has Not Effectively Managed the Use of Some of Its Aircraft for Executive Transportation". It is our understanding from discussion with your staff that the study covered the period between July 1982 and August 1983 and was completed in October 1983.

We feel that the report may not have given full recognition to the fact that revisions to the State Administrative Manual (SAM) regarding the use of State owned aircraft were implemented by the Department of Finance in June 1983. Only the last two months covered by your study were subject to the new SAM requirements, consequently, departments had not necessarily fully implemented all of the new provisions.

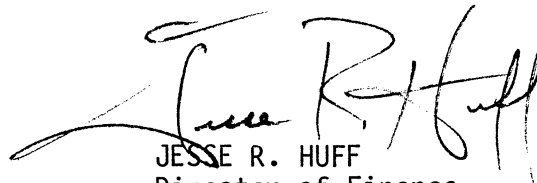
In regards to the specific recommendations, we do not fully agree with your suggestion that SAM be amended to include the names of cities which are served by regular commercial airlines. Schedules are continuously being revised; and service to smaller communities is unreliable at best. These circumstances would create a tremendous administrative burden for our department if we intend to maintain the currency of SAM. Since airline schedules are readily available elsewhere, we suggest as an alternative that SAM be amended to include the statement that State management be required to consider airline schedules when determining the cost effectiveness of State flights. ①*

Further, we do not agree with your suggestion that SAM be further revised to require that only direct measurable costs be considered in determining the most economical mode of transportation. ② SAM provides the basic parameters and guidelines for agencies and departments; we feel management must be given an opportunity to weigh the merits of alternative choices in atypical situations and be prepared to justify decisions by means of the accountability measures which we included in the June 1983 amendments to SAM. Recognizing the merit of your suggestion that further improvements are needed to strengthen statewide consistency of administrative regulations, we propose SAM be amended to state that Agency Secretaries be required to insure consistent application of SAM regulations regarding the use of State owned aircraft by their respective departments.

* The Auditor General's comments on specific points contained in the agency response begin on the bottom of page 27.

Finally, we concur with the comments on page 19 of your report which states that agencies should choose transportation that results in the lowest cost to the State--specific requirements of Section 0744 of the State Administrative Manual.

I thank you for the opportunity to review and comment on your draft report. I hope you find our comments and additional suggestions helpful. If you wish to discuss our comments further, please contact Richard L. Cutting, Chief, Financial Performance and Accountability/Program Evaluation at 322-2985.



JESSE R. HUFF
Director of Finance

cc: Richard L Cutting, Chief, Financial Performance and Accountability/
Program Evaluation, Department of Finance

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Auditor General's Comments

- ① If the SAM included the names of cities served by regular commercial airlines, management would have specific information for considering when to use regular commercial airlines and when to use state aircraft for executive transportation.
- ② The Department of Finance has misstated our recommendation. On page 19 we recommend that "objective measurable direct costs to the State" be the predominate factors in determining the most economical method of travel. This issue is further discussed on pages 14 and 15.