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State could save money by combining some aircraft operations, Ralph Campbell says in new audit

RALEIGH _ Consolidating the passenger and maintenance operations of North Carolina's 68-plane air fleet could save the state substantial amounts of money each year, while possibly improving the upkeep on the aging aircraft, a new performance audit released Tuesday by State Auditor Ralph Campbell indicates.

The audit, performed under the State Auditor's discretionary powers, found that the departments of Transportation and Commerce, as well as Medical Air, Inc., which is operated as part of the University of North Carolina Area Health Education Centers, provide passenger service to state and university employees on official business. Auditors found that the average elapsed time for passenger services, including waiting time between flight segments, was 81.8 hours per month per aircraft.

Records for the last two fiscal years indicated that the three Department of Commerce aircraft used to carry passengers were committed for an average of 52.8 hours each month. Flight records for the same period for the three Department of Transportation aircraft showed an average of 37.6 hours usage each month. Medical Air flight records indicate that its six aircraft were used an average of 154.9 hours each month per aircraft.

The report recommends consolidating the passenger and maintenance services under a single agency, similar to Motor Fleet Management, which maintains and distributes automobiles used by employees on official business. A consolidated facility could be constructed on state-owned land at Raleigh-Durham International Airport, saving lease costs of \$261,000 a year now paid by the state for hangars.

The audit found that maintenance is a critical issue for the state's air services, since the average age of planes operated by the state is 27.7 years. More than 70 percent of the state's fleet is over 20 years old. The State owns 43 of the 68 aircraft it operates, with the other 25 owned either by the federal government or Medical Air.



The audit recommends that an independent contractor study the operational condition of all state-owned and supported aircraft. That study should include recommendations on when state aircraft should be replaced, the number of maintenance employees needed and whether the state should contract with private companies for maintenance and pilot services.

Auditors also recommended that the departments of Commerce and Transportation immediately devise a flexible 40-hour workweek schedule for pilots to eliminate the use of compensatory time or overtime. In addition, pilots should be assigned additional duties when they are not flying, and should be required to report to work every day, regardless of whether they have a flight scheduled.

The audit found that while some of the six agencies which operate state aircraft have developed their own policies and procedures, there are no uniform policies that apply statewide. There are no statewide guidelines for documentation required to support aircraft use or how to allocate the costs of aircraft to other agencies. The report recommends that the General Assembly consider legislation that would, among other things, require the identity of all passengers on flights to be recorded and describe the circumstances under which family members are permitted to accompany state officials or agency heads.

“The state has a considerable investment in aircraft and their operations,” Campbell said. “Available records show that the State has invested in excess of \$27 million for aircraft and is spending more than \$8 million annually to operate those aircraft. In most cases, the aircraft are used for law enforcement or forest service operations that cannot be performed any other way. But in areas where the state provides passenger service, there are opportunities for economy and efficiency that should be used. Consolidating the passenger and mechanical operations would offer the State considerable opportunity for cost reduction.

“State aircraft provide useful and necessary services that benefit the people of the state,” Campbell said. “But just like other state services, they should be closely monitored to be sure that taxpayers are getting all that they are paying for.”

The report is available on-line at <http://www.ncauditor.net/EPSWEB/EDSreportdetail.asp?RepNum=PER-0204>.

Copies of the report may be obtained at the office’s web site at www.ncauditor.net. Printed copies of the report can be obtained by filing a request under the Audits section of the web site or by calling the Office of the State Auditor at 919-807-7500.

