Fleet Program Is Not Managed in Accordance with Fleet Management Requirements

U.S. Department of Commerce
Office of Inspector General
Office of Audit and Evaluation

July 20, 2020

MEMORANDUM FOR: Thomas F. Gilman
Chief Financial Officer and Assistant Secretary for Administration

FROM: Richard Bachman
Assistant Inspector General for Audit and Evaluation

SUBJECT: *Fleet Program Is Not Managed in Accordance with Fleet
Management Requirements*
Final Report No. OIG-20-037-A

Attached is our final report that provides the results of our audit of the U.S. Department of Commerce's (Department's) fleet management program. The objective of our audit was to determine whether the Department's fleet program operates in accordance with applicable federal fleet requirements for vehicle operations, acquisitions, and utilization.

We found that the Department is not operating its fleet program in accordance with federal fleet requirements. Specifically, we identified issues in the following areas:

1. *Operations*—The Department's fleet inventory data is unreliable due to inaccuracies and incompleteness.

2. *Acquisitions*—The Department's *Personal Property Management Manual* lacks commercial lease guidance for the Office of the Secretary, which did not document justifications for vehicle specifications or upgrades.

3. *Utilization*—The Department does not consistently document vehicle usage, conduct comprehensive utilization reviews, and determine its optimal fleet inventory.

In addition, we discuss an issue with data errors in the Federal Government Motor Vehicle Registration System in an "Other Matter" section.

In response to our draft report, the Department agreed with all of our recommendations and described actions it has taken, or will take, to address them. The Department's formal response is included within the final report as appendix C.

Pursuant to Department Administrative Order 213-5, please submit to us an action plan that addresses the recommendations in this report within 60 calendar days. This final report will be posted on OIG's website pursuant to sections 4 and 8M of the Inspector General Act of 1978, as amended (5 U.S.C. App., §§ 4 & 8M).

We appreciate the cooperation and courtesies extended to us by your staff during our audit. If you have any questions or concerns about this report, please call me at (202) 482-2877 or Patricia McBarnette, Audit Director, at (202) 482-3391.

Attachment

cc: MaryAnn Mausser, Audit Liaison, Office of the Secretary

OFFICE OF THE SECRETARY

Fleet Program Is Not Managed in Accordance with Fleet Management Requirements

OIG-20-037-A

WHAT WE FOUND

The Department's oversight of its fleet management program was not adequate. We found that the Department did not operate its fleet program in accordance with federal fleet requirements. Specifically, we identified issues in the following areas:

1. **Operations**—The Department's fleet inventory data is unreliable due to inaccuracies and incompleteness.
2. **Acquisitions**—The PPMM lacks commercial lease guidance for OS, which did not document justifications for vehicle specifications or upgrades.
3. **Utilization**—The Department does not consistently document vehicle usage, conduct comprehensive utilization reviews, and determine its optimal fleet inventory.

By not having enough oversight of the fleet program, the Department is not ensuring that the $10 million-per-year program is efficient and effective. On September 5, 2019, we issued a management alert memorandum notifying the Department about the issues identified in the first finding of this report.

In addition, we discuss an issue with data errors in the Federal Government Motor Vehicle Registration System in an "Other Matter" section.

WHAT WE RECOMMEND

We recommend that the Chief Financial Officer and Assistant Secretary for Administration do the following:

1. Periodically review and ensure all bureau vehicle information is complete and accurate in the Department's FMIS.
2. Update the *PPMM* to include guidance for OS commercial leasing. The Department should ensure other *PPMM* requirements do not similarly exclude OS.
3. Document justifications for mission-essential vehicle specifications when not obtaining leased vehicles through GSA.
4. Update policies and procedures to include requirements for bureaus to maintain adequate documentation of vehicle usage.
5. Provide refresher training to fleet managers to ensure they are aware of all federal and updated Departmental fleet management requirements.
6. Direct Departmental/bureau fleet managers to perform and document an annual analysis of fleet utilization in accordance with Departmental policy and Congressional direction.
7. Perform a vehicle allocation methodology (VAM) study at least every 5 years, to produce a profile of its optimal fleet inventory, and periodically monitor results between VAM studies.

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*Cover: Herbert C. Hoover Building main entrance at
14th Street Northwest in Washington, DC. Completed in
1932, the building is named after the former Secretary
of Commerce and 31st President of the United States.*

Introduction

The Department of Commerce (Department) acquires and operates motor vehicles to carry out official government business, including carrying out authorized programs and rendering assistance in major disasters and emergencies. The Department's fleet

- operates in foreign and domestic areas;

- includes agency-owned as well as commercially or U.S. General Services Administration (GSA) -leased motor vehicles; and

- varies in vehicle type, including sedans, trucks, sports utility vehicles, buses, and law enforcement vehicles.

The Department's primary source for obtaining vehicles is leasing through GSA Fleet. However, the Department also acquires vehicles through purchase or commercial lease. In fiscal years (FYs) 2017 and 2018, the Department reported 2,185 and 2,188 total vehicles, respectively. During FY 2018, the fleet had 1,754 GSA-leased vehicles, 430 Department-owned vehicles, and 4 commercially-leased vehicles. (See appendix B for a high-level breakdown of vehicle count by ownership type and bureau.) As reported by the Department, acquisition and operating costs for its vehicles were approximately $10 million in both FYs 2017 and 2018.[1]

Our October 27, 2010, motor pool audit[2] found that the Department did not develop or implement internal controls to provide adequate oversight in areas of motor pool operations. Findings included the lack of a centralized fleet management information system (FMIS) to monitor vehicle activities and costs, inadequate documentation supporting use of vehicles, and no formal training provided to fleet managers and new employees for proper use of government vehicles.

In response to our 2010 audit, the Department implemented Fleet Solutions, an FMIS component within the Department's personal property management system, Sunflower.[3] The Department also stated it was updating its property and fleet management handbook to include new guidance in response to the report's findings such as documentation for the use of vehicles, as well as fleet manager and new employee training. A revised version of the Department's *Personal Property Management Manual* (*PPMM*) was issued in FY 2018.[4]

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[1] Totals were compiled from the Department's FYs 2017 and 2018 FAST reports to GSA and include reported costs for acquisition, leases, maintenance, and indirect costs.

[2] U.S. Department of Commerce Office of Inspector General, October 27, 2010. *Commerce Should Strengthen Accountability and Internal Controls in Its Motor Pool Operations*, OIG-11-004-A. Washington, DC: DOC OIG.

[3] USPTO does not use Sunflower; the agency instead uses a different property system.

[4] DOC Office of Financial Management, December 5, 2017. *Personal Property Management Manual*, Washington, DC: DOC. This manual replaces the *Personal Property Management Manual* issued by the Office of Real Estate Policy and Major Programs (OREPMP) in October 2007. *PPMM* is used in this report to refer to both versions of the *PPMM* as applicable.

According to the *PPMM*, the Department manages its fleet at the Departmental and bureau levels.[5] The Departmental fleet manager resides in the Office of the Secretary (OS) Office of Facilities and Environmental Quality and works with the bureau fleet managers, who work with property officials (usually property custodians) across the organization. Responsibilities for the three positions include, among others, the following:

Departmental Fleet Manager	**Bureau Fleet Managers**	**Property Officials (usually property custodians)**
• Oversees FMIS • Coordinates submission of Department fleet reports • Liaises with GSA and other federal agencies • Reviews and approves bureau requests for vehicles	• Conduct annual analysis of utilization data • Oversee an accurate inventory • Maintain utilization and cost records • Oversee FMIS for bureau	Record data in Sunflower for all property transactions

In addition to the *PPMM*, other federal requirements govern the Department's fleet. GSA's Federal Management Regulation (FMR) 102-34.335—pertaining to the management and reporting of federally-owned and -leased vehicles—requires executive agencies to submit information on their vehicle fleet inventory, utilization, and costs to GSA annually for the government-wide Federal Fleet Report. Federal agencies submit their fleet data via the Federal Automotive Statistical Tool (FAST), a web-based tool. Additionally, in 2016 and 2017, the United States Senate Committee on Appropriations (the Committee) directed the Department to conduct a review of fleet utilization and provide OIG with supporting documentation for determining optimal fleet inventories and justification for any deviation from GSA regulations. The committee also directed OIG to conduct an audit of the Department's fleet management practices.[6]

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[5] Each bureau (identified in table 1) has a fleet manager.

[6] Departments of Commerce and Justice, Science, and Related Agencies, S. Report 114-239 p. 6 (2016). Departments of Commerce and Justice, Science, and Related Agencies, S. Report 115-139 p. 6 (2017).

Objective, Findings, and Recommendations

Our objective was to determine whether the Department's fleet program operates in accordance with applicable federal fleet requirements for vehicle operations, acquisitions, and utilization. Appendix A contains additional details on the objective, scope, and methodology of the audit. For a summary of vehicles by bureau, see appendix B.

The Department's oversight of its fleet management program was not adequate. We found that the Department did not operate its fleet program in accordance with federal fleet requirements. Specifically, we identified issues in the following areas:

1. *Operations*[7]—The Department's fleet inventory data is unreliable due to inaccuracies and incompleteness.

2. *Acquisitions*—The *PPMM* lacks commercial lease guidance for OS, which did not document justifications for vehicle specifications or upgrades.

3. *Utilization*[8]—The Department does not consistently document vehicle usage, conduct comprehensive utilization reviews, and determine its optimal fleet inventory.

By not having enough oversight of the fleet program, the Department is not ensuring that the $10 million-per-year program is efficient and effective.

On September 5, 2019, we issued a management alert memorandum notifying the Department about the issues identified in finding I of this report.[9]

I. The Department's Fleet Inventory Data Is Unreliable Due to Inaccuracies and Incompleteness

In 2010, we reported that (1) the Department lacked a fleet management system and (2) inventory information provided by the bureaus did not reconcile to the FY 2009 FAST report. In response to that audit, the Department implemented an FMIS called Fleet Solutions. However—despite the Department's implementation of the FMIS—the Department continues to have an incomplete and inaccurate fleet inventory, causing the Department to use other data sources to meet statutory reporting requirements.

Fleet Solutions is required to satisfy the Department's internal and external reporting requirements,[10] including the Department's annual reporting of vehicle-level data to GSA through FAST. For a vehicle to be included in Fleet Solutions, it must first be entered in Sunflower, the Department's inventory system of record. We analyzed vehicle data in both

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[7] For purposes of our audit, *operations* includes fleet inventory and annual GSA reporting, as well as processes and requirements not specifically related to acquisition, utilization, and disposal.

[8] For purposes of our audit, *utilization* includes the extent to which a vehicle is used (e.g., number of trips and mileage) and topics such as approving, tracking, and reviewing of vehicle usage.

[9] DOC OIG, September 5, 2019. *Management Alert: Inaccurate and Incomplete Fleet Inventory Data*, OIG-19-024-M. Washington, DC: DOC OIG.

[10] 41 C.F.R. § 102-34.340(b).

Sunflower and FAST reports and found that the fleet data in the Department's Sunflower did not match what the Department reported to the GSA's FAST for FY 2018.

A Departmental fleet management official acknowledged that vehicle information is missing from Sunflower and therefore believed that the annual FAST reports were more reliable for accurate Departmental vehicle inventory information. To determine the magnitude of differences, we compared the FY 2018 year-end vehicles in Sunflower to the FY 2018 year-end FAST report to GSA. We found that 250 vehicles, or approximately 11 percent, were reported to GSA but were not included in Sunflower (see table 1).

Table 1. Vehicles in FY 2018 FAST Report Not Included in Sunflower by Bureau

Bureaus	FY 2018 FAST Report	Not in FY 2018 Sunflower
National Oceanic and Atmospheric Administration (NOAA)	1,662	62
National Institute of Standards and Technology (NIST)	149	28
Bureau of Industry and Security (BIS)	140	138
International Trade Administration (ITA)	136	2
U.S. Census Bureau	56	12
Office of Secretary (OS)	27	1
National Telecommunications and Information Administration (NTIA)	8	1
U.S. Patent and Trademark Office (USPTO)	7	6
Office of Inspector General (OIG)	3	a
National Technical Information Service (NTIS)	—	—
Totals	**2,188**	**250**

Source: OIG analysis of Departmental data

a We did not analyze OIG data in our audit in order to maintain independence.

We provided our results to bureau fleet managers, who confirmed that Sunflower lacked 250 of 2,188 vehicles that the Department reported in its FY 2018 FAST report to GSA.

Further, we found data in Sunflower that did not match FAST—and was incorrect. For example:

- There were 15 vehicles entered into Sunflower multiple times, resulting in more than one unique property barcode[11] number associated in Sunflower to a vehicle's VIN.

- There were 11 vehicles that had typographical errors in their VIN entries in Sunflower.

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[11] A barcode number is assigned to an asset when it is entered into Sunflower and is used to track that unique asset.

- A vehicle disposed of in January 2013 was not retired in Sunflower until November 2018. Additionally, the replacement vehicle was not recorded in Sunflower until 5 years after its acquisition.

- At least 2 retired vehicles were never entered into Sunflower during their entire asset lifecycle.

These discrepancies occurred because of a lack of coordination between fleet managers and property officials. To maintain the fleet inventory's vehicle asset data, property officials are required to enter vehicle asset data into Sunflower within 45 days of acquisition.[12] Those fleet managers who are not also property officials must coordinate with property officials to add or edit information in Sunflower. Nevertheless, the Department's *PPMM* states that the Departmental and bureau fleet managers are responsible for "ensuring [Department] vehicle data is accurate and up-to-date" in the FMIS.[13]

However, we found that bureau fleet managers do not verify that all vehicles are entered into the Sunflower system and that data issues are corrected. For example, one fleet manager did not have access to Sunflower, and was not aware of whether property officials input vehicle records correctly. Another fleet manager—at USPTO, which does not use Sunflower as its property system of record—does not consistently provide its vehicle data to the Department for inclusion in Sunflower.

Furthermore, the Department does not provide fleet managers guidance on how to ensure the completeness and accuracy of Sunflower data. Because the Departmental and bureau fleet managers cannot extract complete and accurate information from Sunflower and Fleet Solutions, they must rely on alternative sources of information for analysis and reporting purposes. For example, to prepare the annual FAST report to GSA, they use vehicle use logs, operations reports, and spreadsheets—and rely on other systems (such as GSA's system for tracking leased vehicles).

We also found that the annual FAST report to GSA was unreliable. We reviewed the FYs 2017 and FY 2018 submissions and found several data inconsistencies including errors, omissions, or typographical errors in the FAST reports. Specifically, we found the following:

- Despite a lack of disposal dates in the FY 2017 report, 20 vehicles in the FY 2017 FAST report were not included in the FY 2018 FAST report.

- There were 3 vehicles acquired prior to FY 2017 that only appeared in the FY 2018 FAST report but not in the FY 2017 report.

- There were 15 vehicles listed with inaccurate information in required fields.

Because we found that both Sunflower and the annual FAST reports did not contain accurate data, we could not determine the accuracy of the Department's fleet vehicle inventory.

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[12] DOC OFM, *Personal Property Management Manual*, section 5.2.3.
[13] *Ibid*, sections 13.1.1(a) and 13.1.2(i).

II. *PPMM* Lacks Commercial Lease Guidance for OS and OS Did Not Document Justifications for Vehicle Specifications or Upgrades

Departmental policies require bureaus to submit a request for review and approval to Departmental fleet management to acquire a commercially-leased vehicle.[14] Agencies must also be able to justify the need for a vehicle and have the right number of vehicles to accomplish their objective, as well as consider the essential need and cost for vehicle upgrades and the potential benefits they bring.[15] According to FYs 2017 and 2018 FAST data, the Department acquired 8 non-GSA vehicles (4 via commercial lease and 4 purchased). We reviewed the contracts and related documentation for 7 of the 8 acquired vehicles and identified issues with the approval and justification for OS's 2 FY 2018 commercially-leased Chevrolet Suburban (Suburban) vehicles that replaced a FY 2014 commercially-leased Suburban assigned to the Secretary and an agency-owned Chrysler 300C sedan (sedan) assigned to the Deputy Secretary.

The commercial lease requirements identified in the current *PPMM* apply to all Departmental bureaus. However, the *PPMM*'s definition of "bureau" does not apply to OS.[16] As a result, OS is not held to the same standards for acquiring these vehicles. Nevertheless, OS fleet management stated that the *PPMM* is followed for all OS vehicle acquisitions because there is no separate policy for OS lease acquisitions. We found that the FY 2018 OS requests for commercially-leased vehicles were not reviewed and approved by Departmental fleet management. OS officials obtained approval from a high-level Departmental administrator instead of Departmental fleet management.

Further, we found in our review of the FY 2018 contract and related documentation that OS is also not following other *PPMM* requirements established for the bureaus for vehicle acquisitions. Specifically, OS could not provide evidence for

1. the mission need for upgraded vehicle specifications for the two leased Suburbans;

2. justification for the second Suburban for the Deputy Secretary and why the vehicle was upgraded from a sedan to a Suburban; and

3. justification for keeping the Deputy Secretary's sedan, which was replaced by the Suburban.

Departmental officials explained that the two FY 2018 OS commercially-leased suburban vehicles contained the same specifications (i.e., a larger engine, bucket seats, and leather interior) as under the prior lease, and several of these upgrades were requests from the former Secretary's security detail for security reasons. However, justification for the

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[14] DOC Office of Real Estate Policy and Major Programs (OREPMP), October 2007. *Personal Property Management Manual*. Washington, DC: DOC OREPMP, section 6.601, and DOC OFM, *Personal Property Management Manual*, section 13.5.

[15] DOC OREPMP, *Personal Property Management Manual*, sections 6.203(a-b) and 6.601. DOC OFM, *Personal Property Management Manual*, sections 13.4.2(b) and 13.4.2(e-f) and 13.5.

[16] DOC OREPMP, *Personal Property Management Manual*, 72. DOC OFM, *Personal Property Management Manual*, 155. The 2007 *PPMM* used the term "operating unit," whereas the 2017 *PPMM* uses the term "bureau;" however, each provided a consistent definition.

mission need for these items was documented neither at the time of the prior lease nor in FY 2018. Further, there was no justification documented for why the Deputy Secretary's vehicle should be the same as the Secretary's, or why OS upgraded the Deputy Secretary from a sedan to a Suburban instead of replacing it with a vehicle of similar size. OS officials subsequently explained that the upgrade was necessary because the Deputy Secretary's vehicle was meant to be a backup vehicle for the Secretary. Without proper justification, it is questionable whether vehicle specifications for the two Suburban vehicles and the upgrade from a sedan to a Suburban actually were necessary to meet mission needs.

III. The Department Does Not Consistently Document Vehicle Usage, Conduct Comprehensive Vehicle Utilization Reviews, and Determine Its Optimal Fleet Inventory Level

According to GSA, official government use of a motor vehicle means using it to perform an agency's mission.[17] Misuse, or unofficial use, of government motor vehicles may result in disciplinary action to an employee.[18] We found that bureaus, including OS, do not always maintain documentation tracking vehicle usage. Further, we found that the Department did not conduct a comprehensive analysis regarding vehicle use or utilization, nor has it conducted a vehicle allocation methodology (VAM) study to determine the most efficient fleet necessary to complete the Department's mission.[19] As a result, the Department may not be identifying the most efficient inventory of vehicles needed to accomplish the Department's mission.

A. Documentation and guidance on Departmental vehicle usage is inadequate

The *PPMM* states that vehicles should be used only for official government purposes.[20] Without documentation of vehicle use, the Department cannot provide evidence that vehicles were used only for allowable purposes. Additionally, we previously reported to the Department in the 2010 OIG audit that the Department lacked vehicle use records.[21] We determined that, despite developing a corrective action plan to update its policy to address this issue, the Department did not update the *PPMM* to require bureaus to maintain documentation (such as mileage logs and records) of vehicle usage. Currently, bureaus do not consistently document fleet vehicle usage due to a lack of Departmental policy or procedures. We found that NIST and offices within NOAA do not maintain any documentation on vehicle usage—while BEA, the Census Bureau, USPTO, ITA, and OS had vehicle logs that documented trips taken but were sometimes missing vital information or contained vague entries.

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[17] 41 C.F.R. §102-34.200.

[18] *Ibid*, §§ 102-34.220 and 102-34.225.

[19] U.S. General Services Administration (GSA), March 20, 2017. *GSA Bulletin FMR B-43 Motor Vehicle Management.* Washington, DC: GSA, 1.

[20] DOC OREPMP, *Personal Property Management Manual*, section 6.801. DOC OFM, *Personal Property Management Manual*, section 13.2.

[21] OIG-11-004-A, 6.

We requested documentation supporting the use of 20 vehicles with reported mileage of more than 14,000 miles during FY 2017 and FY 2018 from NIST and NOAA—and found the following:

- There were 9 that did not have any documentation.

- Another 10 had missing information on the vehicle logs or calendars provided (e.g., missing trips, mileage, and trip start and end times).

- An additional 2 vehicles were identified in other testing that did not have any documentation to support usage.

We also requested documentation supporting the use of chauffeured vehicles by senior officials at BEA, the Census Bureau, ITA, NIST, PTO, and OS in FYs 2017 and 2018. One vehicle was missing documentation for 23 of the 24 months. While documentation (such as vehicle logs) was available for all other vehicles, it was missing vital information such as destination and mileage.

Without adequate documentation, the Department cannot demonstrate that its vehicles were only used for official government purposes.

B. *The Department did not perform an annual analysis of vehicle utilization or take action to determine accurate optimal fleet inventory*

An optimal fleet consists of the fewest and most cost effective vehicles necessary to complete an agency's mission.[22] To maintain an optimal fleet, the *PPMM* requires bureau management to annually review and analyze utilization data to determine whether additional or fewer vehicles are needed, or vehicles can be reduced through the use of pooled vehicles, intermittent rentals or privately-owned vehicles.[23] Additionally, the FYs 2017 and 2018 Committee reports directed the Department to conduct an annual review of fleet utilization, provide support for the method used for determining its optimal fleet inventory, and justification for any deviations from GSA requirements.[24]

We found that the Department did not conduct a Department-wide utilization review in FYs 2017 and 2018, and we found no evidence that the bureaus conducted comprehensive annual utilization reviews. The Departmental fleet manager asserted that the utilization review was an ongoing process, performed only when replacing or acquiring a vehicle; however, no evidence of such a review was maintained. The NOAA fleet manager asserted that an informal utilization review was performed on certain vehicles identified as having low mileage; again, we found no documentation of such a review. Fleet managers for the Census Bureau, NIST, and OS did not perform any formal analysis on vehicle utilization during FYs 2017 or 2018.

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[22] GSA, *GSA Bulletin FMR B-43 Motor Vehicle Management*, 1.

[23] DOC OREPMP, *Personal Property Management Manual*, sections 6.1001(b) and (c). DOC OFM, *Personal Property Management Manual*, section 13.6(b) and (c).

[24] Departments of Commerce and Justice, Science, and Related Agencies S. Report 114-239, p. 6 (2016). Departments of Commerce and Justice, Science, and Related Agencies S. Report 115-139 p. 6 (2017).

Additionally, we found vehicles that were underutilized in the Department's fleet. We selected 21 vehicles to review from NOAA, NIST, the Census Bureau, and OS based on reported mileage of fewer than 5,500 miles driven in FY 2017 and/or FY 2018 and requested documentation demonstrating the vehicles had been included in an analysis of vehicle utilization. However, the bureaus were not able to provide comprehensive analysis regarding vehicle use or utilization. Examples of vehicles with questionable ongoing necessity include

- a NOAA vehicle, with no reported miles in FYs 2017 and 2018, that has reportedly been disabled for 10 years but had not been disposed of;

- a NOAA vehicle with 34 miles of reported use in FY 2018; and

- an OS vehicle with 144 miles of reported use in FY 2018

Further, the Department reported in FYs 2017 and 2018 a total of 112 and 145 vehicles, respectively, with fewer than 500 miles of use that were active the entire fiscal year. The lack of periodic, formal utilization reviews may result in the retention and maintenance of vehicles not needed to meet the agency's mission. The Department may be missing additional opportunities to reduce its fleet size and associated costs. (Refer to table B-2 in appendix B for a summary of vehicles reported in FAST with low mileage in FYs 2017 and 2018.)

Along with the periodic utilization reviews required by the *PPMM* and committee reports, the Department must establish and document its optimal fleet inventory level. According to GSA, agencies perform a structured VAM study for each vehicle in the fleet at least every 5 years to determine the appropriate size, number, and types of motor vehicles necessary to meet mission needs.[25] The Department last completed a VAM study in 2012—and currently only reviews utilization and vehicle rightsizing when a vehicle needs to be replaced.

The Department asserted that its vehicle inventory is its optimal fleet inventory—and used FAST data as the source for the optimal fleet inventory information. However, by not taking steps to determine its overall optimal fleet inventory level, the Department is neither meeting the intent of the Committee's requirements nor complying with GSA regulations. Because the Department has not performed a recent Department-wide VAM study, the optimal fleet inventory reported to OIG in FYs 2017 and 2018 may not be an accurate reflection of the Department's vehicle needs. Furthermore, the Department may not be identifying its optimal fleet inventory based on changing factors that influence mission needs. Officials state that the Department plans to conduct a VAM study in 2020.

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[25] GSA, *GSA Bulletin FMR B-43 Motor Vehicle Management*, 1–2.

Recommendations

We recommend that the Chief Financial Officer and Assistant Secretary for Administration do the following:

1. Periodically review and ensure all bureau vehicle information is complete and accurate in the Department's FMIS.

2. Update the *PPMM* to include guidance for OS commercial leasing. The Department should ensure other *PPMM* requirements do not similarly exclude OS.

3. Document justifications for mission-essential vehicle specifications when not obtaining leased vehicles through GSA.

4. Update policies and procedures to include requirements for bureaus to maintain adequate documentation of vehicle usage.

5. Provide refresher training to fleet managers to ensure they are aware of all federal and updated Departmental fleet management requirements.

6. Direct Departmental/bureau fleet managers to perform and document an annual analysis of fleet utilization in accordance with Departmental policy and Congressional direction.

7. Perform a VAM study at least every 5 years, to produce a profile of its optimal fleet inventory, and periodically monitor results between VAM studies.

Other Matter

The Federal Government Motor Vehicle Registration System (FMVRS) is a database that has information for all vehicles owned or leased by the federal government. Federal agencies are required to ensure that non-exempt government motor vehicles are registered in FMVRS.[26] We compared FAST data to FMVRS (see table 3) and found errors in FMVRS, including the following:

- There were 163 vehicles listed in the FY 2018 FAST upload that were not in FMVRS as of October 1, 2018. Although there are allowable exemptions for recording in FMVRS, the bureaus did not provide evidence that these vehicles had approved exemptions.

- An additional 15 vehicles in FMVRS contained typographical errors in the VIN.

The *PPMM* does not identify the Departmental official responsible for maintaining accurate data in FMVRS. According to GSA, improper records in FMVRS can lead to driver arrest, detainment, or vehicle towing and/or impoundment.[27]

Table 2. Vehicles in FY 2018 FAST Report Not Found in FMVRS

Bureau	FY 2018 FAST	Number of Vehicles Not Found in FMVRS
ITA	136	127
NOAA	1,662	24
NIST	149	8
OS	27	2
NTIA	8	1
USPTO	7	1
BIS	140	—
Census Bureau	56	—
OIG	3	—
Totals	**2,188**	**163**

Source: OIG analysis of Departmental and GSA data

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[26] 41 C.F.R. § 102-34.120.

[27] GSA, *FMVRS Training* [online]. https://fmvrs.fas.gsa.gov/HTML/FMVRSTraining.htm (accessed August 8, 2019).

Summary of Agency Response and OIG Comments

In response to our draft report, the Department agreed with all of our recommendations and described actions it has taken, or will take, to address them. The Department's complete response, which also included technical comments, is in appendix C.

Appendix A: Objective, Scope, and Methodology

In June 2018, we initiated an audit of the Department's fleet management practices. The objective of this audit was to determine whether the Department's fleet program operates in accordance with applicable federal fleet requirements for vehicle operations, acquisitions, and utilization. Additionally, we followed up on prior audit recommendations related to our current audit objectives.

To accomplish our objectives, we focused on the Department's fleet program activities in FYs 2017 and 2018, and performed the following:

- Identified and reviewed Federal and Departmental fleet management requirements, including:
    - *Department of Commerce Personal Property Management Manual* (October 2007 and December 2017)
    - *Federal Management Regulation* (102-34 Motor Vehicle Management)
    - *Executive Order 13693: Planning for Federal Sustainability in the Next Decade* (March 19, 2015)
    - *Executive Order 13834: Efficient Federal Operations* (May 17, 2018)
    - GSA's Federal Management Regulation Bulletins for Motor Vehicle Management
    - *Departments of Commerce and Justice, Science, and Related Agencies Appropriations Bill* (2017 and 2018) Senate committee reports 114-239 and 115-139

- Interviewed Departmental and bureau fleet officials to gain an understanding of oversight processes and control procedures related to operations, acquisitions, and utilization.

- Obtained an understanding of data processes and reporting related to Sunflower/Fleet Solutions, FAST, and optimal fleet inventory.

- Identified vehicle acquisitions during FYs 2017 and 2018 through FAST data. Reviewed documentation related to 3 of the 4 purchases (NIST) and all commercial leases (2 each by OS and USPTO) in FYs 2017 and 2018.

- Judgmentally selected domestic, non-law enforcement vehicles[28] from the FYs 2017 and 2018 FAST data and requested supporting documentation for review:
    - 21 vehicles with reported mileage of less than 5,500 miles in FYs 2017 or 2018, to review for utilization. We selected vehicles from the bureaus with the largest number of vehicles with that mileage—NOAA, NIST, and the Census Bureau. We

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[28] The Department's fleet of vehicles included domestic, non-law enforcement vehicles totaling 1,796 in FY 2017 and 1,788 in FY 2018. As we did not statistically sample these vehicles, the results of our testing should not be used to project to the population of vehicles.

also selected 1 vehicle from OS based on perceived risk. Using reported location data, we attempted to obtain geographic diversity in the vehicle selection.

- o 20 vehicles with reported mileage of more than 14,000 miles in FYs 2017 or 2018, to review for allowable use. We selected vehicles from the bureaus with the largest number of vehicles with that mileage—NOAA and NIST. Using reported location data, we attempted to obtain geographic diversity in the vehicle selection.

- Reviewed usage of all chauffeured vehicles by Departmental leadership by requesting vehicle logs and other documentation supporting the allowable use.

- Assessed the Department's implementation of corrective actions to address prior OIG recommendations.

During our audit, we assessed the Department's internal controls over its fleet management program, as well as the Department's compliance with laws and regulations relevant to our audit objective. While we identified and reported on internal control deficiencies, no specific instances of fraud, abuse, or significant violations of laws and regulations were detected during our audit.

We did not solely rely on computer-processed data to perform this audit. Although we did not independently verify the reliability of the data collected from Sunflower and FAST, we compared the information with other available supporting documents to determine data consistency and reasonableness. We also performed data completeness and accuracy reviews. Based on these efforts, we believe the information we obtained is sufficient for purposes of this audit. (Refer to finding 1 for further detail on the data issues found.)

We performed our fieldwork from July 2018 through July 2019 at Departmental offices in Gaithersburg, Maryland (NIST); Suitland, Maryland (the Census Bureau); Alexandria, Virginia (USPTO); Seattle, Washington (NOAA); and Washington, DC; and at the OIG offices in Washington, DC and Seattle. We conducted our audit under the authorities of the Inspector General Act of 1978, as amended (5 U.S.C. App.), and Department Organization Order 10-13, dated April 26, 2013.

We conducted this performance audit in accordance with generally accepted government audit standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions, based on our audit objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Appendix B: Summary of Vehicles by Bureau

Table B-1. Vehicle Ownership Type by Bureau

Bureau	GSA Leased		Commercial Leased		Agency Owned		Total	
	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018
BIS	135	140	—	—	—	—	135	140
Census Bureau	55	56	—	—	—	—	55	56
ITA	1	1	—	—	139	135	140	136
NIST	119	116	—	—	30	33	149	149
NOAA	1,359	1,406	—	—	296	256	1,655	1,662
NTIA	2	3	—	—	5	5	7	8
NTIS	5	—	—	—	—	—	5	—
OIG	4	3	—	—	—	—	4	3
OS	25	24	1	2	2	1	28	27
USPTO	4	5	3	2	—	—	7	7
Totals	**1,709**	**1,754**	**4**	**4**	**472**	**430**	**2,185**	**2,188**

Source: OIG summary of Departmental data included on FYs 2017 and 2018 FAST reports

Table B-2. Number of Vehicles with Low Mileage by Bureau[a]

Bureau	0 miles		1–500 miles		501–1,000 miles		1,001–1,500 miles		1,501–2,000 miles	
	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018
BIS	—	—	—	—	1	1	—	1	—	1
Census Bureau	—	—	2	3	3	3	13	10	3	3
ITA	13	4	13	19	9	9	10	12	4	13
NIST	—	1	9	17	14	32	10	10	17	17
NOAA	23	32	47	65	41	47	42	49	44	49
NTIA	1	1	1	—	—	—	1	—	1	—
NTIS	—	—	—	—	—	—	—	—	—	—
OIG	—	—	—	—	—	—	—	—	—	—
OS	—	—	3	3	1	—	2	—	2	2
USPTO	—	—	—	—	—	—	1	1	1	1
Totals	**37**	**38**	**75**	**107**	**69**	**92**	**79**	**83**	**72**	**86**

Source: OIG summary of Departmental data included on FYs 2017 and 2018 FAST reports

a Totals exclude vehicles acquired or disposed of during the fiscal year.

Appendix C: Agency Response

UNITED STATES DEPARTMENT OF COMMERCE
Chief Financial Officer and
Assistant Secretary for Administration
Washington, D.C. 20230

MEMORANDUM FOR:	Richard Bachman Assistant Inspector General for Audit and Evaluation Department of Commerce Office of Inspector General
FROM:	Thomas F. Gilman Chief Financial Officer and Assistant Secretary for Administration
SUBJECT:	Comments to Draft Report: *"Fleet Program is not* *Managed in Accordance with Fleet Management* *Requirements"* – Issued April 14, 2020

KEVIN PRESKENIS
Digitally signed by KEVIN PRESKENIS
Date: 2020.06.10 11:31:39 -04'00'

The Department of Commerce (DOC) Fleet Management Program appreciates the opportunity to address the audit findings identified in the draft audit report, *"Fleet Program is not Managed in Accordance with Fleet Management Requirements"*. Such audit findings have prompted a holistic review of the Department's fleet management program that identified necessary changes that will vastly improve program oversight and operations. These changes are prompting a fundamental shift and approach to vehicle management at the Department that will result in improved acquisition practices, improved vehicle utilization and enhanced quality and inventory controls. The corrective actions identified herein will need time to implement but will ensure that, moving forward, the DOC Fleet Management Program operates in accordance with applicable federal fleet requirements for vehicle operations, acquisitions, and utilization.

CONTEXT AND BACKGROUND:
The United States Senate Committee on Appropriations requires an audit of the Department of Commerce fleet management practices. The DOC, Office of the Inspector General (OIG) conducted an audit of the DOC Fleet Management Program for fiscal years (FY) 2017 and 2018. The purpose of the audit was to determine whether the Department's fleet management program operates in accordance with applicable federal fleet requirements for vehicle operations, acquisitions and utilization. The OIG audit also included examining the Department's actions related to previously issued OIG reports that were relevant to the objective. The final report from the OIG has not yet been published; however, the Office of Facilities and Environmental Quality (OFEQ) has ascertained preliminary findings based on the draft report issued April 14, 2020.

PRELIMINARY AUDIT FINDINGS:
The draft audit found that the Department is not operating its fleet management program in accordance with federal fleet requirements. Issues within the areas of concern were identified below:
1. *Operations* – The Department's fleet inventory data is unreliable due to inaccuracies and incompleteness.

2. *Acquisitions* – The Department's Personal Property Management Manual lacks commercial lease guidance for the Office of the Secretary, which did not document justifications for vehicle specifications or upgrades.
3. *Utilization* – The Department does not consistently document vehicle usage, conduct comprehensive utilization reviews, and determine its optimal fleet inventory.

In addition, issues with data errors in the Federal Motor Vehicle Registration System (FMVRS) were identified and are referenced as "Other Matters".

Of note, the DOC Fleet Management Program has the critical responsibility to account for the agency's fleet assets (acquisitions, inventory, usage, and disposal) in three software management systems: (1) the DOC Fleet Management Information System (Sunflower/FMIS), which is a DOC system used for internal management and reporting of fleet assets and all Bureau vehicles; (2) the Federal Motor Vehicle Registration System, which is an external system used to track all Federally-owned and commercially leased vehicles; and (3) the General Services Administration's (GSA) Federal Automotive Statistical Tool (FAST) system, which is an external system used to track all GSA-leased vehicles.

CORRECTIVE ACTIONS:
The OIG recommended the following actions. DOC notes specific responses below for each item:

1. **Periodically review and ensure all Bureau vehicle information is complete and accurate in the Department's Fleet Management Information System (FMIS).**

   DOC concurs, but with a comment. The DOC must monitor fleet management, vehicle activity and costs across three existing internal and external computer systems: FMIS/Sunflower, FMVRS, and FAST. It is not possible for DOC to combine the data in all three systems because each is a standalone, independent system and cannot be reasonably integrated. Sunflower/FMIS is a DOC system that tracks utilization and costs for all vehicles that DOC owns and leases, either through GSA or commercial leases; FMVRS is an external system that tracks all vehicles owned or commercially leased by the Federal government, including DOC; and FAST is an external system that tracks all vehicles leased by GSA to Federal agencies, including DOC. To date, it has not been feasible to customize FMIS/Sunflower to capture all data elements from the other two systems (FMVRS and FAST) and to segregate its reporting capabilities, and it has not been feasible to transfer data between systems.

   However, to address this issue, DOC is now conducting quarterly reconciliation quality control checks between Sunflower/FMIS and FMVRS to minimize the risk of inaccurate reporting and increase future accountability. In an effort to further reduce the possibility for human error, DOC will implement IT functionality in FY 2021 that will eliminate the use of paper logs and forms.

2. **Update the Personal Property Management Manual (PPMM) to include guidance for OS commercial leasing. The Department should ensure other PPMM requirements to not similarly exclude OS.**

DOC concurs. DOC revised the current Personal Property Manual specifically to include the following: guidance for OS commercial leasing, the addition of the Smart Pay 3 program, increased accountability of property management systems, strengthening of commercial lease guidelines, justification of vehicle purchases, and further clarification of vehicle procurement and approval guidelines. Bureau Fleet Managers will be specifically made aware of the addition of these specific items through regular training, which will strengthen program policy understanding and accountability. The draft manual revision was completed on December 15, 2019 and is presently undergoing agency review prior to final publication.

3. **Document justifications for mission-essential vehicle specifications when not obtaining leased vehicles through GSA.**

DOC concurs. In December 2019, DOC developed a comprehensive vehicle purchase justification package for Bureaus and program offices to ensure consistency in aligning vehicle procurements with mission needs for documentation and internal control purposes. This process will ensure commercial leased and agency-owned vehicle procurement justifications are being properly captured and eliminate the risk of undocumented procurement exceptions for vehicle feature upgrades that conflict with vehicle offerings and procurement recommendations from GSA. All vehicle purchase justification packages will now be reviewed and approved by the Department's program management before any vehicle purchase. Bureau Fleet Managers will be specifically made aware of this requirement and held accountable.

4. **Update policies and procedures to include requirements for Bureaus to maintain adequate documentation of vehicle usage.**

DOC concurs. The OIG noted that vehicle logs were inconsistent across bureaus and that NOAA's log template was the most comprehensive. In December 2019, DOC amended and adopted NOAA's log template and issued it to DOC fleet managers to streamline data reporting. The use of a standardized usage log template will significantly reduce the risk of unaccountable data and assist with annual reporting in the Sunflower FMIS, FMVRS, and FAST systems. Bureau Fleet Managers will be instructed to implement the new standardized log template and be held accountable for its use. Quarterly monitoring will occur to ensure compliance.

DOC has also automated its own vehicle log templates which are digitized and recorded electronically to eliminate the use of paper logs. This is an internal process control feature to enhance accessibility and quality control. This has been piloted within DOC OS and the results will be shared with Bureaus in FY 2020 for incorporation by FY 2021.

Moreover, DOC has piloted a vehicle inspection and transportation trip accountability form to capture all daily vehicle usage activities and vehicle condition. This assures protection of vehicle assets, minimizing unaccountable property damage and/or

maintenance delinquencies. Results and best practices from this FY 2020 pilot will be shared with DOC Fleet Managers for incorporation in FY 2021.

Lastly, Executive Order 13834, *Efficient Federal Operations,* requires Telematics to be installed in all vehicles within a five-year period. GSA is leading the overall requirement. Wireless telematics devices collect and transmit data on vehicle use, maintenance requirements and automotive servicing. DOC is currently creating a Telematics Implementation Plan across DOC Bureaus for rollout in FY 2021. The use of telematics will allow for real-time tracking of vehicle operational performance, routine and corrective maintenance needs, reduce risky driving behaviors, meet asset-level data requirements for FAST reporting, and vehicle location identification if applicable. The development of telematics reporting requirements will be included in the DOC Bureau's annual Fleet Management Plan by FY 2022.

5. **Provide refresher training to fleet managers to ensure they are aware of all federal and updated Departmental fleet management requirements.**

   DOC concurs. Mandatory Department-wide fleet manager data entry training on Sunflower FMIS will occur in October 2020, with training on FMVRS and FAST systems required in FY 2021. The training sessions will be repeated annually, with some training sessions recorded and offered in a webinar format for future reference as necessary. This training will provide fleet instruction for new fleet managers and refresher training for the experienced fleet managers to reduce the risk of data entry errors resulting in inaccurate reporting.

   Additionally, DOC is developing a requirement for a fleet management safety and defensive driver training for all vehicle users. It is expected to begin in FY 2021. The fleet training will be offered in an online format to all users on an annual basis to educate users on the Federal Government vehicle usage policy, proper driving habits and behaviors, and safe vehicle operations. This action will increase the learning and awareness of vehicle safety and possibly reduce vehicle accidents and incident rates.

6. **Direct Departmental/Bureau fleet managers to perform and document an annual analysis of fleet utilization in accordance with Departmental policy and Congressional direction.**

   DOC concurs. DOC developed a Transportation Management Performance Metric Chart (Fleet Scorecard) to capture key performance indicators such as fuel and utilization data, inventory reconciliation, fleet management plans and vehicle allocation methodology plans. These indicators will serve to monitor program performance including inventory accuracy, acquisition, operation, maintenance cost, and management of vehicle usage. For example, the annual Fleet Management Plan will outline fleet program objectives, future purchases, and optimization methodologies to the Department transportation program office. It will also enable the Department to consolidate and confirm Bureau fleet management strategies, current inventory accountability, vehicle usage, and forecast acquisitions and disposals for future fiscal years. A master list of fleet managers will be

maintained, and using this tool, every DOC fleet manager will be able to track purchase, usage and maintenance data, and be responsible for knowing with certainty exactly how many vehicles are within their fleet, vehicle age and operational status, the VIN numbers/make/model year, license plate numbers, date of Government service and annual mileage and maintenance costs. Fleet managers will also be responsible for regularly certifying that they have visually inspected each vehicle within their fleets. Fleet Scorecard key performance metrics will be reported by bureau Fleet Managers to DOC every quarter, beginning in FY 2020.

Furthermore, in October 2019, DOC issued a memorandum to Fleet Managers and their representative Directors requiring validation by their Chief Financial Officer/Chief Administrative Officer or designee of their GSA FAST data reporting requirements prior to submission to the Department. The memorandum certifies their data is verified as reported in the FAST. The certification also reduces the risk of data discrepancies in annual reporting and ensures that Bureau leadership has transparency and oversight of the data submission.

7. **Perform a VAM study at least every 5 years, to produce a profile of its optimal fleet inventory, and periodically monitor results between VAM studies.**

DOC concurs and is developing a Vehicle Allocation Methodology (VAM) to plan vehicle acquisitions and determine optimal inventories for each Bureau based on the revised GSA guidelines. DOC will issue a draft VAM in FY 2020 and require a study in FY 2021 and every five years thereafter. DOC will also require that bureau Fleet Managers and program offices address the VAM in their annual Fleet Management Plans.

The VAM will optimize fleet sizing by calculating and analyzing miles traveled, the number of trips per day, week, or month, hours of use, vehicle age and condition, and seasonal/limited use compared to criticality to the mission, ultimately reducing acquisition and operation costs. The VAM is another tool that will assist in providing needed increased monitoring and improved controls.

Other Matters: Vehicles listed in FMVRS did not match FAST data.

DOC has performed a comprehensive review of the inventory data for each Bureau in the Sunflower/FMIS and FMVRS system in comparison to the GSA FAST system. This allowed DOC to add the 250 assets reported in the GSA FAST system that were not captured in Sunflower/FMIS, and add the 163 assets reported in the GSA FAST system that were not captured in FMVRS.

DOC successfully reconciled the 250 and 163 asset discrepancies and uploaded fleet inventory data in the Sunflower/FMIS and FMVRS to align with the GSA FAST system in December 2019.

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