Audit of Agency Leased Vehicles
Report No. OIG-AMR-38-03-01

INSPECTOR GENERAL

NATIONAL LABOR RELATIONS BOARD

WASHINGTON, DC 20570

January 24, 2003

I hereby submit an *Audit of Government Leased Vehicles,* Report No. OIG-AMR-38-03-01. This review was conducted to ascertain whether the fleet of vehicles leased by the National Labor Relations Board (Agency) is the appropriate size and whether controls over leased vehicles provide reasonable assurances that vehicles are properly used.

All but 1 of the Agency's 60 vehicles were procured from the General Services Administration (GSA), were the proper size, and were retained until GSA indicated a replacement was necessary. The one exception, the Headquarters vehicle, was procured without the proper waiver from GSA to use an outside source, was a large size sedan without adequate justification, and was leased for only 2 years.

Over half of the vehicles in our sample did not meet the minimum vehicle use guidelines in Fiscal Year (FY) 2001 and FY 2002, and two-thirds of the fleet did not meet the guidelines in FY 2002. These vehicles cost over $86,000 a year. By eliminating under-utilized vehicles, the Agency could put approximately $260,000 to better use over the 3-year minimum retention period.

The Agency overpaid mileage reimbursements for use of a privately-owned vehicle when the Government vehicle was available. The Agency overpaid 100 of the 211 (47 percent) mileage reimbursements we reviewed for a total overpayment of $7,407.70. Employees who elected to use the Government vehicle were reimbursed for mileage at either 34.5 cents or 36.5 cents per mile when the Government vehicle was available, as opposed to the appropriate reimbursement rate of 10.5 cents per mile.

We recommend that the Director of Administration lease the Headquarters vehicle in accordance with Federal regulations and the Division of Operations-Management Associate General Counsel eliminate vehicles that do not meet the minimum guidelines or alternative utilization factors. Further, the Associate General Counsel should train field personnel responsible for reviewing travel claims on the proper mileage reimbursement rates. These and additional recommendations to improve controls are set forth on page 12 of this report.

We identified one employee using a Government vehicle without a valid drivers license and another employee who appeared to use a Government vehicle for unofficial use over an extended period. We referred both matters to the Counsel to the Inspector General for review.

An exit conference was conducted on December 20, 2002, with representatives of the Division of Operations-Management and the Division of Administration. A draft report was sent to the Associate General Counsel, Division of Operations-Management, and the Director of Administration on December 24, 2002, for review and comment. In a joint response, they generally agreed with the findings and recommendations made in the report but commented on two issues related to procuring the Headquarters vehicle:

- In response to our conclusion that the Agency is required to keep a motor vehicle for at least 3 years or 60,000 miles, the Agency stated that the Headquarters vehicle was leased from the Ford Motor Company and the maximum period of service was 24 months. A Ford Motor Company official confirmed that the executive lease program had a maximum term of 24 months. The Agency, however, could lease from a source that offers lease terms in accordance with Federal regulations.

- Our draft report stated that the vehicle should be midsize or smaller. Management noted that the needs of Agency staff warranted a larger size vehicle rather than a compact sedan. While we believe a midsize vehicle is sufficient for those needs, management has the discretion to obtain a full size vehicle if it can justify that one is essential to the Agency's mission.

Management's comments are presented in their entirety as an appendix to this report.

Jane E. Altenhofen
Inspector General

BACKGROUND

The National Labor Relations Board (NLRB or Agency) administers the principal labor relations law of the United States, the National Labor Relations Act (NLRA) of 1935, as amended. The NLRA is generally applied to all enterprises engaged in interstate commerce, including the United States Postal Service, but excluding other governmental entities as well as the railroads and the airline industries. In Fiscal Year (FY) 2002, NLRB was authorized 1,985 full-time equivalents that were located at Headquarters, 51 field offices throughout the country, and three satellite offices for Administrative Law Judges. The Agency's FY 2002 appropriation was approximately $226 million.

In July 2002, the Agency had 60 leased vehicles in 30 locations. These vehicles included 56 midsize or smaller sedans, 1 large sedan (Headquarters) and 3 light trucks (Region 6, Region 7, and Region 18). Each office with a vehicle had between one and four vehicles. Field offices use the vehicles for case processing activities. In general, the Agency paid about $165 a month and 10 cents per mile for each leased vehicle for a total cost of approximately $200,000 in FY 2002.

The Headquarters vehicle was procured through a lease with Ford Motor Company. The Division of Administration, Library and Administrative Services Branch, managed the lease. The vehicle is used for transporting executive staff and pick-up and delivery of materials for official business, such as from the Government Printing Office.

Field office vehicles are leased through a cost reimbursable interagency agreement with the General Services Administration (GSA) Fleet Management System. The interagency agreement directs the Agency on the employees' responsibilities and maintenance and care of vehicles. This agreement mirrors the Federal Property Management Regulations (FPMR). The FPMR addresses topics such as maintaining central records of license plates, reporting motor vehicle accidents, the size of the leased vehicles, and minimum mileage to justify vehicle leases.

The Division of Operations-Management determines the number of vehicles that each field office may lease, but field office personnel are responsible for the procurement and daily management of the vehicles. Generally, daily management of the vehicles is performed by either the Office Manager or Assistant Office Manager under the supervision of either the Assistant to the Regional Director or the Regional Attorney, who both report to the Regional Director.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of the audit were to determine whether the Agency's fleet is the appropriate size and whether controls over leased vehicles provide reasonable assurances that vehicles are properly used. We interviewed Agency employees both at Headquarters and in field offices to identify policies and procedures.

AGENCY-WIDE CONTROLS

We reviewed applicable sections of the FPMR, Federal Travel Regulations, union agreements covering General Counsel field office professional and support staff employees, union agreements covering Headquarters employees, and GSA fleet management guidance to identify criteria applicable to the management of leased vehicles.

We identified all Agency vehicles and determined whether they met vehicle size, lease term, and procurement source requirements in the FPMR. We also reviewed centralized records maintenance for license plates.

FLEET MANAGEMENT

We conducted a detailed review of 22 vehicles at Headquarters, 8 Regional Offices, and 1 Resident Office. We compiled vehicle use data to determine whether minimum mileage guidelines were met. In 6 of the 10 offices we obtained vehicle use information from logs maintained by the office. In four offices we obtained the information from GSA billing records or mileage submissions because vehicle use logs were not maintained.

We reviewed option forms to identify those employees who opted to use Government vehicles. Using accounting reports provided by the Finance Branch, we determined the dollar amount of mileage reimbursements for privately-owned vehicles (POVs) paid to employees who elected to use the Government vehicle. We then selected four or five employees with the highest dollar amount of reimbursements in each office and reviewed all travel reimbursements paid to them to determine whether mileage reimbursements were paid in accordance with the union agreement and the FPMR. In doing so, we reviewed 211 mileage reimbursements paid to 43 employees.

We identified individuals that used Government vehicles from vehicle activity or request logs maintained by field offices. We reviewed the driver's license status of 155 employees in the offices reviewed. We verified that each driver was an Agency employee by using Microsoft Outlook or reports provided by the Human Resources Branch. We also contacted state departments of motor vehicles to determine whether Government vehicle users had valid drivers' licenses. We reviewed mileage logs and records that were maintained to determine whether they were designed to collect data necessary to support proper internal control and reporting to GSA and reviewed those records for reasonableness and potentially inappropriate vehicle use.

We reviewed field office records to determine whether vehicle maintenance and inspections were performed when required.

We identified accidents involving Agency leased vehicles through interviews with officials in field offices and the

Division of Administration. We determined whether required reports were prepared.

We conducted a physical inspection of 21 of 22 vehicles at the offices visited. We did not inspect one vehicle because it was in use for official business when we visited the office. We inspected the physical condition of the vehicles, determined whether they contained operator's packets, and determined whether license plate and vehicle identification information was consistent with GSA records.

This audit was performed in accordance with generally accepted government auditing standards during the period of August 2002 through January 2003. We conducted the audit at NLRB Headquarters and Regions as follows: Region 1 - Boston, Region 4 - Philadelphia, Region 5 - Baltimore, Washington Resident Office (WRO), Region 10 - Atlanta, Region 12 - Tampa, Region 18 - Minneapolis, Region 20 - San Francisco, and Region 32 - Oakland.

FINDINGS

All but 1 of the Agency's 60 vehicles were procured from GSA, were the proper size, and were retained until GSA indicated a replacement was necessary. The one exception, the Headquarters vehicle, was procured without the proper waiver from GSA to use an outside source, was a large size sedan without adequate justification, and was maintained for only 2 years. Additionally, the centralized record of license plates did not include all required information.

Over half of the vehicles in our sample did not meet the minimum vehicle use guidelines in either FY 2001 or FY 2002, and two-thirds of the fleet did not meet the guidelines in FY 2002. The Agency overpaid mileage reimbursements for use of a POV when the Government vehicle was available. One Government vehicle driver operated an Agency leased vehicle while his license was suspended and another employee appeared to use Government vehicles for unofficial purposes over an extended period. Several vehicles did not have operator's packets, vehicle mileage logs were not maintained or were unreliable, and damage to a vehicle was not reported in accordance with applicable regulations.

AGENCY-WIDE CONTROLS

Procurement, Vehicle Size, and Lease Term

The FPMR states that agencies shall procure new passenger motor vehicles from GSA and must obtain a written waiver to purchase from another source. The FPMR further states that the size of motor vehicles that an agency must purchase and lease is a midsize (class III) or smaller sedan unless a large (class IV) sedan is essential to the agency's mission. The FPMR requires that the Agency keep a motor vehicle for at least 3 years or 60,000 miles.

The field offices properly procured their vehicles through interagency lease agreements with GSA. Field office vehicles were predominantly midsize or smaller sedans. The three light trucks were in field offices located in the Snow Belt. Field offices kept their vehicles until GSA indicated a replacement was necessary.

The Headquarters vehicle complied with none of these FPMR provisions. The vehicle was a large sedan leased from the Ford Motor Company beginning in October 2001. The Agency did not obtain the necessary waiver from GSA for this procurement. The Agency did not have a written justification on file as to why a large sedan is necessary to perform any functions essential to the Agency's mission. The sedan was leased for 2 years instead of the minimum of 3 years and only used for 3,739 miles in FY 2001 and 2,762 miles in FY 2002, significantly below the 60,000 miles required to replace a vehicle before 3 years.

In October 2002, the Agency asked GSA what the procedures were to request a waiver to lease a vehicle from a commercial source. GSA responded that a waiver was not required and provided a draft policy statement as support. However, GSA also cited the current regulations which state, "When the supporting GSA ... fleet management center determines that the requested vehicles are not available, the requesting activity shall make a record of the contact to document compliance with the mandatory first source of supply requirement." The current regulation clearly requires using GSA as the first source for every new lease, and the Agency should follow that requirement until new regulations are promulgated.

Management also stated that a large sedan was needed to transport Presidential appointees and to make deliveries. The FPMR states, "[w]ith the exception of motor vehicles used by the President and Vice President and vehicles for security and highly essential needs, you must purchase and lease midsize (Class III) or smaller sedans."

License Plates Records

The FPMR requires a central record of all U.S. Government license plates for the Agency's motor vehicle purchases and leases. The record must identify (a) the motor vehicle to which each set of plates is assigned; (b) the complete history of any reassigned plates; and (c) a list of destroyed or voided license plate numbers.

The Finance Branch was the central repository for license plate and vehicle information that it obtained through GSA billings. The information maintained, however, did not identify which set of plates was assigned to each vehicle and did not contain a history of reassigned license plates or a list of voided or destroyed license plates.

Management's Comments and OIG Response

Management commented on two issues related to procuring the Headquarters vehicle in accordance with the FPMR. First, in response to our conclusion that the FPMR requires that the Agency keep a motor vehicle for at least 3 years or 60,000 miles, the Agency stated that the Headquarters vehicle was leased from Ford Motor Company and the maximum period of service was 24 months. Second, management noted that the needs of Agency staff warranted a larger size vehicle rather than a compact sedan. We confirmed the term with a Ford Motor Company official who said that this was an executive lease program with a maximum term of 24 months. The Agency, however, could lease from sources that offer terms in accordance with Federal regulations. Regarding vehicle size, our draft report, citing the FPMR, stated that the vehicle should be midsize (Class III) or smaller. Midsize vehicles include the Daimler Chrysler Intrepid, Ford Taurus, and General Motors Impala. A GSA representative said that management has the discretion to obtain a full size vehicle if it determines that one is essential to the Agency's mission. GSA does not approve justifications for larger vehicles. The Agency needs to put a justification as to why a larger vehicle is essential to the NLRB mission in the file.

Management decided that the Procurement and Facilities Branch will establish a central repository for license plate information utilizing features in the National Business Center Federal Financial System.

FLEET MANAGEMENT

Size of Fleet

The FPMR states that an agency must be able to justify a full-time vehicle assignment. Utilization guidelines to justify a full-time vehicle assignment are a minimum 3,000 miles per quarter or 12,000 miles per year for a passenger-carrying vehicle and 10,000 miles per year for light trucks. Other utilization factors such as days used, agency mission, and the relative costs of alternatives to a full-time vehicle assignment may be considered as justifications where miles traveled guidelines are not met.

Neither the quarterly nor annual guidelines were met for 13 of 22 (59 percent) vehicles in FY 2002. Eleven of the 12 vehicles did not meet the quarterly or annual minimums in FY 2001. As shown in the table below and on page 13, the vehicles seldom met the 3,000 miles quarterly minimum and were mostly well below the 12,000 miles annual minimum.

Officials in the field offices reviewed did not prepare annual vehicle justifications to keep the existing vehicles even though the FPMR states that where the utilization guidelines are not met, vehicle retention should be justified. Region 5 requested an additional vehicle despite the fact that all three vehicles were utilized significantly less than 12,000 miles a year. Region 5 officials stated that they submitted the justification in January 2001, but did not keep a copy after the Division of Operations-Management denied the request.

Vehicle Use Table

	FY 2001		FY 2002	
Office	Quarters Meeting Guidelines	Annual Mileage	Quarters Meeting Guidelines	Annual Mileage
Headquarters	0	3,739	0	2,762
Region 1	0	7,894	2	9,238
	0	6,858	1	10,548
	0	10,356	0	9,879
	1	9,493	1	10,296
Region 5	2	8,648	0	4,551
	1	8,368	1	7,136
	2	10,933	1	7,999
WRO	0	8,335	0	3,983
Region 12	0	6,613	2	11,412
Region 20	1	11,575	0	9,230
	0	10,014	1	5,058

Some officials stated that minimum mileage guidelines were not met because the Regions were told to limit travel for budgetary reasons. Some officials also stated that employees were not required to have a vehicle as a condition of employment, that car rentals would be more expensive, and reducing the number of vehicles would adversely effect the ability of field agents to travel.

A review of the FY 2002 mileage for all vehicles found two-thirds of the 60 vehicles were driven less than the minimum miles. These vehicles cost over $86,000 a year. By eliminating these vehicles, the Agency could put approximately $260,000 to better use over the 3-year minimum retention period.

Mileage Reimbursement

The FPMR states that, unless committed to using a Government vehicle, the reimbursement for use of a POV will be limited to the cost that would be incurred for use of a Government automobile. Reimbursement is more if the Agency determines the cost of providing a Government automobile is higher. The FPMR also states that if the employee elects to use the Government vehicle and chooses to use a POV when the Government vehicle is available, the reimbursement will be limited to the lower rate.

The union agreements that address use of Government vehicles by the professional and support staff are consistent with the FPMR. The agreements provide for reimbursement at a higher rate if the employee elects to use a POV or a Government vehicle is not available. The Agreements state that, if no election is made, the employee is construed as having elected to use the Government vehicle. Region 10, Region 18, and Region 20 did not have elections identifying employees choosing to use the Government vehicle or POV use and all employees were, therefore, construed to have elected to use the Government vehicle.

The Agency overpaid 100 of the 211 (47 percent) POV mileage reimbursements we reviewed for a total overpayment of $7,407.70. Employees who elected to use the Government vehicle were reimbursed for POV mileage at either 34.5 cents or 36.5 cents per mile when the Government vehicle was available, as opposed to the appropriate reimbursement rate of 10.5 cents per mile.

Voucher Overpayments

Office	Vouchers	Vouchers	Amount Overpaid

	Tested	Overpaid	
Region 1	24	15	$1,332.11
Region 4	19	3	70.28
Region 5/WRO	18	7	119.28
Region 10	26	23	2,542.83
Region 12	14	9	427.55
Region 18	43	16	1,251.89
Region 20	43	21	1,282.31
Region 32	24	6	381.45
Total	211	100	$7,407.70

In addition to costing the Agency more money for travel reimbursements, the reimbursement of employees for POV use at the higher rate provides a disincentive to make full use of the leased vehicles which are being paid for whether or not the vehicle is used. This is noteworthy considering that 59 percent of the vehicles in the offices reviewed were not used the minimum of 3,000 miles per quarter or 12,000 miles per year in FY 2002.

Driver Eligibility

The FPMR requires that civilian employees of the Federal Government who operate a motor vehicle furnished by the GSA Interagency Fleet Management System have a valid state, District of Columbia, or commonwealth operator's license for the type of vehicle to be operated.

All but one employee who used Government vehicles had valid driver's licenses. This matter was referred to the Counsel to the Inspector General for review.

Vehicle Inspection

The FPMR requires that an operator's packet remain in the vehicle at all times. The operator's packet contains information on the driver's responsibilities and the requirement to use the vehicle for official purposes only. There are also instructions for acquiring maintenance and repair authorizations; acquiring emergency supplies, services, and repairs; and reporting accidents. Packets should also include an accident report kit that contains Standard Form 91, Motor Vehicle Accident Report; and Standard Form 94, Statement of Witness.

Overall the vehicles were in good condition, license plate numbers and vehicle identification numbers agreed with GSA records, and there was no evidence of tobacco use in the vehicles. Six vehicles inspected did not have operator's packets, and the packets were incomplete in another two vehicles. These items are necessary to keep employees informed of their responsibilities and procedures for use of vehicles within Government regulation.

Accidents

The FPMR requires the reporting of accidents to GSA's fleet management center; employee's supervisor; and state, county, or municipal authorities. The employee should also provide the supervisor with all related accident reports.

Agency officials in the offices reviewed identified two accidents that occurred during FY 2002. Employees involved in the accidents reported the incidents to office personnel responsible for managing vehicles and the Agency reported the accidents in accordance with GSA's policies.

When reviewing maintenance and repairs that were performed on leased vehicles, we identified a third incident. An invoice dated October 4, 2001, for $552.20 related to body repairs on a vehicle in Region 18. An accident report was not completed in relation to this incident. This office had a vehicle without the operator's packet and accident reports when we inspected the vehicle.

Vehicle Mileage Logs

The FPMR requires that for motor vehicles, agencies are responsible for developing adequate accounting and reporting procedures to ensure accurate reporting of inventory, cost, and operational data needed to manage and control motor vehicles. NLRB Records Disposition Standards state that operator trip reports, including Form NLRB-4036, Daily Vehicle Usage/Inspection Report, should be destroyed 1 year after cutoff, which is the close of the fiscal year.

Only 3 of the 10 offices reviewed maintained vehicle mileage records that contained reliable information in sufficient detail to control motor vehicle use. This information includes elements such as the beginning and ending mileage, purpose of car usage, and condition of vehicle. Several different methodologies were used to collect and maintain the data. Four offices did not maintain vehicle use records and three offices maintained records, but the information was not reliable or sufficient because it was either incomplete, contained inconsistencies, or did not document the purpose of the vehicle use.

WRO vehicle use logs did not account for 1,959 of the 5,055 (39 percent) of the miles driven in FY 2002. In Region 12, the vehicle use logs did not account for 874 of the 11,412 (8 percent) miles driven in FY 2002. In Region 10, forms did not identify the purpose of the vehicle use.

Three of the four offices - Region 1, Region 4, and Region 32 - identified as not maintaining records, prepared the records and discarded them after reporting monthly vehicle usage figures to GSA.

Vehicle Use Data Maintained

Office	Adequate	Information Not Reliable or Sufficient	No Logs Maintained
Headquarters	X		
Region 1			X
Region 4			X
Region 5	X		
WRO		X	
Region 10		X	
Region 12		X	
Region 18			X
Region 20	X		
Region 32			X

A review of GSA Car Usage Reports showed one employee who appeared to be misusing Government vehicles. This Region had three vehicles that were driven 41,412 miles during FY 2002, and the employee in question used the vehicle 24,280 of those miles. This misuse occurred over a long period and may have been prevented or detected if the forms to record vehicle activity contained the purpose of the vehicle use. This matter was referred to the Counsel to the Inspector General for review.

A complete vehicle daily use log was maintained for the Headquarters vehicle. We issued Audit Report OIG-AMR-10, *Review of Controls Over Motor Vehicles and Gasoline Credit Cards,* dated February 8, 1991, on Headquarters vehicles. We recommended that daily vehicle use logs should be maintained, contain specific information, and be reviewed by a supervisor. The Library and Administrative Services Branch has implemented these recommendations.

Reporting to GSA

GSA requires agencies to report the odometer reading of assigned vehicles on a monthly basis. The FPMR requires, within 75 calendar days after the end of the fiscal year, that the Agency submit Standard Form 82, Agency Report of Motor Vehicle Data, to report motor vehicle inventory, cost, and operating information to GSA on vehicles not leased from GSA.

The Regions and the Resident Offices reported miles in various forms such as the Internet, facsimile, telephone, and GSA Form 494. Headquarters reported for the leased vehicle managed by the Library and Administrative Services on Standard Form 82 for FY 2001.

Management's Comments and OIG Response

Management agreed with the findings and recommendations to improve fleet management practices.

RECOMMENDATIONS

We recommend that the Director of Administration:

1. Procure the Headquarters vehicle in accordance with the FPMR.
2. Develop procedures to maintain license plate records in conformance with the FPMR.

That the Division of Operations-Management Associate General Counsel:

3. Evaluate field office leased vehicle utilization and eliminate vehicles that do not meet the minimum guidelines or alternative utilization factors.
4. Train field personnel responsible for reviewing travel claims on the proper mileage reimbursement rates consistent with the FPMR and union agreement.
5. Obtain reimbursement for the mileage overpayments of $7,407.70.
6. Develop best practices and forms for field office personnel to reserve vehicles and record vehicle use activity.
7. Ensure all vehicles have a complete operator's packet.
8. Develop a program to periodically evaluate controls over leased vehicles. This includes a review of vehicle logs, a check on operator's packets in vehicles, and spot checks on driver's licenses.

ATTACHMENT

2002 Mileage for Sample Sedans
(Graph)

APPENDIX

UNITED STATES GOVERNMENT
National Labor Relations Board

Memorandum

TO: Jane E. Altenhofen
Inspector General

FROM: Gloria J. Joseph
Director of Administration /s/

Richard A. Siegel
Associate General Counsel /s/

DATE: January 17, 2003

SUBJECT: Comments on Draft Audit Report - "Audit of Agency Leased Vehicles"

This is in response to your memorandum dated December 24, 2002, in which you requested comments on the draft audit report covering the audit of Agency leased vehicles. In your memo, you requested that we also indicate our agreement or disagreement with each of the report's findings and recommendations. The comments offered below include input from both the Division of Administration and the Division of Operations Management in their respective areas of responsibility.

Our comments regarding the report's recommendations are as follows:

1. Procure the Headquarters vehicle in accordance with the FPMR.

The Library and Administrative Services Branch of the Division of Administration is responsible for the vehicle assigned to Headquarters. Currently, the Agency leases its vehicle from the Ford Motor Company where the maximum period of service is 24 months. The annual cost of the lease is $5,736, which is minimal considering the services provided.

The Headquarters vehicle is used to transport Agency staff as well as provide daily trips to the Government Printing Office, and frequent trips to the Court of Appeals, Office of Personnel Management, and other government agencies. The driver often has requests to transport the Agency's six Presidential Appointees or other Agency officials to Capitol Hill to provide testimony or participate in briefings or Congressional hearings as well as other official functions outside the building. It is important that the Agency vehicle be of a size to accommodate the needs of Agency staff, warranting a larger size vehicle rather than a compact sedan.

In April 1993, GSA approved the Agency's request for commercial lease authority for one large sedan based on the Agency's determination that a larger than compact sedan was mission essential and not available from GSA. At that time, in addition to the sedan, the Agency also had a station wagon and a van. In response to former President Clinton's memo (dated February 10, 1993) to reduce the number of vehicles by 50 percent, the Agency reduced its headquarters vehicles from three to one. Even though the Agency no longer leased three vehicles for use in Headquarters, the need for the sedan remained as, of the three vehicles, it provided the greatest flexibility to comfortably transport multiple passengers at one time, as well as to transport packages, mail, and other items.

Thereafter, we mistakenly assumed that the waiver GSA had granted the Agency in 1993 to procure a vehicle outside of GSA was still valid. However, as it turns out, this was not in accordance with the FPMR as the Agency should have requested a waiver from GSA annually to commercially lease the Headquarters vehicle.

Therefore, the Division of Administration accepts this recommendation and will, in accordance with the FPMR, procure the Headquarters vehicle from GSA or request a waiver justifying the procurement from a commercial source. However, we would like to note that GSA is currently revising the FPMR. In the proposed rule, regulation 101-39, which establishes GSA as the mandatory source of supply for vehicle leasing, will be replaced by a new regulation (102-35) which will allow agencies to use any source to lease a vehicle without first contacting GSA.

2. Develop procedures to maintain license plate records in conformance with the FPMR.

While currently the Finance Branch is the repository for license plate and vehicle information, which is obtained through GSA billings, the Procurement and Facilities Branch, working in consort with the Finance Branch, will establish and maintain the central repository of license plate and vehicle information in the recently converted National Business Center Federal Financial System's property accountability subset of the fixed asset database. The information will be periodically updated through the GSA Fleet's Inventory Reporting System, which has the capability of generating an Agencywide fleet report. The report will include class and tag information; regional fleet management center information; make, model and year of vehicle; average monthly mileage; equipment code; fuel type; monthly and mileage rates, and vehicle point of contact information.

The Division of Administration therefore accepts this recommendation.

3. Evaluate field office leased vehicle utilization and eliminate vehicles that do not meet the minimum guidelines or alternative utilization factors.

Federal Property Management Regulations (FPMR) establish that leased vehicles should be utilized 3,000 miles per quarter or 12,000 miles per year (10,000 miles for light trucks) to justify a full-time vehicle assignment, unless alternative utilization factors are met. The audit included a detailed review of 22 vehicles assigned to field offices. That review disclosed that 13 of the 22 vehicles assigned to field offices examined in FY 2002 and 11 of the 22 assigned in FY 2001 failed to meet the mileage guidelines.

The Division of Operations Management accepts the findings and recommendation that the utilization of all leased vehicles assigned to the field offices should be evaluated. It should be noted that alternative utilization factors may be examined in conjunction with the FPMR mileage guidelines to support Agency lease of GSA vehicles. The frequency of use may be a more relevant measure of the benefit of leased vehicles than mileage alone in certain circumstances. For example, Region 4, Philadelphia, serves a much smaller geographical territory than Region 27, Denver, and the mileage generated over similar periods of time and for each instance of use may be sharply different. When the frequency of use is evaluated in conjunction with the cost of alternative transportation, most often commercial rental cars, GSA-leased cars in Region 4 could be cost efficient at mileage levels well below the FPMR guidelines. If a leased vehicle is not available for employees electing their use and, if a POV is not available to them or they decline to use their POV, the Agency must rent a vehicle commercially at daily rates, for their use. Currently, there are no alternative guidelines established to conduct a cost-benefit analysis of leased vehicles which do not meet FPMR mileage guidelines. Operations Management will develop an action plan to establish alternative use criteria for use by the Regional Offices to determine the frequency of use necessary within specified intervals to justify the assignment of leased vehicles at that location.

4. Train field personnel responsible for reviewing travel claims on the proper mileage reimbursement rates consistent with the FTR and union agreement.

5. Obtain reimbursement for the mileage overpayments of $7,407.70.

The following response pertains to both recommendations #4 and #5.

The FPMR requires that reimbursement of employees, who have elected to use a Government-provided vehicle, and who use a POV in the course of official business, may not exceed the cost incurred for the operation of a Government vehicle (currently $.105 per mile). The field collective bargaining agreements (Article 29) are consistent with the FPMR and state that employees who elect, in writing, to use their POV for official business may receive a higher reimbursement rate (currently $.365 per mile). Employees who do not designate use of their POV are construed to elect the use of Government- provided vehicles and may be reimbursed at the $.365 rate, for use of a POV, only when the Government-provided vehicle is unavailable for their use.

The audit sampled travel vouchers submitted by employees who elected to use Government vehicles, but who had utilized a POV to conduct official business. In a majority of the samples reviewed, employees were reimbursed at the rate of $.365 per mile, for use of a POV, when a Government provided vehicle was available. This pattern was evident in all 8 Regional Offices audited and the total amount overpaid was $7,407.70 for the vouchers reviewed.

The Division of Operations Management accepts the findings and recommendation of the audit. Further training of field personnel who submit and review travel vouchers is necessary and will be described in the forthcoming action plan. Operations Management will work with the IG to identify instances of overpayment to determine under what circumstances reimbursement may be appropriate.

6. Develop best practices and forms for field office personnel to reserve vehicles and record use activity.

The audit disclosed that only 4 of the Regional Offices maintained accurate and reliable information to adequately document motor vehicle usage. Four other offices either did not maintain any vehicle use records or the information was inconsistent or incomplete.

The Division of Operations Management accepts the findings and recommendation. Regional Offices with incomplete or non-existent records have already taken steps to remedy the deficiencies. The action plan will include specific guidelines for record keeping purposes and sample forms to appropriately document use of the vehicle (including beginning and ending mileage of the vehicle, the name of the operator, the purpose of the travel and the condition of the vehicle).

7. Ensure that all vehicles have a complete operator's packet.

8. Develop a program to periodically evaluate controls over leased vehicles. This includes a review of vehicle logs, a check on operator's packets in vehicles, and spot checks on driver's licenses.

The following response pertains to both recommendations #7 and #8.

The FPMR requires that an operator's packet remain in Government vehicles at all times. The packet includes information concerning the driver's responsibilities; regulations regarding official use of vehicles; instructions regarding maintenance and repairs; emergency supplies; and, information regarding the reporting of accidents.

The audit disclosed that 6 vehicles lacked operator's packets and 2 others had incomplete operator's packets. Additionally, one vehicle required $552.50 in body repairs, but no accident form was completed for the incident. The audit also indicated that one employee operated a leased vehicle without a valid driver's license. That finding was referred to Office of Inspector General's Counsel for review and investigation.

The Division of Operations Management accepts the findings and recommendation. The action plan on these items will require each Region to designate a management official as responsible for maintaining required leased vehicles records; and to ensure that operator's packets are present in all vehicles; and that employees operating leased vehicles possess valid driver's licenses.

Thank you for the opportunity to comment on the draft report. If you have any questions, please contact Gloria Joseph or Richard Siegel.

cc: The Board
General Counsel
Vanita Reynolds, Chief, Library and Administrative Services Branch
Angela Crawford, Chief, Procurement and Facilities Branch