

AUDIT OF GSA FLEET'S
CONTROL OF LICENSE PLATES
FEDERAL ACQUISITION SERVICE
REPORT NUMBER A070076/Q/5/P08001
OCTOBER 9, 2007

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U.S. GENERAL SERVICES ADMINISTRATION
Office of Inspector General

Date: October 9, 2007

Reply to

Attn. of: Regional Inspector General for Auditing
Great Lakes Region Field Audit Office (JA-5)

Subject: Audit of GSA Fleet's Control of License Plates
Federal Acquisition Service
Report Number A070076/Q/5/P08001

To: James A. Williams, Commissioner
Federal Acquisition Service (Q)

Kevin Messner
Acting Associate Administrator
Office of Governmentwide Policy (M)

This report contains the results of our audit of GSA Fleet's (Fleet) control of its license plates. The audit was conducted because Fleet wished to minimize the occurrence of lost and stolen plates due to the potential security risk they pose.

We concluded GSA Fleet could further strengthen its control of GSA Fleet license plates and improve efficiency by consolidating all license plate inventories into a single centralized listing integrated with license plate ordering; strengthening other inventory control procedures enumerated in the report; and centralizing its reporting of lost and stolen license plates to the extent practical.

Our work led us to the regulations set forth by the Office of Governmentwide Policy (OGP). We concluded that the Office of Governmentwide Policy could strengthen control of Federal license plates by determining whether the current requirement of two license plates per vehicle should be changed to one license plate per vehicle, and by continuing its effort to establish expiration dates for license plates.

A copy of the Office of Governmentwide Policy's response to the draft report is provided in Appendix A, and a copy of the Federal Acquisition Service's response in Appendix B.

We hope the management and staff of OGP and GSA Fleet find the report helpful to their operations.

Sincerely,

Franklin M. Moy
Audit Manager
Great Lakes Region (JA-5)

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INTRODUCTION

Background

GSA Fleet (Fleet) owns and operates over 200,000 vehicles it supplies to other Federal agencies on a reimbursable basis. Fleet provides agencies automobiles, passenger vans, light, medium and heavy trucks, buses, ambulances, and other more specialized vehicles. Per GSA Federal Management Regulation (FMR), 102-34.110, Fleet vehicles are to be equipped with license plates that identify them as Federal vehicles owned by GSA Fleet, and for official use only. FMR 102-34.145(a) also requires license plates on both the front and rear of all Federal vehicles except two-wheeled motor vehicles, which require only a rear plate.

Fleet purchases its license plates from the Federal Prison Industries under a memorandum of understanding the General Services Administration, Office of Governmentwide Policy, established with the Federal Prison Industries. The plates contain holograms and other security measures to deter counterfeiting.

There have been occurrences of Federally issued plates being stolen and placed on unauthorized vehicles to impersonate government vehicles and divert attention from illegal activities. Because of the possible security risks these illegal activities pose, Fleet requested a review of the controls it uses to minimize lost and stolen plates.

Objective, Scope and Methodology

The audit objective was to determine:

Does GSA Fleet have sufficient controls over its license plates, or are additional controls needed?

To accomplish our audit objective we visited Fleet's Central Office, and Fleet Management Centers and sub centers at Lanham, Maryland; Baltimore, Maryland; Milwaukee, Wisconsin; Chicago, Illinois; Houston, Texas; San Antonio, Texas; El Paso, Texas; Albuquerque, New Mexico; and Phoenix, Arizona. We also visited the Federal Prison Industries, Inc., which operates under the corporate name UNICOR, at Cumberland, Maryland. In addition we reviewed license plate regulations, and contacted state highway patrol headquarters and state vehicle management offices. The audit team also analyzed vehicle data in the Fleet Management System regarding lost and stolen license plates. The audit was carried out between December 2006 and June 2007 in accordance with generally accepted Government auditing standards.

RESULTS OF AUDIT

Brief

The audit disclosed two general areas in which we believe control of license plates can be improved. The first covers regulations controlled by the Office of Governmentwide Policy (OGP) that govern all license plates for Federal vehicles, addressed in Part I of the report; and the second covers issues GSA Fleet controls, addressed in Part II of the report.

We believe OGP can strengthen control of Federal license plates by:

1. Analyzing whether the Federal Management Regulation (FMR) should be changed to require one license plate per Federal vehicle rather than two; and
2. Continuing its efforts to reach agreement with Federal agencies to change the FMR to require Federal license plate expiration dates.

We believe GSA Fleet can strengthen its control of license plates and improve efficiency by:

3. Consolidating all license plate inventories into one listing in Fleet's central computer system, and integrating the listing with license plate ordering;
4. Continuing its initiative to issue only state license plates for vehicles authorized to display state plates;
5. Ensuring excess license plates for trailers are recalled and destroyed;
6. Destroying license plates as soon as practical once they are no longer needed, rather than holding them until vehicles are sold; and
7. Centralizing its reporting of lost and stolen plates, to the extent practical.

Our review of the Federal Prison Industries procedures for manufacturing GSA Fleet license plates did not identify any reportable conditions.

Findings and Recommendations

PART I – OGP Findings and Recommendations

Finding 1 - Use of Two License Plates Increases Losses

The majority of GSA Fleet license plate losses and thefts involved front plates. This was due to their greater susceptibility to damage and loss, and the need to display only one plate in many states. As a result the incident of plate loss or theft was higher with two plates than would have been the case with one, especially in those states that required only one plate.

For the period May 1, 2006 through April 30, 2007, Fleet recorded about 1,680 reports of missing plates, or an average of about 140 per month. Over 80 percent were listed as missing a single plate rather than sets of plates. Based on statements of Fleet's field personnel and the limited number of records that stated whether the front or rear plate was missing (about 310 reports stated in the remarks section whether the single missing plate was from the front or back, and 86 percent of these stated the front plate as missing), the majority of the missing single plates were from the front of vehicles. This was due to weak front mounting brackets, and the front plates' greater vulnerability to harsh weather and road conditions owing to their location on the vehicle, which subjects them to greater stresses than rear plates. We also learned from a law enforcement representative that in some cases single Federal license plates have been stolen from the front of vehicles in states that require only one plate, and used in smuggling operations.

Replacing missing plates is time-consuming and costly. The actual cost is difficult to quantify, but the steps required clearly add up. The customer must notify Fleet of the loss and return the vehicle's charge card (because it is tied to the license plate number). In the case of single plate losses, the remaining plate of the set must be sent to Fleet. Fleet in turn notifies the Federal Protective Service (FPS) to get the loss posted on law enforcement computers, records the loss in Fleet's computer system, destroys the charge card and remaining license plate and documents the destruction. Fleet must also obtain and furnish the agency a new set of license plates and a matching charge card, and the vehicle is out of commission until the customer receives the replacements.

Currently, 18 states require vehicles registered in their states to display only a single plate, typically on the rear. In these states Federal Government owned vehicles missing the front plate are not likely to be stopped and questioned because front plates are not a state requirement, and may also not be stopped in states requiring two plates if they are not aware of the Federal Government's requirement that its vehicles carry two license plates.

The most common objections to changing to a single plate on GSA Fleet vehicles were they would be stopped and ticketed in states that require two plates; front plates are

needed to assist guards in clearing vehicles for entry to Federal facilities; front plates quickly prove Government ownership at those locations that require proof of insurance or Government ownership; and the reduced identification would result in greater non-official vehicle usage.

We contacted state patrol offices in states that require two plates, and asked whether they ticket vehicles from states that require only one plate. The patrol officials universally stated they do not—they abide by the requirements of the states in which vehicles are registered. As a consequence, their enforcement of the requirement for two plates on Federal vehicles depends on their knowledge of the requirement.

Federal security officials we contacted stated, and we believe, guards should not clear vehicles for entry based on Federal plates alone, but should also be checking the personal identification of the occupants. Removal of the front plate would discourage over reliance on the plates alone, and Federal ownership could be established by scrutiny of the rear plate. Also, as proposed below, a decal could be added to the windshield to show Federal ownership of the vehicle.

Some individuals might be more inclined to use Fleet vehicles for nonofficial purposes in vehicles without front plates. However, the repercussions of such behavior are generally minimal compared to the repercussions of deliberate misuse of lost and stolen plates to disguise illegal activity. If decals were placed in the front windshields, they would provide additional evidence of Government ownership to discourage employee misuse.

Our experience has shown municipalities have for many years used decals mounted on the interior of windshields to register vehicles within their municipalities. The decals are difficult to duplicate or to remove without destroying them. The Post Office uses external decals in place of license plates on the vehicles in its fleet that carry traditional Post Office logos and markings that clearly identify them as Post Office vehicles. Also, the country of Mexico, because of license plates theft problems, requires both plates and an inside mounted decal to discourage thefts. Decals are not an untested option.

We believe GSA Fleet and other Federal agencies could reduce license plate thefts by going to a single plate and mounting a decal inside the windshield of each vehicle. This determination should be made by GSA with due regard for the requirements and policy considerations relating to conspicuous identification under 31 U.S.C 1344 and 1349, and 40 U.S.C. 609. Given the policy considerations that will likely underlie such a determination, the OIG is not making a recommendation for a particular change in license plate or decal usage, but is only recommending that GSA consider changes in view of the issues discussed.

Ideally, the decal inside the windshield would be a miniaturized version of the license plate. However, manufacture and distribution of matching plates and decals may prove overly difficult or burdensome. If so, decals of a single design containing a hologram or other difficult to duplicate security feature that provides for the addition of the owning

agency's logo during manufacture could be developed and used. The last option would enable easy initial distribution and installation because the decal number would not have to be matched to the license plate number, and easy decal replacement when windshields require replacement. Decals would also help to discourage improper use of the vehicles.

The addition of a decal along with the move to a single plate, typically mounted on the rear of GSA Fleet and other Federal vehicles would discourage theft because both a decal and plate would be required to give the appearance of validity; insure prompt reporting of lost and stolen plates because driving with no plates would be very difficult; and improve security at Federal facilities because the changes would require guards to more closely scrutinize vehicles before allowing entry.

The GSA Office of Governmentwide Policy (OGP) governs Federal vehicle license plate requirements, not GSA Fleet. OGP currently requires Federal vehicles to display license plates on both the front and back of vehicles. Any changes to this policy must be coordinated and promulgated by OGP, and would affect not only GSA Fleet vehicles, but all Federal vehicles. Other Federal agencies' circumstances and experiences with lost and stolen plates may be different than GSA Fleet's.

Recommendation

We recommend to the Acting Associate Administrator, Office of Governmentwide Policy, that the Office of Travel, Transportation and Asset Management:

1. Analyze whether the Federal Management Regulation should be changed to require one license plate per Federal vehicle rather than two.

Management's Response

The Acting Associate Administrator, Office of Governmentwide Policy, concurred with Recommendation Number 1 in his response to the draft report. A copy of his response is provided in Appendix A.

Finding 2 - Lost or Stolen Plates Can Be Used Indefinitely

Federal license plates currently have no expiration dates, so lost or stolen plates can be used indefinitely unless a law enforcement officer has reason to check on a license plate number. Although their design has changed over the years, older plates are still used on Federally owned vehicles. Therefore, there is no assurance that misplaced or stolen plates of any age would be noticed. Establishing a requirement for expiration dates on all Federal plates would greatly reduce the likelihood of stolen or lost plates being used indefinitely without detection.

Our discussions with OGP representatives disclosed the office's intent to establish a requirement for Federal license plate expiration dates, and that it is working with

Federal agencies to determine what the expiration dates should be and how best to establish them. We found evidence of the need for the establishment of Federal license plates expiration dates, but not for what the expiration dates should be. We believe the collective wisdom of OGP and agency representatives will enable them to establish the most beneficial and realistic expiration requirements.

Recommendation

We recommend to the Acting Associate Administrator, Office of Governmentwide Policy, that the Office of Travel, Transportation and Asset Management:

2. Continue its efforts to reach agreement with Federal agencies to change the Federal Management Regulation to require Federal license plate expiration dates.

Management's Response

The Acting Associate Administrator, Office of Governmentwide Policy, concurred with Recommendation Number 2 in his response to the draft report. A copy of his response is provided in Appendix A.

PART II – FAS Findings and Recommendations

Finding 3 - Large Quantities of License Plates Kept in Storage

Excessive quantities of license plates from prior years were stored at some locations throughout the country because Fleet had no comprehensive list of available license plates nor an effective system for matching orders with existing stocks. The excessive quantities increased the likelihood of misplaced, lost or stolen plates.

Although Fleet tracks license plates assigned to vehicles in its main computer operating system, the Fleet Management System (FMS), the records of non-assigned plates on hand were typically limited to spreadsheet files maintained on a desktop computer at each FMC.

Fleet determines the approximate number of vehicles and license plates it will need at the beginning of each fiscal year and places a production order with UNICOR, its license plate supplier, for the number of plates it anticipates needing. This is done because UNICOR cannot otherwise ensure timely delivery of the plates. UNICOR produces the license plates and places them in secure storage. The FMCs place delivery orders to UNICOR through Fleet's central office, and UNICOR selects plates from storage and ships them directly to the FMCs.

At the time of our audit, UNICOR shipped license plates directly to 63 Fleet FMCs and sub-FMCs. We visited the nine field locations listed earlier, which constituted about 14

percent of the total. The inventory records for the nine field locations and Central Office showed carryover stock from FY06 totaling about 3,100 sets of plates, with quantities at individual locations ranging from 72 to 723 sets. The largest carryover quantities at three of the locations were 723, 700 and 667 sets. Although the largest portion of the sets at these locations were ordered for FY06, there were plates in stock that had been held four or more years.

If the same general pattern held true for the other 54 locations, which we did not check, the estimated carryover was about 18,000 sets of plates. With FY06 purchases of about 39,100 vehicles, if the other locations had similar carryovers, the total represented about 45 percent more than the number of vehicles purchased.

Centralizing the inventories of license plates ordered and held by each FMC into a single listing maintained on Fleet's FMS would make information about the number of plates ordered and on hand much more readily available. This would be especially true if license plates are added to the listing as they are ordered; and receipts, transfers, assignments and destruction are also recorded in the listing. Most of this information should be attainable through links to other FMS files, such as the Vehicle File in which vehicle assignments are recorded.

The system would keep FMCs, regional management and Fleet's Central Office management informed of inventory levels, enable reduction of plate inventories, and assist license plate ordering. The inventory carryover from FY06 to FY07 showed a need to reduce the inventories to more realistic levels to lower the likelihood of license plates being misplaced, lost or stolen.

Recommendation

We recommend to the Commissioner, Federal Acquisition Service, that GSA Fleet:

3. Establish a central license plate listing in its central computer, the Fleet Management System, that at a minimum, includes the license plate numbers and locations of all unassigned GSA Fleet license plates.

Management's Response

The Commissioner, Federal Acquisition Service, concurred with Recommendation Number 3 in his response to the draft report. A copy of his response is provided in Appendix B.

Finding 4 - Agencies with State Plates Retain GSA Fleet Plates But Do Not Always Control Them Properly

Fleet vehicles that used state license plates to hide their Federal ownership retained GSA Fleet license plates as well. Some of these vehicles have been turned in at the end of their life cycle with the GSA Fleet plates missing. Fleet has no way of knowing

when the plates disappeared or whether they were subsequently used for improper or illegal purposes.

Fleet has about 7,800 vehicles that display local state plates instead of GSA Fleet license plates to conceal their Federal Government ownership. In most cases, vehicles have been assigned with the GSA Fleet plates, the state plates added later, and the GSA Fleet plates retained by the customer agency.

In January 2007 the Director of Fleet issued instructions to regional activities to cease leaving the GSA Fleet plates with state-plated vehicles unless an agency could justify the need to retain the GSA Fleet plates and agreed to properly secure them. Returned GSA Fleet plates were to be destroyed.

We agree with this approach, and believe the need to retain GSA Fleet plates in state-plated vehicles should be rare. The most common argument we encountered for retaining the plates was the GSA Fleet plates were needed to show Federal ownership to facilitate entry to Federal property. We find this argument weak. Federal facilities security personnel stated, and we believe, entry to Federal facilities should not be allowed until vehicle occupants provide personal identification that shows authority to enter the facility.

It was also argued GSA Fleet plates are needed because some Federal facilities do not allow authorized personnel to enter with non-Federal vehicles until proof of insurance is provided. Also, Federal plates need to be kept with state-plated vehicles to help validate charge card purchases because the charge cards display the Federal license plate numbers.

A copy of the certificate of origin, which lists the vehicle identification number and GSA Fleet as the owner, or state registration papers for the state plates when GSA Fleet is shown as the vehicle owner, should suffice to show Federal ownership, especially if the driver produces personal Federal law enforcement or similar identification.

The need to have Federal plates to validate charge card purchases also seems weak. For swiped purchases at the pump, this would not be an issue. For other purchases, the Maintenance Control Center (MCC) is listed as a contact point on the back of the card, and could be contacted to validate purchases. Producing a set of plates that match a charge card provides no assurance both were not stolen from a Federal vehicle unless the MCC is contacted for verification.

The Director's January directive also stated he saw no reason to order GSA Fleet plates for the vehicles that carry only state plates, which is a sound policy. However, a means of assigning GSA Fleet plate numbers will still be required for these vehicles as long as Fleet continues to identify vehicles internally by GSA Fleet license plate numbers. This should be relatively easy if a central listing of license plate numbers, as discussed above, is established. Numbers could be added to the listing and assigned to state-

plated vehicles, no orders placed for GSA Fleet license plates with these numbers, and the listing clearly annotated about what occurred.

Recommendations

We recommend to the Commissioner, Federal Acquisition Service, that GSA Fleet:

- 4.A Not allow GSA Fleet license plates be retained with state-plated vehicles unless an agency can clearly establish a definite need for the GSA plates; and,
- 4.B Establish a means of assigning GSA Fleet license numbers to state-plated cars for vehicle identification within Fleet's system, but without issuance of actual plates.

Management's Response

The Commissioner, Federal Acquisition Service, concurred with Recommendation Numbers 4.A and 4.B in his response to the draft report. A copy of his response is provided in Appendix B.

Finding 5 - Extra Plates Manufactured For Trailers But Not Used

Fleet receives two plates for its trailers, but the trailers have only one mounting position on the back. The extra plates have either been given to customer agencies for safe keeping, mounted over the first plate on the back of trailers, or retained by the FMCs. The trailers are kept for long periods, and accountability for the extra plates has sometimes been overlooked. As a result, Fleet has little assurance the extra plates are not being misused.

Although Fleet has a relatively low number of trailers, about 850, they account for 850 extra license plates that serve no purpose. If the plate fastened to a trailer is lost, the additional plate is not to be installed. Rather, the extra plate is supposed to be destroyed and the missing plate reported to the Department of Homeland Security, Federal Protective Service. The missing plate is then posted to a law enforcement computer as no longer valid. If it appears on a vehicle, it is to be considered stolen.

Fleet classifies its trailers as Class G91 vehicles, and the first 3 characters of their license plates are G91. Although Fleet personnel and others familiar with the meaning of the classes shown on GSA Fleet license plates realize Class G91 applies to trailers, others do not. A G91 plate placed on another type vehicle would simply appear as a Federal license plate to most people. A lost or stolen G91 license plate could be placed on any type of vehicle and most individuals would not recognize the class mismatch.

For new trailers, the most appropriate action is to either order only one license plate if this can readily be done, or the extra plate destroyed on receipt, and the destruction documented. For existing trailers, the extra plates should be located, destroyed and the destruction documented. The second plate serves no useful purpose, but can fall into the wrong hands and be used inappropriately.

Recommendations

We recommend to the Commissioner, Federal Acquisition Service, that GSA Fleet:

- 5.A Either order one plate when ordering trailer plates, or immediately destroy the second plate upon receipt if two plates have to be ordered; and
- 5.B Locate, destroy, and document the destruction of the second plate for existing trailers.

Management's Response

The Commissioner, Federal Acquisition Service, concurred with Recommendation Numbers 5.A and 5.B in his response to the draft report. A copy of his response is provided in Appendix B.

Finding 6 - Plates Lost After Vehicle Turn In

The license plates of vehicles turned in by customers frequently are not removed immediately, nor destroyed until the vehicles are sold. As a result, plates disappear between vehicle turn in and sale.

Customer agencies typically turn in vehicles for replacements at contractor facilities. The contractor completes an accountability form that details the vehicle's condition and the number of license plates returned, and has the agency representative sign the form acknowledging agreement with the report. If the contractor is also selling the vehicle, the contractor typically removes the license plates and places them in storage. If sale will take place elsewhere, the plates usually stay with the vehicles until they reach the sale point.

These procedures are followed so the plates are kept with vehicles until ownership transfers from Fleet. In the event Fleet needs extra vehicles to deal with a crisis, such as a hurricane or other major catastrophe, the availability of the plates allows Fleet to withdraw vehicles from the sales process and have the license plates immediately available.

However, the charge cards, each of which lists the license plate number of the vehicle to which it is assigned, are removed at the time of turn in, deactivated and destroyed.

Vehicles cannot be fully reactivated until new charge cards, again by corresponding license plate numbers, are ordered, produced and delivered to the vehicles.

Besides comments from Fleet personnel that license plates were lost between the time of vehicle turn in and destruction of the plates once the vehicles were sold, we found comments in the remarks section of the data stored in the FMS Lost Stolen file that showed repeated occurrences.

A download of all the records in the FMS Lost and Stolen file on June 7, 2007 resulted in a total of 2,849 records. Use of software to identify records containing statements indicating GSA Fleet license plates were lost in transit after vehicle turn in or at the auction house identified about 240 records. A visual scan of the remarks field of these records indicated many reported losses occurred after vehicles were turned in while others were more ambiguous about where the loss occurred. The time consuming task of reading the remarks section of all 2,849 records was not attempted, but those identified indicated plate losses after vehicle turn-in is not uncommon.

The losses after turn in could be reduced by removing the license plates from vehicles at the point they are no longer needed, and by not retaining them until the vehicles are sold. In some cases plates are needed on vehicles after being turned in so they can be driven, rather than transported to the sales location. In others, the plates are no longer needed once the vehicles have been turned in.

We see little point in retaining license plates until vehicles are sold. License plates would not be as immediately available, should a need arise to reactivate vehicles. However, if a centralized listing of available license plates is developed, replacement license plates could be immediately identified and sent by overnight delivery and should reach vehicles at approximately the same time as replacement charge cards. Without the charge cards along with license plates, reactivated vehicles would be difficult for customers to use.

Recommendation

We recommend to the Commissioner, Federal Acquisition Service, that GSA Fleet:

6. Destroy license plates as soon as practical once they are no longer needed, rather than holding them until vehicles are sold.

Management's Response

The Commissioner, Federal Acquisition Service, concurred with Recommendation Number 6 in his response to the draft report. A copy of his response is provided in Appendix B.

Finding 7 - Reporting Losses to Law Enforcement Agencies Not Always Consistent

Lost and stolen license plates are posted in the National Crime Information Center, a system controlled by the Federal Bureau of Investigation (FBI). Until Fleet's losses are posted in this system, it has little assurance law enforcement offices will be aware of missing license plates. However, Fleet offices experienced difficulty getting lost and stolen license plates posted in the National Crime Information Center (NCIC) system in the past because of communications breakdowns with the Department of Homeland Security (DHS), Federal Protective Service (FPS) Mega Centers. These are Fleet's contact points for getting the information posted. Although communication improved after Fleet developed a computer program to help with the process, we found indications of some continued weaknesses in the reporting.

In the event a license plate is lost or stolen, Fleet is required to report it to one of four FPS Mega Centers. FPS uses the Mega Centers as communication and dispatch networks to provide communications for police business and FPS customers. Once Fleet notifies a Mega Center of a license plate loss or theft, the Mega Center is supposed to respond back to Fleet with two numbers: the DHS case number, and the NCIC case number. These numbers provide assurance the lost or stolen license plate information has been posted in the NCIC system, which holds information on criminal activity in the United States. Once posted, the information becomes available to law enforcement officials throughout the country.

Fleet does not supply information directly to NCIC but to FPS because the FBI will only allow law enforcement agencies direct access to the system. However, Fleet has experienced instances when information reported to FPS was not entered into the NCIC system. Fleet developed a computer program its field offices use to help with communicating license plate losses and thefts to FPS, but occasional difficulties were still experienced. And some Fleet offices assured they obtained the case numbers and others did not. Those offices experiencing the greatest success were those that had a single individual who reported the losses and thefts, established a rapport with FPS, and followed up to obtain the FPS and NCIC case numbers when FPS was not forthcoming with them.

An incident related to us by an FMC manager regarding stolen license plates helps to demonstrate the importance of assuring lost and stolen plates are posted in the NCIC system. The manager, located in a southern border state, was returning to the FMC in a GSA Fleet vehicle and happened to note a Chrysler Grand Caravan with GSA Fleet license plates. His attention was initially drawn to the vehicle because Fleet has not typically purchased Grand Caravans. It was only after noting the incongruity between the GSA Fleet license plates and the type vehicle that he noticed the vehicle class designation of the license plate—it was the wrong class for the vehicle.

He called the FMC, and learned the plates were listed in Fleet's system as stolen. He then called 911 and notified the call center that he was following a vehicle with stolen GSA Fleet plates. The center routed him to the county police, who declined to act

because the vehicles were getting close to a city. The county police routed the call to the city the vehicles were approaching, and the FMC manager was placed on hold for an extended period. In the meantime, the Caravan driver apparently suspected he was being followed, abruptly cut across several lanes of traffic and exited the expressway they were on. The manager was not able to react quickly enough to continue following the Caravan.

Upon further research, he found the license plates had been stolen from a military recruiter's vehicle in December 2005, almost one year earlier, and provided evidence that notice had been sent to the appropriate FPS mega center. However, FPS stated they had no record of the reporting, and the FMC did not have the NCIC control number. The FMC submitted another report and obtained the NCIC control number. As of the end of May 2007, the license plates had not been recovered.

The incident shows the need to ensure thefts and losses get posted in the NCIC system, that even individuals with extensive Fleet experience may not immediately notice license plates with the wrong class designation, and that stolen plates can stay in circulation for long periods.

Recommendation

We recommend to the Commissioner, Federal Acquisition Service, that GSA Fleet:

7. Centralize its reporting of lost and stolen plate information to the Department of Homeland Security, Federal Protective Service to the extent practical.

Management's Response

The Commissioner, Federal Acquisition Service, concurred with Recommendation Number 7 in his response to the draft report. A copy of his response is provided in Appendix B.

Additional Issue

UNICOR Manufacturing. We visited the UNICOR facility in Cumberland, Maryland to review its procedures for manufacturing license plates. We found it relied heavily on manual processes. For instance, manufacturing information was transferred manually between computers. The decals that provide instructions where to return lost plates were manually attached to the back of the plates, not by machine. Finished plates were manually inspected, put into plastic sleeves, and placed in shipping containers. UNICOR's focus is to keep a high number of the inmates employed, not to establish highly automated processes that may be more efficient and contain more reliable safeguards against manufacturing errors than manual processes.

On leaving the prison factory, the inmates were required to empty their pockets, go through a metal detector, and were patted down. Entrance and exit to the factory was through multiple security doors. The security procedures appeared to provide adequate assurance the plates will not be stolen from the factory area. One of the final checks carried out by the supervisor of the warehouse from which the plates are shipped is to ensure the shipping address corresponds to the address shown on Fleet's shipping order.

Although a more automated manufacturing and shipping processes could provide additional controls, those used by UNICOR appeared adequate. We found no reportable conditions.

Internal Controls

Control weaknesses noted during the audit have been addressed in the report.

AUDIT OF GSA FLEET'S
CONTROL OF LICENSE PLATES
FEDERAL ACQUISITION SERVICE
REPORT NUMBER A070076/Q/5/P08001/P08001


OFFICE OF GOVERNMENTWIDE POLICY'S RESPONSE TO THE DRAFT REPORT



OCT -3 2007

GSA Office of Governmentwide Policy

MEMORANDUM FOR DAVID K. STONE
REGIONAL INSPECTOR GENERAL FOR AUDITING
GREAT LAKES REGION (JA-5)

FROM: KEVIN MESSNER 
ACTING ASSOCIATE ADMINISTRATOR
OFFICE OF GOVERNMENTWIDE POLICY (M)

SUBJECT: Audit of GSA Fleet's Control of License Plates

We appreciate the opportunity to review and comment on the draft report, "Audit of GSA Fleet's Control of Licenses Plates, Federal Acquisition Service" (Report Number A70076/Q/5). The Office of Inspector General recommends that OGP analyze whether the Federal Management Regulation should be changed to require one license plate per Federal vehicle rather than two; and, continue its efforts to reach agreement with Federal agencies to change the FMR to require Federal license plate expiration dates.

OGP agrees with the recommendation to continue its efforts to incorporate expiration dates on license plates. Prior to this audit, OGP began a major project to develop a centralized Federal Motor Vehicle Registration tool that will facilitate governmentwide recording of all Federal motor vehicles and the license plates. This project is being coordinated with representatives of all Federal agencies that operate motor vehicle fleets to ensure a sound and feasible approach to the changes in vehicle licensing and registration, and to facilitate a smooth implementation of this major initiative. OGP is analyzing the assignment of the license plate number to one vehicle or vehicle identification number, and including expiration dates on license plates to maintain the integrity and accuracy of data in the Federal Motor Vehicle Registration tool. The implementation of expiration dates on license plates will also ensure proper accountability of license plates and increase the likelihood that agencies promptly report lost or stolen license plates in the registration tool.

The OGP agrees with the recommendation to analyze the use of a single rear license plate versus a front and rear license plate on government motor vehicles. As part of the registration project, OGP is analyzing the current requirement of two licenses tags on government motor vehicles as it relates to the security of the vehicle, the potential misuse of lost or stolen vehicles or license tags, and the requirement of 40 U.S.C. 609 that Federal vehicles be conspicuously identified as such. If warranted, OGP will take necessary action to change the Federal Management Regulation.

If you have any questions, please contact me. Staff inquiries may be directed to Ms. Janet Dobbs, Director of Fleet Policy, OGP, at (202) 208-6601.

U.S. General Services Administration
1800 F Street, NW
Washington, DC 20405-0002
www.gsa.gov

AUDIT OF GSA FLEET'S
CONTROL OF LICENSE PLATES
FEDERAL ACQUISITION SERVICE
REPORT NUMBER A070076/Q/5/P08001


FEDERAL ACQUISITION SERVICE'S RESPONSE TO THE DRAFT REPORT



GSA Federal Acquisition Service

September 11, 2007

MEMORANDUM FOR DAVID K. STONE
REGIONAL INSPECTOR GENERAL FOR AUDITING
GREAT LAKES REGION (JA-5)

FROM:  JAMES A. WILLIAMS
COMMISSIONER
FEDERAL ACQUISITION SERVICE (Q)

SUBJECT: OIG Draft Report, "Audit of GSA Fleet's Control of
License Plates, Federal Acquisition Service" (A070076/Q/5)

Thank you for the opportunity to review the above draft audit report. I concur with the report's recommendations that are addressed to the Federal Acquisition Service. Action plans for implementing those recommendations are being prepared.

Please call me at (703) 605-5400 if you have any questions. Your staff may contact Ms. Cathy Fick at (703) 605-5452 or catherine.fick@gsa.gov for additional information.

cc: Andrew Patchan
Assistant Inspector General for Auditing (JA)

APPENDIX C

AUDIT OF GSA FLEET'S
CONTROL OF LICENSE PLATES
FEDERAL ACQUISITION SERVICE
REPORT NUMBER A070076/Q/5/P08001

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