United States General Accounting Office

GAO

Report to Congressional Requesters

May 2004

FEDERAL ACQUISITION

Increased Attention to Vehicle Fleets Could Result in Savings

GAO-04-664

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Highlights

Highlights of GAO-04-664, a report to congressional requesters

Why GAO Did This Study

Federal agencies spend about $1.7 billion annually to operate a fleet of about 387,000 vehicles. During the last decade, concerns have been raised about whether agencies have more vehicles than they need. In an April 2002 letter to federal agencies, the Office of Management and Budget stated that the size of the federal fleet seemed excessive.

GAO was asked to determine (1) the extent to which agencies ensure that their fleets are the right size to meet agency missions, (2) whether potential savings could result from the disposal of unneeded vehicles, and (3) what actions are being taken on a governmentwide basis to improve fleet management practices. GAO focused its review on the justification for acquiring and retaining vehicles at the Departments of Agriculture, Army, Homeland Security, Navy, and Veterans Affairs.

What GAO Recommends

GAO is making recommendations to the General Services Administration (GSA), the Office of Management and Budget, and the Departments of Agriculture, Defense, Homeland Security, and Veterans Affairs on the need to periodically assess fleet size and composition using utilization criteria related to the mission of a vehicle. In written and oral comments on a draft of this report, the agencies generally agreed with GAO's recommendations.

www.gao.gov/cgi-bin/getrpt?GAO-04-664.

To view the full product, including the scope and methodology, click on the link above. For more information, contact David Cooper at (202) 512-4841 or cooperd@gao.gov.

What GAO Found

Because of a lack of attention to key vehicle fleet management practices, the agencies GAO reviewed cannot ensure their fleets are the right size or composition to meet their missions. Industry practices for cost-efficient fleets include the development of utilization criteria related to the mission of a vehicle and periodic fleet assessments using these criteria to determine the appropriate fleet size and composition. If unneeded vehicles are identified, they are disposed of. However, the agencies GAO reviewed have not established policies that contain clearly defined utilization criteria that would allow them to determine the number and type of vehicles they need. Further, agencies are not routinely conducting periodic fleet assessments. Two agencies, the Navy and the Forest Service within the Department of Agriculture, conduct assessments; however, these assessments are either inconsistently applied or the results are not enforced. Some agencies have begun to recognize the need to revise their guidelines to provide better criteria for determining their vehicle needs.

GAO's work and reviews by inspectors general identified numerous instances where agencies were retaining vehicles they did not need, with potential savings ranging from thousands to millions of dollars if these vehicles were eliminated. For example, the Department of the Interior's Inspector General reported that a significant portion of the department's 36,000 vehicles were underutilized and estimated savings of $34 million annually if these vehicles were disposed of.

GSA's Office of Governmentwide Policy and the Office of Management and Budget have recently taken a number of actions to require agencies to better manage and improve the cost-efficiency of their fleets. The Office of Governmentwide Policy is currently revising the Federal Management Regulation to require agencies to (1) appoint a central fleet manager with control over all aspects of fleet management, including fleet budgets, which are now generally controlled at the local level; (2) establish utilization criteria and periodically review fleet size; and (3) fund a fleet management information system. The Office of Governmentwide Policy plans to work in a cooperative effort with agencies to implement the revised regulation. However, based on discussions with officials from the agencies GAO reviewed, GAO anticipates that GSA will face opposition to its requirement for centralized budget control over the fleets. In 2002, the Office of Management and Budget began requiring agencies to report, as part of their budget submissions, the size, composition, and cost of their fleets for the current year and to project costs for the next 3 fiscal years.

Contents

Letter		1
	Results in Brief	2
	Background	4
	Fleet Management Attention Is Needed to Ensure That Fleets Are the Right Size and Composition	6
	Opportunities Exist to Dispose of Underutilized Vehicles and Realize Potential Savings	9
	Governmentwide Initiatives to Improve Fleet Management Practices	11
	Conclusions	13
	Recommendations for Executive Action	13
	Agency Comments and Our Evaluation	14
Appendix I	**Scope and Methodology**	18
Appendix II	**Comments from the Department of Agriculture**	22
Appendix III	**Comments from the Department of Defense**	24
Appendix IV	**Comments from the General Services Administration**	26
Appendix V	**Comments from the Department of Homeland Security**	29
Appendix VI	**Comments from the Department of Veterans Affairs**	31
Appendix VII	**Reviews Identifying Excess Vehicles at Various Agencies**	33

Figures

Figure 1: Approximate Number of Vehicles Operated by the Agencies Included in Our Review 5
Figure 2: Extent to Which Agencies' Policies Provide Mission-Related Utilization Criteria and Agencies Conduct Periodic Fleet Assessments 7

Abbreviations

APHIS	Animal and Plant Health Inspection Service
DHS	Department of Homeland Security
FAST	Federal Automotive Statistical Tool
GSA	General Services Administration
NRCS	Natural Resources Conservation Service
OGP	Office of Governmentwide Policy
OMB	Office of Management and Budget
TEMC	Transportation Equipment Management Centers

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Accountability * Integrity * Reliability

United States General Accounting Office
Washington, DC 20548

May 25, 2004

The Honorable Susan M. Collins
Chairman
Committee on Governmental Affairs
United States Senate

The Honorable Russell D. Feingold
United States Senate

Federal agencies spend about $1.7 billion annually to acquire, operate, and maintain a fleet of about 387,000 trucks, passenger vehicles, and other vehicles, such as ambulances and buses.[1] These vehicles can be leased from the General Services Administration (GSA) or commercial companies or purchased by the agency. According to GSA data, the size of the federal fleet has remained fairly constant over the last 6 years. However, during the last decade, concerns have been raised about whether agencies are acquiring more vehicles than they need to meet their missions. These concerns culminated in an April 2002 letter to federal agencies, in which the Director of the Office of Management and Budget (OMB), stated that the size of the federal fleet seemed, in many cases, to be excessive and that significant reductions may be in order.

You asked us to determine (1) the extent to which agencies ensure that their fleets are the right size to meet agency missions, (2) whether potential savings could result from the disposal of unneeded vehicles, and (3) what actions are being taken on a governmentwide basis to improve fleet management practices. We conducted our work at the Departments of Agriculture, Army, Navy, Homeland Security, and Veterans Affairs; all of which account for about 200,000 vehicles, or about 53 percent of the federal government's fleet. Within the Department of Veterans Affairs, we focused on the Veterans Health Administration because it is responsible for agencywide fleet management. Within Agriculture, we focused our review on the Forest Service, Natural Resources Conservation Service (NRCS), and Animal and Plant Health Inspection Service (APHIS), which account for about 75 percent of Agriculture's vehicles. Because the

[1] This number does not include Postal Service vehicles or tactical vehicles (those intended for use in combat).

Department of Homeland Security (DHS) was formed only recently and its various organizational elements are currently operating under fleet policies from their legacy agencies, we limited our review to the actions the department is taking to leverage its buying power when acquiring vehicles and to develop departmentwide fleet management guidelines. We interviewed officials and analyzed information provided by these agencies, as well as GSA and OMB. We focused our work on agencies' justifications for acquiring and retaining vehicles and did not assess their vehicle operation, maintenance, or disposal practices. We also talked with representatives from private industry who are familiar with efficient fleet management practices. A detailed discussion of our scope and methodology is in appendix I. We conducted our review from September 2003 to April 2004 in accordance with generally accepted government auditing standards.

Results in Brief

The agencies we reviewed cannot ensure that their vehicle fleets are the right size and composition to meet agency missions because of a lack of attention to key fleet management practices. Industry practices for cost-efficient fleets include developing utilization criteria related to the mission of a vehicle and conducting periodic fleet assessments to determine whether fleets are the right size and composition. If unneeded vehicles are identified, they are disposed of. However, policies at the agencies we reviewed do not generally call for clearly defined utilization criteria related to the mission of a vehicle—such as the number of trips per day or hours on station—to ensure that decisions to acquire and retain vehicles are based on a validated need. In addition, most of the agencies do not conduct periodic assessments of their fleets to determine whether they have the right number and type of vehicles. The Navy and the Forest Service do conduct assessments, but either they are done sporadically or the results are not enforced. Some agencies have started to recognize the need to pay more attention to fleet management and are taking steps to revise their guidelines to provide better criteria to determine vehicle needs.

Our work and reviews by inspectors general identified numerous instances where agency fleets included a number of underutilized vehicles. If these vehicles were disposed of, agencies could realize savings ranging from thousands to millions of dollars. For example, the Department of the Interior's Inspector General reported that a significant portion of the department's fleet of approximately 36,000 vehicles is underutilized and estimated savings of $34 million if these vehicles were eliminated from the fleet. Savings can also be realized by changing the composition of

the fleet—buying vehicles that are less expensive and less costly to operate and maintain. For example, officials at a Veterans Affairs medical center are replacing 15 passenger vans with less expensive sedans and minivans that will still allow them to meet their community outreach goals.

GSA's Office of Governmentwide Policy and OMB have recently taken a number of actions to require agencies to better manage and improve the cost-efficiency of their fleets. The Office of Governmentwide Policy is currently revising the Federal Management Regulation pertaining to fleet management.[2] The revised regulation will require agencies to (1) appoint a senior level fleet manager at agency headquarters with the authority for all aspects of fleet management, including control over budget and local decisions; (2) establish utilization criteria and periodically review fleet size; and (3) invest in a fleet management information system. GSA plans to work cooperatively with agencies to help them implement these requirements; however, based on our discussions with agencies outside of GSA, we anticipate strong opposition to the requirement that agencies centralize budget control of the fleets. OMB has recently required agencies, as part of their budget submissions, to report on the size, composition, and cost for their fleets for the current year and to project fleet costs over the subsequent 3-year period.

In this report, we make recommendations to GSA, OMB, and the Departments of Agriculture, Defense, Homeland Security, and Veterans Affairs on the need to periodically assess fleet size and composition using utilization criteria related to the mission of a vehicle. In written and oral comments on a draft of this report, the agencies generally concurred with our findings and recommendations.

[2] 41 CFR Part 102-34 (2003).

Background

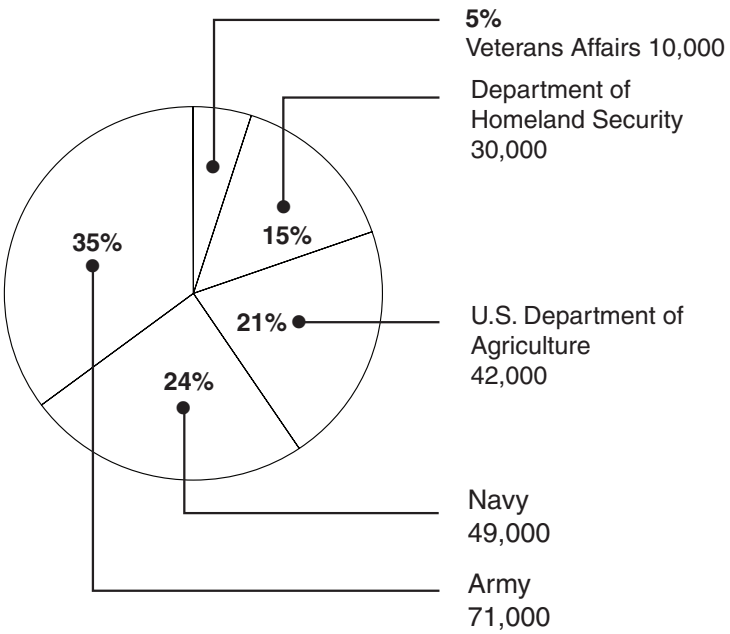
The size and cost of operating the federal vehicle fleet has been a subject of concern for many years. In 1986, Congress enacted legislation that required agencies, among other things, to collect and analyze the costs of their motor vehicle operations, including acquisition decisions, in order to improve the management and efficiency of their fleets and to reduce costs.[3] Two years later, we reported that most agencies had not conducted the required studies. In 1992, an interagency task force identified obstacles to cost-efficient fleet management, including the continued lack of compliance with the 1986 legislative requirements, and stated that agencies lacked basic information to effectively and efficiently manage their fleets. In 1994, we reported,[4] among other things, that successful fleet practices included oversight at the headquarters level to ensure that uniform written policies and guidance are provided throughout the organization and fleet management information systems to provide accurate data about the fleet. We also reported that agencies need to conduct periodic reviews to ensure their fleets are the right size and composition.

The vehicle fleets at the agencies we reviewed are widely dispersed. For example, the Army and Navy operate vehicles throughout the world, while the Veterans Affairs fleet is spread across medical centers, national cemeteries, and other locations throughout the country. The approximate number of vehicles operated by the agencies included in our review is shown in figure 1.

[3] Pub. L. No. 99-272, Sections 15301-15313 (Apr. 7, 1986).

[4] U.S. General Accounting Office, *Federal Motor Vehicles: Private and State Practices Can Improve Fleet Management*, GAO/GGD-95-18 (Washington, D.C.: Dec. 29, 1994).

Figure 1: Approximate Number of Vehicles Operated by the Agencies Included in Our Review



Source: GAO analysis of agency data.

The Office of Governmentwide Policy within GSA develops policies, disseminated through the Federal Management Regulation, and bulletins for agency vehicle fleet management. Federal agencies, however, are responsible for managing their own fleets, including making decisions about the number and type of vehicles they need and how to acquire them. OGP also collects data from agencies via the Federal Automotive Statistical Tool (FAST) concerning fleet size, composition, and costs. Although GSA uses these data in annual reports to OMB on the government's fleet size and costs, GSA officials told us that much of the data are inaccurate because of the different systems agencies use to collect and report information.

Fleet Management Attention Is Needed to Ensure That Fleets Are the Right Size and Composition

The agencies we reviewed cannot ensure that their vehicle fleets are the right size and composition to meet their missions because of a lack of attention to key fleet management practices. In particular, agencies generally have not established policies with clearly defined utilization criteria related to the mission of a vehicle to ensure that decisions to acquire and retain vehicles are based on a validated need. In addition, agencies have not implemented periodic assessments to determine whether they have the right number and type of vehicles in the fleet. Some agencies have begun to recognize the need to pay more attention to fleet management and are taking steps to review their guidelines in an effort to provide better criteria to determine vehicle needs and to manage their fleets more efficiently.

Agency Policies Do Not Define Mission-Related Utilization Criteria and Fleets Are Not Periodically Assessed

Industry practice for cost-efficient fleets includes establishing policies and procedures that contain clearly defined utilization criteria related to the mission of a vehicle. These criteria are then used to conduct periodic assessments of the fleet to identify underutilized vehicles. As previously noted, our 1994 report highlighted the importance of these fleet management practices. However, as shown in figure 2, most of the agencies we reviewed do not have clearly defined criteria and have not conducted periodic fleet assessments. We did not include DHS in this chart because the agency is still developing most of its fleet management guidelines, policies, and vehicle utilization standards.

Figure 2: Extent to Which Agencies' Policies Provide Mission-Related Utilization Criteria and Agencies Conduct Periodic Fleet Assessments

	Army	Navy	Forest Service	NRCS	APHIS	VA
Do agency policies provide clearly defined utilization criteria to allow local officials to make decisions on fleet size based on the specific mission of the vehicle?	◐	◐	○	◐	○	○
Does the agency conduct periodic fleet assessments to determine whether all vehicles are needed?	○	◐	◐	○	○	○

● Yes – indicates that agency policies, procedures, or guidelines specifically and completely address the issue.

◐ Somewhat – indicates that the agency policies, procedures, or guidelines address the issue in a general manner.

○ No – indicates that agency policies, procedures, or guidelines do not address the issue.

Source: GAO analysis.

The lack of appropriate utilization criteria means that local level officials—who usually make the decisions to acquire and retain vehicles—are not basing their decisions on a validated need. Some agencies establish the number of miles traveled, such as the 12,000 miles per year in GSA's guidance, as a criterion to measure vehicle utilization. However, this criterion is not appropriate for the mission of some vehicles, such as those used for utility work, medical transportation, or security. Therefore, agency officials often ignore mileage standards. None of the agencies assigned a value to other criteria, such as number of trips per day or hours on station, to measure vehicle use when mileage is not an appropriate measure.

Following are some examples of cases we found where the application of specific criteria related to the mission of a vehicle would give local fleet managers a more accurate basis on which to make decisions about fleet size:

- At one Veterans Affairs medical center, vehicles are used to transport veterans from their homes to outpatient rehabilitation activities in a metropolitan area outside of Boston. Veterans Affairs officials told us that using only a mileage standard to justify the need for the vehicles is inappropriate because they are used within a confined area. The officials agreed that a better measure would be the number of trips or the number of veterans served.

- The Department of Defense prescribes that the military services establish utilization measures, such as passengers carried or hours used, to measure the need for a vehicle when mileage is not appropriate. However, neither Army nor Navy guidelines incorporate these types of utilization criteria.
- Natural Resources Conservation Service policy includes only one criterion to establish fleet size, which is a ratio of employees to vehicles. The definition of employees includes full- and part-time employees and volunteers, regardless of roles or job description.

Further, agencies generally do not conduct periodic assessments of their fleets. Decisions about whether to acquire and retain vehicles are made at the local level with little or no headquarters oversight. These local-level decisions are frequently based on the availability of funds rather than on a validated need. For example, directors of Veterans Affairs medical centers and state conservationists at the Natural Resources Conservation Service determine whether or not to acquire vehicles based on the availability of funds. The Army allows local commanders to acquire vehicles with available funds without further justification within established allocation levels. However, these levels have not been reviewed since 1991, 13 years ago.

The Navy and the Forest Service conduct periodic assessments of fleet size, but the results of the assessments are either not enforced or not conducted in a systematic manner. The Navy's Transportation Equipment Management Centers (TEMC)[5] conduct utilization assessments to recommend fleet inventory levels for Navy commands, yet the commands are not required to implement the recommended inventory levels. The Forest Service's guidelines contain instructions for a systematic review of vehicle utilization at local sites, but these reviews are not consistently performed at the locations we visited, and the local sites are not required to report the results of the reviews to agency headquarters.

Some Agencies Are Taking Steps to Improve Fleet Management Practices

Some agencies have begun to focus more attention on fleet management practices that they believe will improve the efficiency of their fleets. At the start of fiscal year 2004, the Army and Navy reorganized to centralize the management of facilities and equipment, including vehicles that are not related to combat forces, at various commands and installations. The Navy

[5] TEMCs are responsible for the management of transportation equipment at the Navy command level including assignment, replacement, and approval of transportation equipment requirements.

established the Naval Installations Command and the Army established the Installation Management Agency for this purpose. Navy and Army officials told us that these organizations should result in increased attention to fleet management, including the enforcement of the TEMCs's recommended inventory level in the Navy and the revision of outdated vehicle allocation levels in the Army. Officials told us that these organizations will provide more centralized oversight of the Army and Navy vehicle fleets, but individual commands will continue to determine the need for vehicles within the established inventory objectives or allocation levels. At the time of our review, it was too early to determine the impact these reorganizations will have on improving fleet management practices.

In addition, some agencies are reviewing their guidelines in an attempt to include more specific requirements for fleet management. For example, Veterans Affairs officials told us that they are developing a vehicle manual with detailed guidance on how to measure utilization and hope to issue it in the fall of 2004. Department of Defense officials are in the process of revising the department's guidelines and are considering requiring the application of utilization criteria tied to the mission of a vehicle to determine the need for vehicles. In early 2003, DHS established a Fleet Commodity Council to review strategic sourcing issues, including how the department can leverage its purchasing power when acquiring vehicles. The council, made up of agency fleet managers, meets quarterly. In addition, departmentwide fleet management policies and guidelines are being developed and will include criteria for justifying and assessing vehicle fleet sizes.

Opportunities Exist to Dispose of Underutilized Vehicles and Realize Potential Savings

Our work and reviews by inspectors general identified numerous instances where agencies had an excessive number of vehicles in their fleets. If these vehicles were disposed of, agencies could realize savings ranging from thousands to millions of dollars, as illustrated in the following examples:

- In February 2004, the Department of the Interior's Inspector General reported that a significant portion of the department's fleet of approximately 36,000 vehicles is underutilized and estimated savings of $34 million.
- At the end of fiscal year 2003, Navy reviews of selected activities estimated fleet savings of $3.7 million per year if installations reduced their fleets based on recommendations from these reviews.
- In 2003, a U.S. Army Audit Agency report identified one Army garrison that had retained 99 excess vehicles in its fleet.

- A 2001 Veterans Affairs' Inspector General report noted that accountability over the department's owned vehicles at a medical center could not be reasonably assured. For example, agency auditors found one vehicle that had been parked behind a laundry facility and had not been moved since it was purchased in 1997. The report described the acquisition of the vehicle as unjustified.

Appendix VII contains additional examples of reports that highlight potential savings if unnecessary vehicles were eliminated from agencies' fleets.

In other cases, locations have reduced their fleet size—primarily because of pressure to cut their budgets—and consequently realized savings, as illustrated in the following examples:

- A Navy command decreased its fleet from 156 to 105 vehicles over the course of a year, resulting in savings of about $12,000 per month. A Navy official explained that the decrease in vehicles was driven by cuts in the command's budget.
- A Veterans Affairs medical center, in an effort to find potential savings, reduced its fleet by 12 vehicles, with estimated savings of about $57,000 per year.
- In the 1990s, a Forest Service region eliminated 500 leased vehicles when the agency reduced its workforce due to budget reductions, according to a regional official.

However, because these reductions were not based on the application of utilization criteria to identify vehicle needs, there is no guarantee that the fleets are the right size to meet the agencies' missions.

Industry practice for cost-efficient fleets also calls for an assessment of the type of vehicles being acquired. Savings can be realized by changing the composition of the fleet—buying vehicles that are less expensive and less costly to operate and maintain. We found cases where local level officials had taken this step. For example, in assessing the need for vehicles to expand community outreach services, program officials at a Veterans Affairs medical center are replacing 15 passenger vans with less expensive sedans and minivans that will still allow them to accomplish the program's goals. In another case, a local Navy fleet manager was able to help a security organization reduce its fleet costs by using less expensive trucks for carrying dogs used by law enforcement officials.

Governmentwide Initiatives to Improve Fleet Management Practices

As a result of a review of governmentwide fleet practices, GSA's Office of Governmentwide Policy (OGP) and OMB are taking actions to require agencies to better manage and improve the cost-efficiency of their fleets. In 2002, OGP initiated a review of federal agencies' fleet management practices in cooperation with OMB. Twenty-one agencies responded to a GSA survey, which found, among other things, that the vast majority of agencies lack utilization criteria by which to determine vehicle needs and identify underutilized vehicles. The survey further found that many agencies have little control over fleet budgets and allocation levels for vehicles and lack effective fleet management information systems. Based on the survey results, OGP is currently revising the Federal Management Regulation to require agencies to improve fleet management practices by, among other things, (1) appointing a central fleet manager, (2) periodically reviewing fleet size, and (3) funding a fleet management information system.

In 1994, we reported that the primary role of a central fleet manager is to establish and monitor written policies, collect and analyze fleet data, and look for opportunities to improve fleet operations. OGP officials believe that effective fleet management requires centralizing control at the headquarters level over all decisions related to fleet size. Thus, OGP will require agencies to appoint a senior management official with decision-making authority and control over all aspects of the agency's fleet program, including the entire fleet budget and approval of local-level decisions. However, we anticipate strong opposition to this requirement, based on our discussions with agency officials outside of GSA. Many of the headquarters officials we interviewed believe that local-level fleet managers, given the right tools, are in the best position to make decisions on the need for vehicles and that centralized oversight, rather than control over the budgets and decision making, would be more appropriate.

The revised regulation will also require agencies to develop criteria against which to evaluate the need for vehicles and to use these criteria in performing annual fleet assessments. OGP officials told us that the regulation will not include examples of the different criteria that could be used to determine vehicle needs. Instead, this type of information will be incorporated in GSA bulletins issued periodically to agencies and posted on the GSA Web site. Based on the results of the 2002 survey, OGP had planned to recommend that agencies base their decisions about the need for vehicles on a staff-to-vehicle ratio; however, officials told us they will require agencies to consider other measures more appropriate to a vehicle's mission. As discussed above, industry practices include establishing multiple utilization criteria, such as mileage, number of trips

per day and hours on station, because of the differing nature of agency missions.

OGP further intends to require agencies to fund a fleet management information system that would allow them to accurately collect information on the cost to acquire, operate, and maintain their fleets. This initiative will allow agencies to better forecast fleet funding and make well-founded decisions about when to replace vehicles. OGP plans to issue guidelines defining the minimum functional requirements for the system. Officials we spoke with at Defense, DHS, and Veterans Affairs stated that they believe that developing a fleet management system is important, but they are at varying stages of exploring options, requesting bids from contractors, and requesting funding.

While OGP believes it has the authority to require agencies to follow its regulation and guidelines, enforcement will be another matter. OGP officials plan to work with agencies in a cooperative effort, through workshops and federal fleet conferences, to help them implement the requirements in the upcoming regulation, which they expect to issue in October 2004. They are also considering issuing "report cards" on the progress agencies are making in implementing and following the revised regulation.

OMB has also taken steps to hold agencies accountable for more effective fleet management practices. In 2002, OMB began requiring agencies, as part of their budget submission, to report the size, composition, and cost of their fleets for the current year and to project costs for the next 3 fiscal years.[6] The narrative in the report must also detail the reasons for any significant changes in fleet size, discuss the methodology used to assign vehicles, and identify any impediments to managing the fleets. Recognizing the difficulties with collecting reliable data, GSA and OMB plan to work with agencies to improve their data collection and reporting. Officials believe that as agencies move to better fleet management information systems, the data will improve.

[6] OMB Circular No. A-11, Preparation, Submission, and Execution of the Budget, § 25.5 (2003).

Conclusions

Despite long-standing concerns over the size of the federal fleet, the agencies we reviewed still do not know if their fleets are the right size and composition. Until agencies develop and apply utilization criteria tied to the mission of the vehicles in their fleets, they will not know how many vehicles they need to meet their missions. Moreover, by not using such criteria to assess their fleets periodically, agencies are missing the potential opportunity to identify excess vehicles, reduce their fleets, and save money. While some agencies have started to take actions to improve fleet management, at this time it is unclear how successful these efforts will be in providing more efficient fleet management. Because of its role in providing fleet management policy, GSA's Office of Governmentwide Policy is in a position to take the lead in assisting agencies to develop appropriate utilization criteria and to assess their fleet size and composition. That office, in conjunction with OMB, has taken steps to focus attention at a governmentwide level on the need to improve fleet management practices. However, the plan to require agencies to centralize budget control over their fleets is a contentious one, and it remains to be seen how agencies will respond once the draft regulation is issued. In the meantime, additional measures are needed to ensure that the federal government's fleet does not contain excessive numbers of vehicles.

Recommendations for Executive Action

To help agencies determine the appropriate size and composition of their fleets, we recommend that the Administrator of GSA direct the Office of Governmentwide Policy to include in the revised Federal Management Regulation the following two requirements for agencies

- develop utilization criteria related to the missions of the vehicles and
- conduct periodic assessments of the number and type of vehicles in their fleets using these criteria.

To bring further attention to the potential budget impact of retaining excessive vehicles, we recommend that the Director of OMB require agencies, as part of the new reporting requirement in their budget submissions, to report on (1) the criteria they used to determine the need for vehicles and (2) the results of fleet assessments they have conducted.

To ensure that agency fleets are the right size and composition to meet their missions, we recommend that the Secretaries of the Departments of Agriculture, Defense, Homeland Security, and Veterans Affairs take the following three actions

- establish guidance and policies that include clearly defined utilization criteria to be used in validating the need for vehicles based on their missions;
- require fleet managers to use these criteria in determining the need for vehicles and in conducting periodic fleet assessments; and
- establish effective oversight mechanisms to ensure that the utilization criteria are defined and fleet assessments are carried out.

Agency Comments and Our Evaluation

We received written comments on a draft of this report from GSA and the Departments of Agriculture, Defense, Homeland Security, and Veterans Affairs, and we received oral comments from OMB. All of the agencies generally concurred with our findings and recommendations. The written comments are reproduced in appendixes II through VI.

GSA noted that the primary contributor to the lack of progress in fleet management improvement has been the absence of strong management support for fleet reform and the consequent lack of resources for acquiring management information systems. GSA observed, however, that many agencies are becoming more aware of these issues. GSA also noted that although our report discusses three revisions to the Federal Management Regulation that GSA is in the process of drafting, these three revisions are part of a comprehensive package of 10 recommendations for fleet management reform that came out of GSA's Federal Fleet Review Initiative. We focused our review on the key revisions directly related to the justification for acquiring and retaining vehicles. GSA also stated that, while it agrees that local managers are best qualified to know their requirements, only a central manager can provide the consistent oversight, policy, and budget review that has been lacking in many agencies, and it is this deficiency GSA seeks to address by its requirement that each agency appoint a senior management official with decision-making authority and control over all aspects of the agency's fleet program, including the fleet budget. As we note in our report, during the course of our audit work, it was clear that the agency officials we spoke with were opposed to GSA's position on this matter. We did not assess the ramifications of GSA's proposal as part of our review. In addition, GSA expressed disappointment that we did not recommend that agencies fund a fleet management information system. Because we found that agencies are in different stages

of implementing such systems, and because GSA already plans to require such systems in its revised Fleet Management Regulation, we did not believe it was necessary for us to recommend this action.

The Departments of Agriculture and Veterans Affairs agreed with our recommendations but raised concerns about GSA's planned revision to the Federal Management Regulation that would require agencies to centralize budget authority for fleet management. Veterans Affairs strongly opposes such a requirement. It noted that, in a system as large and complex as the department's, such a massive administrative responsibility would be unwieldy and inefficient and would require significant additional resource support. The department believes that oversight at the local level is the preferred approach to fleet management. Agriculture noted that the budget is a complex process involving detailed review and comparison of vehicle costs. It stated that changing priorities, such as national emergencies, require intense local management of the fleet to ensure a high state of mission-readiness and that, therefore, increased centralization of the budget process would not be in the best interest of overall fleet efficiency and mission success. As we point out in our report, the issue of centralized budget authority is a contentious one. It will need to be addressed by the agencies, OMB, and GSA.

Agriculture also expressed concern that our recommendation on the need to establish utilization criteria would lead to a set of national criteria that all local fleet managers would be required to use. That is not the intent of our recommendation. Our recommendation is aimed at having each agency establish utilization criteria based on the specific mission of the vehicles in its fleet. Where a single criterion such as mileage, for example, is inappropriate, local officials need to have alternative criteria available, such as hours on station or number of clients served, to validate the need for vehicles. We believe it is the responsibility of agencies to establish clearly defined utilization criteria and guidelines to allow local officials to appropriately apply these criteria.

The Department of Homeland Security (DHS) agreed with our recommendations and emphasized that it has undertaken efforts, in a relatively short time frame, to establish a departmentwide fleet management program. It noted that the process used by its Bureau of Customs and Border Protection for assessing vehicle utilization based on a variety of factors is considered a best practice and will be extended to the rest of the department. In addition, DHS stated that an updated management directive on motor vehicle management sets forth the requirement for maintaining systems for effective control and

accountability of motor vehicle assets and for maintaining the minimum number of vehicles needed to meet requirements. The directive is currently being reviewed within the department. In DHS's view, these two actions meet the requirement to establish effective oversight mechanisms to ensure that fleet utilization criteria are defined and fleet assessments are carried out and reviewed on a regular basis. While these are positive actions, DHS needs to ensure that oversight is maintained and that periodic fleet assessments are conducted using the appropriate criteria.

Veterans Affairs stated that it will address our recommendations with several planned initiatives which, when completed, should rectify identified weaknesses. For example, the department will convene a national work group to develop a broad-based fleet management operations manual that will include a section that defines utilization criteria based on vehicle missions. The department is also reviewing various options for establishing a systemwide software application to be used as an oversight tool for managing the fleet.

The Department of Defense agreed with our recommendations. It stated that action will be taken to ensure that utilization criteria, which may be comprised of existing mileage goals or other appropriate criteria, will apply to all nontactical vehicles. It will also require components to review their vehicle inventories annually against fleet assessments and to conduct on-site surveys or inspections on a minimum 3-year cycle (resources permitting) with the purpose of purging or fully justifying underutilized vehicles.

In oral comments, OMB representatives told us that they agree with our findings and recommendations and will consider incorporating the recommended changes to agencies' reporting requirements in new guidance for the fiscal year 2006 budget cycle.

As arranged with your offices, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from its issue date. At that time, we will send copies of this report to other interested congressional committees; the Administrator of GSA; the Director of OMB; and the Secretaries of Defense, Army, Navy, Agriculture, Veterans Affairs, and Homeland Security. We will make copies of this report available to others upon request. In addition, this report will be available at no charge on the GAO Web site at http://www.gao.gov.

If you or your staffs have any questions regarding this report, please contact me at 202-512-4841 or cooperd@gao.gov, or Michele Mackin, Assistant Director at 202-512-4309 or mackinm@gao.gov. Major contributors to this report include Marie Ahearn, Benjamin Howe, Emma Quach, Richard Silveira, and Tatiana Winger.

David Cooper
Director, Acquisition and Sourcing Management

Appendix I: Scope and Methodology

To determine the extent to which agencies can ensure that their fleets are the right size, we obtained and analyzed agency policies and guidelines on fleet management from the Departments of Agriculture, Army, Navy, Defense, Homeland Security, and Veterans Affairs. These agencies, according to GSA data, have some of the largest fleets in the government. Because the Department of Homeland Security was only recently formed, its organizational elements continue to operate their vehicle fleets under the policies of their legacy agencies. Therefore, we limited our review to the department's efforts to leverage its buying power through a strategic sourcing initiative for vehicles and to the steps it is taking to establish departmentwide guidelines on fleet management. Although the Department of the Interior also has a large fleet, we did not include it in our review because the Inspector General recently issued a report on that department's vehicle fleet.[1] We did not assess agencies' policies on vehicle operation, maintenance or disposal.

To illustrate how local, state and regional officials determine the need for vehicles, we selected local, state and regional offices based on location and number of vehicles within each agency. We obtained and analyzed information and interviewed fleet managers and other officials responsible for fleet management at these locations to identify the controls, oversight, and criteria used to determine the need for vehicles. Following are the locations we contacted or where we conducted our work.

Department of Agriculture

Natural Resources Conservation Service

- Washington, D.C.
- State Conservationist Office, Athens, Ga.
- Southern Regional Office, Atlanta, Ga.
- Texas

Animal and Plant Health Inspection Service

- Washington, D.C.
- Wildlife Service, Athens, Ga.
- Wildlife Service, Wash.
- Veterinary Service, Iowa

[1] U.S. Department of the Interior, Office of Inspector General, *Fleet Management Operations, U.S. Department of the Interior;* C-IN-MOA-0042-2003 (Lakewood, Colo.: Feb. 2004).

	• Veterinary Services, Conyers, Ga. • Veterinary Service, Eastern Regional Office, Raleigh, N.C.
Forest Service	• Washington, D.C. • Southern Region, Atlanta, Ga. • Chattahoochee-Oconee National Forest, Gainesville, Ga. • Daniel Boone National Forest, Ky. • Land Between the Lakes National Recreational Area, Ky. • Pacific Northwest Region, Oreg. • Siuslaw and Willamette National Forests, Oreg.
Department of Homeland Security	• Office of Asset Management, Washington, D.C. • Federal Law Enforcement Training Center, Glynco, Ga. • Customs and Border Protection, Washington, D.C. • Transportation Security Administration, Arlington, Va.
Department of Defense	• Office of the Assistant Deputy Under Secretary of Defense (Transportation Policy), Washington, D.C.
Department of the Army	• Headquarters, Department of the Army, Office of the Assistant Chief of Staff for Installation Management, Washington, D.C. • Fort Belvoir, Va. • United States Military Academy, West Point, N.Y. • Fort Carson, Colo.
Department of the Navy	• Naval Facilities Engineering Command, Washington Navy Yard, D.C. • Navy Public Work Center, Washington, D.C. • Navy Public Works Center, Norfolk, Va. • Naval Air Station, Joint Reserve Base, Fort Worth, Tex. • Navy Public Works Center, Jacksonville, Fla. • Naval Station Newport, Newport, R.I. • Pacific Division, Naval Facilities Engineering Command, Transportation Equipment Management Center, Pearl Harbor, Hawaii • Atlantic Division, Naval Facilities Engineering Command, Transportation Equipment Management Center, Norfolk, Va.

Department of Veterans Affairs

Veterans Affairs Health Administration

- Headquarters, Washington, D.C.
- Medical Center, Bedford, Mass.
- Medical Center, Baltimore, Md.
- Medical Center, Jamaica Plain, Boston, Mass.
- Medical Center, Brockton, Mass.

We reviewed prior GAO and other audit agency reports, reviewed other public documents, and contacted the following offices of inspectors general

- Department of Energy,
- Department of Defense,
- Department of Veterans Affairs,
- Department of Justice,
- Department of Treasury,
- Department of Transportation,
- Department of Homeland Security,
- Department of the Interior, and
- Department of Agriculture.

We also contacted officials from the Naval Audit Service and the Army Audit Agency.

To identify industry standards for efficient fleet management, we discussed the fleet management practices contained in our 1994 report[2] and the use of utilization criteria with three industry fleet management consultants, one of whom was a contributor to our 1994 report. We selected these consultants based on their experience dealing with the fleet management practices in both the public and private sectors. We also talked with the manager of the Fleet Information Resource Center of the National Association of Fleet Administrators.

[2] U.S. General Accounting Office, *Federal Motor Vehicles: Private and State Practices Can Improve Fleet Management*, GAO/GGD-95-18 (Washington, D.C.: Dec. 29, 1994).

To identify governmentwide steps to improve fleet management, we collected, analyzed, and discussed information obtained from officials at the Office of Management and Budget's Office of Transportation/GSA Branch, GSA's Office of Governmentwide Policy, and GSA's Office of Vehicle Acquisition and Leasing Services, which runs the leasing program. We also discussed with GSA officials the Office of Governmentwide Policy's proposed revisions to the regulation on fleet management.

We conducted our review from September 2003 to April 2004 in accordance with generally accepted government auditing standards.

Appendix II: Comments from the Department of Agriculture

United States Department of Agriculture

Office of the Assistant Secretary for Administration

Office of Procurement and Property Management

300 7th Street Southwest
Room 302
Reporters Building

Washington, DC
20024-9300

TO: David Cooper
Director, Acquisition and Sourcing Management
General Accounting Office

FROM: Glenn Haggstrom
Deputy Director
Office of Procurement and Property Management

MAY 19 2004

SUBJECT: Comments on General Accounting Office Draft Report, GAO-04-664, "Federal ion: Increased Attention to Vehicle Fleets Could Result in Savings"

The Department of Agriculture (USDA) appreciates the opportunity to take part in this important audit, and to provide comments on the draft report.

The USDA fleet policy office, which is located in the Property Management Division (PMD) of the Office of Procurement and Property Management (OPPM), as well as agency fleet managers, found no inaccurate statements about the USDA fleet in the draft report. Further, USDA generally supports the conclusions and recommendations for executive action as set forth in this draft report. We would like to offer the following points for further consideration.

The draft recommends that the General Services Administration's (GSA) Office of Governmentwide Policy (OGP) should promulgate new policy that will require Federal Agencies to develop utilization criteria and to conduct periodic assessments of the number and type of vehicles using these criteria. USDA does not believe that a national control, or a "set of national-level utilization criteria related to the missions of the vehicles" will be in the best interests of the widely varied missions and specific operating environments faced by a fleet the size and geographic disbursal of the USDA fleet. The local fleet manager, along with the local program manager, is still in the best position to make those decisions. There are numerous situations in which utilization criteria must be flexible enough to allow for "on-call" emergency vehicles that may have low usage but still be available 24 hours a day, 365 days a year, to cover potential disasters.

The suggestion to centralize the budget controls over the fleet needs to be considered further. Budget is a complex process including the detailed review and comparison of costs incurred for keeping an older vehicle beyond its normal life cycle versus purchase of a replacement vehicle. Some programs are far more vehicle-intensive than others by nature of the work performed.

AN EQUAL OPPORTUNITY EMPLOYER

Changing priorities, such as national emergencies, or emergency prevention, require intense local management of the fleet to ensure a high state of mission-readiness. Therefore, increased centralization of the budget process for fleet is not in the best interest of overall fleet efficiency and mission success. It is not just a matter of when funds are available, but how to best use the funds to meet the needs of the program.

USDA does support enhanced oversight of the fleet program in order to ensure compliance with Departmental policy and goals. Increased cooperation with agency motor vehicle staffs will allow for a meaningful approach to establishing and evaluating utilization criteria and fleet efficiency models for the individual agency fleets in USDA.

USDA disagrees with the idea of having GSA spend resources on developing another fleet information system. Rather, USDA suggests an interagency committee dedicated to cleaning up the current data in the Federal Automotive Statistical Tool (FAST), as well as the data in the GSA headquarters system on leased vehicles. USDA is working toward enhanced internal property management information systems, including fleet data, and would welcome the opportunity to work with GSA to ensure a high level of compatibility between the USDA system and the GSA system.

Appendix III: Comments from the Department of Defense

DEPUTY UNDER SECRETARY OF DEFENSE FOR
LOGISTICS AND MATERIEL READINESS
3500 DEFENSE PENTAGON
WASHINGTON, DC 20301-3500

MAY 17 2004

Mr. David Cooper
Director, Acquisition and Sourcing Management
U.S. General Accounting Office
Washington, D.C. 20548

Dear Mr. Cooper:

This is the Department of Defense (DoD) response to the GAO draft report, "FEDERAL ACQUISITION: Increased Attention to Vehicle Fleets Could Result in Savings," dated May 5, 2004 (GAO Code 120284/GAO-04-664)

The Department has reviewed the subject GAO draft report and concurs with the recommendations. A detailed response is enclosed.

Sincerely,

Bradley Berkson
Acting

Enclosure
As stated

Note: Page numbers in the draft report may differ from those in this report.

GAO DRAFT REPORT - DATED MAY 5, 2004
GAO CODE 120284/GAO-04-664

"FEDERAL ACQUISITION: INCREASED ATTENTION TO VEHICLE FLEETS COULD RESULT IN SAVINGS"

DEPARTMENT OF DEFENSE COMMENTS TO THE RECOMMENDATIONS

RECOMMENDATION 1: The GAO recommended that the Secretaries of the Army and the Navy establish guidance and policies that include clearly-defined utilization criteria based on the vehicle mission. (p. 14/GAO Draft Report)

DOD RESPONSE: Concur: Action will be taken to ensure that utilization goals will apply to all non-tactical vehicles (NTV). Utilization goals may be comprised of existing mileage goals. If such goals are not practical, other criteria will be developed for vehicles engaged in special trades (such as time on station) or in a geographic area where use is not adequately reflected by mileage.

RECOMMENDATION 2: The GAO recommended that the Secretaries of the Army and the Navy require fleet managers to use the recommended utilization criteria in determining the need for vehicles and in conducting periodic fleet assessments. (p. 14/GAO Draft Report)

DOD RESPONSE: Concur: DoD policy will require Components to annually review their vehicle inventory against fleet assessments.

RECOMMENDATION 3: The GAO recommended that the Secretaries of the Army and the Navy establish effective oversight mechanisms to ensure that utilization criteria are defined and fleet assessments are carried out. (p. 14/GAO Draft Report)

DOD RESPONSE: Concur: Components will conduct on-site NTV management surveys/inspections on a minimum three year cycle, resources permitting, the purpose of which will be to purge or fully justify under-utilized vehicles. The management of the NTV functions will be included in internal audit programs.

Appendix IV: Comments from the General Services Administration

GSA

GSA Office of Governmentwide Policy

MAY 17 2004

Mr. David Cooper
Director
Acquisition and Sourcing Management
General Accounting Office
Room 4440A
441 G Street, N.W.
Washington, D.C. 20548

Dear Mr. Cooper:

Thank you for the opportunity to comment on the draft of GAO-04-664, "Federal Acquisition: Increased Attention to Vehicle Fleets Could Result in Savings." Overall, General Services Administration's (GSA) Office of Governmentwide Policy is pleased with the report, and endorses its findings and recommendations. However, there are several points we wish to amplify or clarify.

Each of the points we wish to address before your report is finalized is addressed in the enclosure.

Thank you again for the opportunity to comment, and for the exemplary work of the review team. If you have any other concerns, pleases contact me. Staff Inquiries may be directed to Ms. Becky Rhodes, Deputy Associate Administrator, Transportation and Personal Property, at (202) 501-1777.

Sincerely,

G. Martin Wagner
Associate Administrator

Enclosure

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

Note: Page numbers in the draft report may differ from those in this report.

May 17, 2004

General Services Administration
Office of Governmentwide Policy

GSA/OGP RESPONSE TO
GAO DRAFT REPORT GAO-04-664,
FEDERAL ACQUISITION: INCREASED ATTENTION TO VEHICLE FLEETS COULD RESULT IN SAVINGS

At several points (pages 3, 11), the report mentions three revisions to the Federal Management Regulation (FMR) that GSA is in the process of drafting. In fact, the three mentioned are part of a comprehensive package of ten recommendations for fleet management reform that came out of the Federal Fleet Review Initiative, of which the survey mentioned in the report is one part. Six of the ten will be incorporated into the revision of the FMR.

The report states (page 3) that one of the three recommendations is that agencies centralize budget control of fleets, and that strong opposition to this requirement can be anticipated. Also, the report states (page 11) that OGP's requirement that each agency appoint a senior management official for the fleet program will generate opposition, because "local-level fleet managers, given the right tools, are in the best position to make the decisions on the need for vehicles and that centralized oversight, rather than control over the budgets and decision-making, would be more appropriate." GSA does not disagree, but believes that agency fleet managers must play a role in the budget process. Clearly, local managers are best qualified to know their requirements. But only a central manager can provide the consistent oversight, policy, and budget review that has been lacking in many agencies, and it is this deficiency that GSA seeks to address. Moreover, where resources are finite, only a central manager has the perspective to weigh local requirements against one another and prioritize them in accordance with the agency's overall mission. Only a central manager with some authority in the budget process can ensure that funds are efficiently allocated for stable replacement cycles, planning for vehicle maintenance based on projected replacement schedules, and targeting scarce resources to the areas of greatest need. If the central manager has no influence on the budget allocation process, the position will be ineffective and superfluous.

The report states (page 11) that "OGP had planned to recommend that agencies based their decisions about the need for vehicles on a staff-to-vehicle ratio...." GSA has recognized from the beginning that different missions require different vehicle allocation models. Staff-to-vehicles is appropriate for certain missions, such as law enforcement and perimeter security; a 24-hour patrol with three shifts may be accommodated by one patrol vehicle. For administrative uses, the number of trips per week or month may justify a vehicle. For specialized functions, such as a truck equipped for use by a base plumber or welder, the number of days used could be an appropriate measure. Each function may have its own appropriate measure of use, and GSA will present an array of potentially appropriate vehicle allocation methodologies to agencies.

The report states (page 12) that GSA will require agencies to institute a management information system for their fleets, and summarizes some of the benefits of this action. However, it does not communicate the vital importance of complete and accurate

WORD:/GAO-04-664-Response1

ENCLOSURE

management information. In addition to better funding forecasts and better decisions about vehicle replacement, it will permit the kind of accurate reporting necessary for agency management and OMB to make resource decisions, and is crucial to the success of any vehicle allocation methodology. No real progress can be made in the absence of the reliable information about inventory, cost, and utilization that only a comprehensive management information system can provide. GSA is disappointed that this item does not appear in the Recommendations for Executive Action (page 13). GSA believes it is important for GAO to endorse this as a formal recommendation, emphasizing its importance to agencies' leadership. Agency fleet managers, who are undivided in their support of this initiative, need this kind of support as they request the resources that will be required.

GSA suggests that the paragraph on page 12 beginning "While OGP believes it has the authority..." be extended to mention the series of one-on-one meetings GSA has instituted with agency fleet managers to review agency policies and operations and to discuss the status of efforts to implement the recommendations of the Fleet Review Initiative. Based on the meetings that have been held to date, these are a valuable way to assess the effectiveness of the Initiative, to share best practices, and to identify potential barriers to progress.

Finally, the report correctly notes the lack of progress in fleet management improvement since the 1986 legislation (Pub. L. 99-272) and the 1994 GAO Report (GAO/GGD-95-18). GSA would like to have it noted that Federal fleet managers as a group have performed admirably, given the lack of resources and high-level attention for this oft-overlooked function. The primary contributor to the lack of progress has been the absence of strong management support for fleet reform at the highest levels within the agencies, and the consequent lack of resources for acquiring the management information systems that are critical to the success of all the other recommendations. GSA sincerely hopes that at this time when many agencies are becoming more aware of these issues, the added voice of GAO will prove decisive.

Appendix V: Comments from the Department of Homeland Security

U.S. Department of Homeland Security
Washington, DC 20528

Homeland Security

May 18 2004

Mr. David Cooper
Director, Acquisition and Sourcing Management
U.S. General Accounting Office
Washington, DC 20548

Re: GAO-04-664, "Federal Acquisition: Increased Attention to Vehicle Fleets Could Result in Savings"

Dear Mr. Cooper:

Thank you for the opportunity to review the draft report, "Federal Acquisition: Increased Attention to Vehicle Fleets Could Result in Savings". The Department of Homeland Security agrees with GAO's overall recommendation for DHS. However, the Department wishes to emphasize the proactive efforts that have been made in a relatively short time to establish a Homeland Security wide fleet management program incorporating an incredibly diverse variety of missions and operating environments.

In regards to the recommendation concerning guidance and policies that include clearly defined utilization criteria based on the mission, the Bureau of Customs and Border Protection has a well developed process for assignment and utilization of vehicles based on a variety of factors including mileage, age, condition, terrain, use ratios, and climatic conditions. This is a best practice which we will extend to the rest of the Department.

Additionally, our Management Directive on Motor Vehicle Management has been updated and is being circulated for review and comment at this time. This Directive sets forth the requirement for maintaining systems for the effective control and accountability of motor vehicle assets as well as operating and maintaining the minimum number of vehicles necessary to meet legitimate mission and transportation requirements.

It is our view that through these two actions we have met the requirement to establish effective oversight mechanisms to ensure that fleet utilization criteria are defined and fleet assessments are carried out and reviewed on a regular basis.

www.dhs.gov

We believe that significant progress has been and will continue to be made in the area of fleet management. We have already built a foundation for meeting the challenges noted in the report and will continue to improve our program.

Sincerely,

Anna F. Dixon
Director Bankcard Programs and
GAO/OIG Liaison

Appendix VI: Comments from the Department of Veterans Affairs

DEPARTMENT OF VETERANS AFFAIRS
UNDER SECRETARY FOR HEALTH
WASHINGTON DC 20420

Mr. David Cooper
Director
Acquisition and Sourcing Management
U.S. General Accounting Office
441 G Street, N.W.
Washington, D.C. 20548

Dear Mr. Cooper:

Department of Veterans Affairs (VA) program officials have reviewed the General Accounting Office's (GAO) Draft Report: ***FEDERAL ACQUISITION: Increased Attention to Vehicle Fleets Could Result in Savings***, and are in agreement with the report's conclusions and concur with the recommendations. We wish to highlight one note of contention, however, regarding GAO's reporting of the General Services Administration's proposed revision of the Federal Management Regulation to require agencies to appoint a central fleet manager with control over all aspects of fleet management, including fleet budgets. VA strongly opposes a requirement for centralized budget control. In a system as large and complex as VA's, such a massive administrative responsibility would be unwieldy and inefficient and would require significant additional resource support. To the fullest extent possible, VA believes that oversight at the local level is the preferred approach to fleet management.

VA nevertheless agrees with GAO that decisions about acquisition and retention of vehicles are not always based on validated need and that clearly defined utilization criteria, based on the vehicles' missions, should be established at the national level. As GAO recommends, effective oversight mechanisms must also be established to assure the criteria are actually used.

The Veterans Health Administration's (VHA) Safety and Technical Service, Office of the Deputy Under Secretary for Health for Operations and Management, is addressing your recommendations with several planned initiatives, which, when completed, should rectify identified weaknesses. A national work group will soon be convened to develop a broad-based fleet management operations manual that will include a section that defines utilization criteria based on vehicle missions. The criteria will stipulate basic requirements that apply in all instances, while providing adequate flexibility in other areas to meet unique facility needs. VHA anticipates that the manual will be ready for distribution to field facilities in the first quarter of FY 2005. At the same time, VHA is reviewing various options for establishing a systemwide software

application to be used as an oversight tool for managing the fleet and for validating levels of facility compliance with utilization criteria. VHA is still in the initial exploration stage for this project and has not yet determined timelines for completion. VHA will work with our colleagues in the Veterans Benefits and National Cemetery Administrations and with VA staff offices to ensure continuity across the Department.

Thank you for the opportunity to respond to this report.

Sincerely yours,

Jonathan B. Perlin, MD, PhD, MSHA, FACP
Acting Under Secretary for Health

Appendix VII: Reviews Identifying Excess Vehicles at Various Agencies

	Selected report findings	Potential dollar savings
U.S. Army Audit Agency		
Non-Tactical Vehicles, U.S. Army Garrison Japan, August 2003.	U.S. Army Garrison Japan does not effectively use its nontactical fleet. Utilization data were only available for 430 of the 633 vehicles at the Garrison, and 235 of these vehicles had low utilization. The reviewers identified about 99 excess vehicles, representing about 16 percent of the fleet.	Report did not estimate potential savings; however, it noted that for the 99 excess vehicles, the estimated replacement cost was about $3.8 million and maintenance cost was about $42,000.
Transportation Motor Pool Operations, 8th U.S. Army, December 1997.	A substantial portion of the nontactical vehicle fleet within the 8th Army was underutilized. Each motor pool in the study had a substantial number of vehicles with average utilization rates of 50 percent or less, as shown below: • 34 vehicles (representing 33 percent of the fleet), • 61 vehicles (representing 39 percent of the fleet), and • 203 vehicles (representing 54 percent of the fleet)	No estimate on potential savings.
Management of Non-tactical Support Vehicles, Fort Carson, Colorado, December 1996.	Activities did not always effectively use their nontactical support vehicles. Vehicle usage goals set by the command were considerably below Department of the Army goals.	About $109,600 if activities met command's usage goals; $465,100 if they met the Army's goals.
Navy Transportation Equipment Management Center (TEMC), Atlantic Division		
Selected Navy Transportation Equipment Management Center reviews.	At the end of fiscal year 2003, Navy reviews of selected activities estimated cost avoidance of $3.7 million per year if installations reduced their fleets by a total of 775 vehicles to meet the recommended inventory level.	$3.7 million per year cost avoidance.
Naval Audit Service		
Management of Non-tactical (Administrative) Transportation Vehicles, March 1998.	Auditors found that 6,605 of the 24,387 vehicles in the review were not needed. The Navy did not have a systematic mechanism within the transportation management structure to enforce Navy policy on fleet management.	$19.8 million annually.

Government Vehicle Usage at Naval Air Station Patuxent River, Md., December 1998.	The Air Station retained 79 assigned vehicles that were not needed to support mission requirements because the Public Works Transportation Department did not have a systematic and continuous process for the review and evaluation of vehicle assignments. In addition, 141 of the 359 vehicle assignments were without required justification.	Report did not specify amount, but noted that the Naval Air Station had unnecessary administrative transportation costs as a result of excess vehicles.
Department of Veterans Affairs, Office of Inspector General		
Review of Selected Construction Contracts, Purchase Card Activities, and Vehicle Administration at Veteran's Affairs Medical Center (VAMC), Clarksburg, West Virginia, January 2001.	Auditors could not account for all vehicles at the facility. Poor supervision contributed to a lack of accountability and records were incomplete and inaccurate. Poor business decisions were made during the trade and acquisition of vehicles. In one example, an acquisition was not justified because the vehicle had been parked behind a laundry facility and not moved since it was purchased in 1997. In fact, the keys were missing at the time of the review.	Not addressed as a whole. The purchase price of the one vehicle that did not move was $1,800.
U.S. Department of Energy (DOE), Office of Inspector General, Office of Audit Services		
Richland Operations Office Fleet Management, January 2001.	The size of the fleet was not appropriate because Richland had not established or implemented controls required by DOE's Property Management Regulation. The review found that 85 percent of 1,332 vehicles were used less than DOE's mileage standards, and Richland could potentially reduce its fleet by 559 vehicles.	$1.7 million annually.
Vehicle Use at Lawrence Livermore National Laboratory, September 2000.	The allotment of 516 on-site discretionary vehicles was too large because the vehicles were measured in mileage instead of number of trips, which was the standard for this laboratory. None of the 31 randomly selected on-site discretionary vehicles met the standard of 9.2 trips per day. Livermore would need to reduce its fleet by 363 vehicles to meet the established usage standard.	$690,000 annually.
Vehicle Fleet Management at the Idaho National Engineering and Environmental Laboratory, March 1999.	The light vehicle fleet was larger than necessary. The review found that 45 percent of the light vehicles were used significantly less than the mileage standards and that Idaho could potentially reduce its fleet by 86 vehicles.	$321,000 annually in operation, maintenance and replacement costs.

U.S. Department of the Interior, Office of Inspector General		
Fleet Management Operations, U.S. Department of the Interior, February 2004	The department and its bureaus were not effectively managing its approximately 36,000-vehicle fleet. A significant portion of the department's fleet was underutilized (44 percent).	$34 million annually.
Selected Administrative Activities at the Colorado State Office, Bureau of Land Management, March 1996.	The state office did not complete its required annual review and was not managing its vehicle fleet efficiently. The review found that 20 of the 60 owned or leased vehicles were underutilized and recommended a fleet reduction of up to 6 GSA vehicles.	$22,000 annually for the 6 returned GSA vehicles.

Source: GAO analysis and inspectors general reports

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