

OFFICE OF INSPECTOR GENERAL

The FPS Vehicle Fleet Is Not Managed Effectively



Homeland
Security

October 21, 2015
OIG-16-02



DHS OIG HIGHLIGHTS

The FPS Vehicle Fleet Is Not Managed Effectively

October 21, 2015

Why We Did This Audit

In fiscal year 2014, the Federal Protective Service (FPS) managed 1,169 total vehicles costing approximately \$10.7 million. Our audit objective was to determine whether FPS' current fleet of vehicles is necessary to carry out its operational mission. This review was a request from the U.S. House of Representatives, Committee on Homeland Security, Subcommittee on Oversight and Management Efficiency.

What We Recommend

FPS should implement internal controls, develop a sound vehicle allocation methodology, and validate and document fleet management decisions. Additionally, DHS and NPPD fleet managers need to improve oversight to ensure FPS complies with Federal and departmental guidance.

For Further Information:

Contact our Office of Public Affairs at (202) 254-4100, or email us at DHS-OIG.OfficePublicAffairs@oig.dhs.gov.

What We Found

FPS is not managing its fleet effectively. FPS did not properly justify that its current fleet is necessary to carry out its operational mission. Specifically, FPS did not justify the need for:

- more vehicles than officers;
- administrative vehicles;
- larger sport utility vehicles;
- home-to-work miles in one region; and
- discretionary equipment added to vehicles.

Additionally, FPS overpaid for law enforcement equipment packages, did not have standard operating procedures for fleet management, a sound vehicle allocation methodology, or accurate fleet data to make effective management decisions. The Department of Homeland Security (DHS) and the National Protection and Programs Directorate (NPPD) fleet managers did not provide sufficient oversight to ensure FPS complied with all Federal and departmental guidance. As a result, FPS cannot ensure it is operating the most cost-efficient fleet and potentially missed opportunities to save more than \$2.5 million in fiscal year 2014.

Management Response

The Department concurred with all five of our recommendations and implemented corrective action plans to address the findings. We consider all recommendations resolved and open.



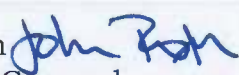
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Department of Homeland Security

Washington, DC 20528 / www.oig.dhs.gov

October 21, 2015

MEMORANDUM FOR: The Honorable Russell C. Deyo
Under Secretary for Management

FROM: John Roth 
Inspector General

SUBJECT: *The FPS Vehicle Fleet Is Not Managed Effectively*

Attached for your action is our final report, *The FPS Vehicle Fleet Is Not Managed Effectively*. We incorporated the formal comments from the Departmental GAO-OIG Liaison Office in the final report.

The report contains five recommendations aimed at improving the management and oversight of the Federal Protective Service's vehicle fleet program. Your office concurred with all five recommendations. Based on information provided in your response to the draft report, we consider recommendations 1 through 5 open and resolved. Once your office has fully implemented the recommendations, please submit a formal closeout letter to us within 30 days so that we may close the recommendations. The memorandum should be accompanied by evidence of completion of agreed-upon corrective actions and of the disposition of any monetary amounts. Please send your response or closure request to OIGAuditsFollowup@oig.dhs.gov.

Consistent with our responsibility under the *Inspector General Act*, we will provide copies of our report to congressional committees with oversight and appropriation responsibility over the Department of Homeland Security. We will post the report on our website for public dissemination.

Please call me with any questions, or your staff may contact Mark Bell, Assistant Inspector General for Audits, at (202) 254-4100.

Attachment



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Abbreviations

CRSO	DHS Office of the Chief Readiness Support Officer
DHS	Department of Homeland Security
ECD	Estimated Completion Date
EO	Executive Order
FPS	Federal Protective Service
FY	fiscal year
GAO	Government Accountability Office
GSA	General Services Administration
HtW	Home-to-Work
LE	law enforcement
LEO	law enforcement officer
NPPD	National Protection and Programs Directorate
OIG	Office of Inspector General
SUV	sport utility vehicle
VAM	Vehicle Allocation Methodology
VOR	Vehicle Operation Report



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Background

The Federal Protective Service (FPS), a component of the National Protection and Programs Directorate (NPPD), provides security and law enforcement services to more than 9,500 Federal facilities across the United States. FPS collects security fees from each tenant in the building it protects based on the leased square footage and uses a portion of these fees to fund its overall vehicle fleet expenses. In fiscal year (FY) 2014, FPS managed 1,169 vehicles costing approximately \$10.7 million.

FPS leased 1,140 vehicles (98 percent) through an agreement with the General Services Administration (GSA). The FPS fleet consists of a variety of vehicles including sport utility vehicles (SUV), sedans, pickup trucks, and vans. These vehicles are used to support both law enforcement and administrative functions (see table 1). FPS provides each law enforcement officer (LEO) with an emergency response vehicle. This allows LEOs to respond timely to incidents or other emergency situations.

Table 1: FY14 Leased Fleet Statistics

	Law Enforcement Vehicles			Administrative Vehicles		
	Total Number	Total Cost	Average Cost per Vehicle	Total Number	Total Cost	Average Cost per Vehicle
SUV	1,057	\$10,114,906	\$9,569	2	\$5,643	\$2,821
Sedan	49	\$ 408,015	\$8,327	17	\$39,920	\$2,348
Van	1	\$2,518	\$2,518	11	\$41,906	\$3,810
Truck	1	\$5,728	\$5,728	2	\$24,669	\$12,334
Total	1,108	\$10,531,167		32	\$112,138	

Source: Office of Inspector General (OIG) analysis of FPS data.

FPS pays GSA a monthly base rate and additional mileage costs. The monthly charges also include costs associated with altering each vehicle with law enforcement equipment. On average a lease costs about \$9,500 annually for law enforcement vehicles and \$3,500 annually for administrative vehicles.

FPS is required to follow the DHS *Motor Vehicle Fleet Program Manual* and the NPPD *Motor Vehicle Fleet Program Manual* for guidance related to the acquisition, leasing, use, and disposal of motorized vehicles. Fleet Managers are responsible for ensuring initiatives are implemented to promote effective and efficient use of the government-owned and leased vehicles. Specifically, the FPS Administrative Services Division is responsible for approving the number and type of vehicles needed to meet mission requirements.



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In 2011, the President issued a memorandum directing GSA to develop and issue guidance to Federal agencies to determine its optimum inventory, emphasizing the elimination of unnecessary or nonessential vehicles. GSA created the Vehicle Allocation Methodology (VAM) to assist agencies in selecting vehicle options based on a lifecycle cost analysis including projected fuel cost, warranty, operations, mileage, maintenance, and disposal.

Results of Audit

FPS is not managing its fleet effectively. FPS did not properly justify that its current fleet is necessary to carry out its operational mission. Specifically, FPS did not justify the need for:

- more vehicles than officers;
- administrative vehicles;
- larger SUVs;
- home-to-work miles in one region; and
- discretionary equipment added to vehicles.

Additionally, FPS overpaid for law enforcement equipment packages, and did not have adequate standard operating procedures for fleet management, a sound vehicle allocation methodology, or accurate fleet data to make effective management decisions. DHS and NPPD fleet managers also did not provide sufficient oversight to ensure FPS complied with all Federal and departmental guidance. As a result, FPS cannot ensure it is operating the most cost-efficient fleet and potentially missed opportunities to save more than \$2.5 million in FY 2014.

FPS Did Not Manage Its Fleet Operations Effectively

FPS Had More Vehicles Than Justified

In FY 2014, FPS had 101 more law enforcement vehicles than full-time equivalent law enforcement positions. In addition to providing each law enforcement officer with a vehicle, FPS also provides spare vehicles to each region in the event that a vehicle is in need of repair or requires maintenance. FPS has not conducted an analysis to determine the number of spare vehicles needed for the size of its fleet. Since 2010, FPS made several changes to its spare vehicle ratio without documenting the rationale. For example, FPS went from allowing 1 spare for every 5 law enforcement vehicles and continues to work toward a goal of 1 spare for every 12 vehicles. Although FPS reduced the number of spare vehicles in its fleet, it has not yet supported its rationale for



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the number of spares needed to support its mission requirements. Each additional law enforcement vehicle cost FPS on average \$9,500 annually.

In addition to the 101 spare law enforcement vehicles, FPS did not have adequate justification for the 32 administrative vehicles it leases for mission support functions. The DHS *Motor Vehicle Fleet Program Manual* requires fleet managers to conduct an analysis of the feasibility and economy of using public transportation, taxicabs, car rental, dispatch or shared vehicle usage, or privately owned vehicles in lieu of acquiring additional vehicles. FPS has not performed an analysis to ensure that leasing these administrative vehicles is more cost efficient and was unaware of the requirement. Each unassigned or administrative vehicle cost FPS on average \$3,500 annually. If FPS reduced its fleet by 133, it could potentially save more than \$1 million annually (see table 2).

Table 2: FY 2014 Cost of Additional Spare and Administrative Vehicles

Vehicle Type	Additional Spare and Administrative Vehicles	Average Cost per Vehicle	Average Annual Cost
Law Enforcement	101	\$9,500	\$959,500
Administrative	32	\$3,500	\$112,000
Total	133		\$1,071,500

Source: OIG analysis of FPS data.

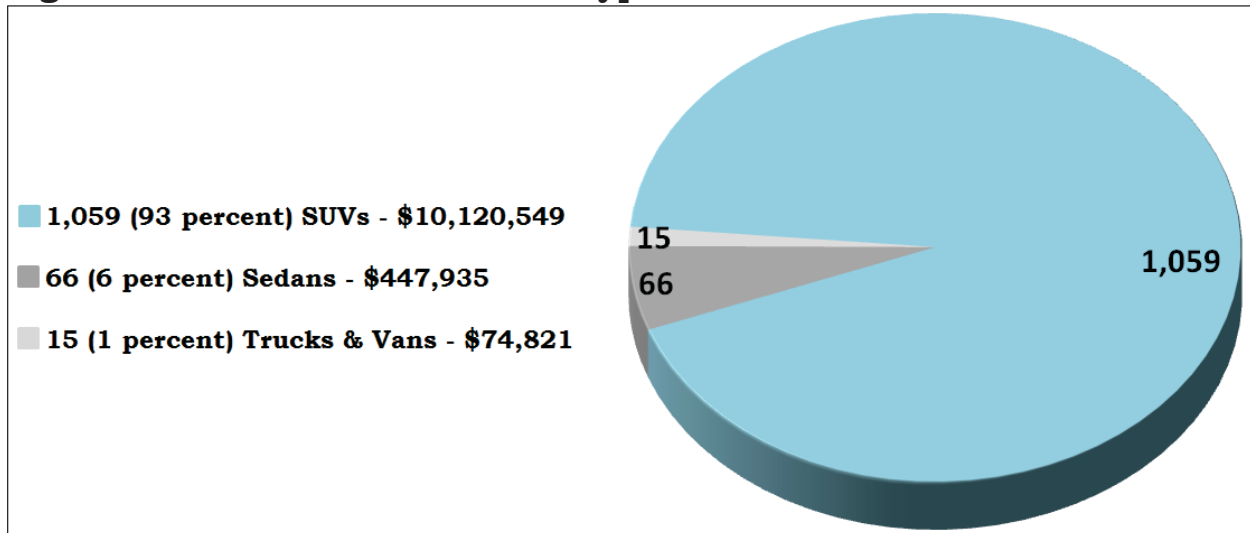
FPS Did Not Justify the Use of Vehicles Larger Than Necessary

FPS has not justified leasing vehicles larger than necessary to support its mission. In FY 2014, the standard law enforcement vehicle issued was an SUV. FPS' fleet consists of 1,059 SUVs, 93 percent of the total fleet. See figure 1 for the breakdown of leased vehicle types and cost. The NPPD Fleet Manual states that the class III midsize sedan is the preferred vehicle type, but allows exceptions when necessary to meet mission requirements. Although the Department allows exceptions, FPS did not formally validate its need for the larger vehicles to meet mission requirements.



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Figure 1: FY 2014 Leased Vehicle Type and Total Cost



Source: OIG analysis of GSA Drive-thru data.

FPS management explained the decision to lease a larger vehicle was based on the assumption that SUVs provided a capability to store and carry the required law enforcement equipment such as a rifle, riot gear, and biochemical protective suit as shown in figure 2. We tested the storage capacity of a sedan and determined that it also can store the standard issued law enforcement equipment. Figure 3 shows the midsize sedan and SUV equipment capacity.

Figure 2: FPS Issued Rifle, Riot Gear, and Biochemical Protective Suit



Source: DHS OIG.



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Figure 3: Law Enforcement Equipment in a Midsize Sedan and SUV



Source: DHS OIG.

Additionally, FPS officers did not always store the equipment in their vehicles. We conducted a test of 46 judgmentally selected vehicles during normal duty hours and found that most FPS officers did not have the equipment in their vehicles that should be stored at all times to accomplish their required daily mission. Table 3 shows the breakdown of the specific equipment we checked for and the percentage missing from the vehicles at the time of our review.



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Table 3: Equipment Inventory Results

Equipment	Percent of Equipment Not in Vehicle (out of 46 vehicles)
Shotgun	100%
Rifle	80%
Protective suit	78%
Laptop mount	70%
Riot gear	52%
Security case	43%
Gas Mask	22%

Source: OIG analysis of testing results.

In general, SUVs cost on average \$2,800 more annually than sedans. However, the law enforcement SUV is \$1,200 more than the law enforcement sedan. If FPS had replaced all of its law enforcement SUVs with sedans it could have potentially saved more than \$1.1 million¹ in FY 2014, see appendix C.

FPS Did Not Justify the National Capital Region 11’s Home-to-Work Transportation

FPS cannot justify the 1.2 million self-reported Home-to-Work (HtW) miles driven in FY 2014 by 142 officers as essential for carrying out its mission. FPS Region 11 has rotational shifts for on-duty officers, 24 hours a day, and its protocol states that off-duty officers in this region should not be dispatched to after-hour incidents. However, FPS authorized Region 11 HtW transportation for officers to respond to after-hours incidents.² Nearly 57 percent of the fleet’s overall miles driven are HtW and costs Region 11 on average, about \$300,000 per year,³ see appendix C.

In FY 2015, FPS submitted a reauthorization request for HtW eligibility and used the after-hours callouts and incident responses to justify reauthorization. However, FPS’ National Capital Region 11, which includes the District of Columbia and portions of Maryland and Virginia, did not accurately record after-hours callouts. We found during our review of the records that on-duty activities were recorded and reported as after-hours responses. This provided an inaccurate picture of actual after-hours’ responses and resulted in FPS using unreliable data to support its HtW reauthorization request.

1 This amount was determined by multiplying 924 law enforcement (LE) vehicles by \$1,242.61 (the difference between the average cost of an LE SUV vs. a LE sedan).

2 After-hours: Incidents that occur during non-duty hours.

3 This amount was determined by adding the total HtW miles in Region 11 multiplied by FPS’ FY 2014 average cost of \$.25 per mile.



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Discretionary Law Enforcement Equipment

FPS did not justify adding discretionary law enforcement equipment to vehicles, increasing the overall cost. According to the DHS *Motor Vehicle Fleet Program Manual*, the fleet manager must consider the need, cost, and potential benefits for all non-standard equipment added to the vehicles. FPS and GSA establish a standard law enforcement alteration package to meet mission requirements, which includes items such as lights, sirens, and prisoner cages. In addition to the standard equipment, FPS added discretionary items such as a bike rack hitch, rechargeable flashlight, and premium wireless security system, without documenting how the additional items enhance FPS' ability to meet its mission requirements. The discretionary equipment increased the cost of each standard package from \$12,000 to \$20,000 depending upon the package selected. For example, the wireless security system is a digital keyless entry remote for the vehicle with a six-tone siren. This technology costs approximately \$900 per vehicle compared to similar products commercially available for \$100 to \$300.

FPS Overpaid GSA for Law Enforcement Equipment Packages

FPS overpaid for law enforcement alteration packages included in the GSA monthly leases. When the lease agreement period ends, the alteration package is paid in full. At that point, FPS may retain the law enforcement vehicle and is only responsible for the monthly base rate. We conducted limited testing that included 11 law enforcement sedan agreements and found that although the agreement period ended, FPS overpaid an estimated \$35,000 in monthly charges for LE alteration packages. Table 4 shows the breakdown of the overpayments of the 11 vehicles. Although the 11 vehicles represent a small percentage of the overall fleet, FPS has not confirmed whether it is overpaying on other leases.



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Table 4: Estimated Overpayments of 11 Leased Sedans

	Number of Overpayments	Approximate Amount of Monthly Alteration Fee	Approximate Amount of Overcharges as of May 1, 2015
Vehicle 1	8	\$464	\$3,712
Vehicle 2	7	\$464	\$3,248
Vehicle 3	9	\$464	\$4,176
Vehicle 4	7	\$464	\$3,248
Vehicle 5	10	\$464	\$4,640
Vehicle 6	4	\$338	\$1,352
Vehicle 7	13	\$322	\$4,186
Vehicle 8	13	\$315	\$4,095
Vehicle 9	7	\$310	\$2,170
Vehicle 10	25	\$148	\$3,700
Vehicle 11	24	\$21	\$504
TOTAL			\$35,031

Source: OIG analysis of GSA data.

FPS Needs Adequate Fleet Management Controls

FPS Did Not Have Standard Operating Procedures for Fleet Management

FPS did not develop standard operating procedures requiring fleet managers to document and justify fleet management decisions. The NPPD *Motor Vehicle Fleet Program Manual* allows subcomponents such as FPS to establish additional requirements and internal controls specific to the agency. FPS provided the OIG with a draft fleet management policy; however, it is not finalized and does not address the issues identified in our report. The FPS draft policy did not specify the standard vehicle type for law enforcement officers and did not include requirements for fleet managers to verify the accuracy of cost and vehicle usage data.

FPS Did Not Ensure Vehicle Data Was Complete and Accurate

FPS management did not ensure it had complete and accurate vehicle reporting records to make effective fleet management decisions. GSA provides and FPS inputs monthly mileage into the GSA Drive-thru system to track and manage its fleet operations and monitor fleet costs, mileage, and fuel use.



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Additionally, FPS developed Vehicle Operations Reports (VORs) to capture monthly vehicle mileage, to include home-to-work. They use this information in conjunction with the GSA Drive-thru system information to support the oversight and accountability review of the fleet program.

We randomly selected vehicle records, from our statistical sample of 192 vehicles for Regions 1, 5, 11, and FPS HQ. We then tested the accuracy and completeness of the records. Based on our analysis of the 192 vehicle records and GSA's Drive-thru system data, we identified significant instances of inaccurate or incomplete information pertaining to total miles driven and HtW mileage. For example:

- 189 of the 192 leased vehicle's ending mileage from the GSA Drive-thru system did not match the VORs documentation;
- 65 of the 192 vehicle files had missing or incomplete VORs; and
- 25 vehicles had negative mileage recorded in the GSA Drive-thru system.

FPS Did Not Use the Vehicle Allocation Methodology

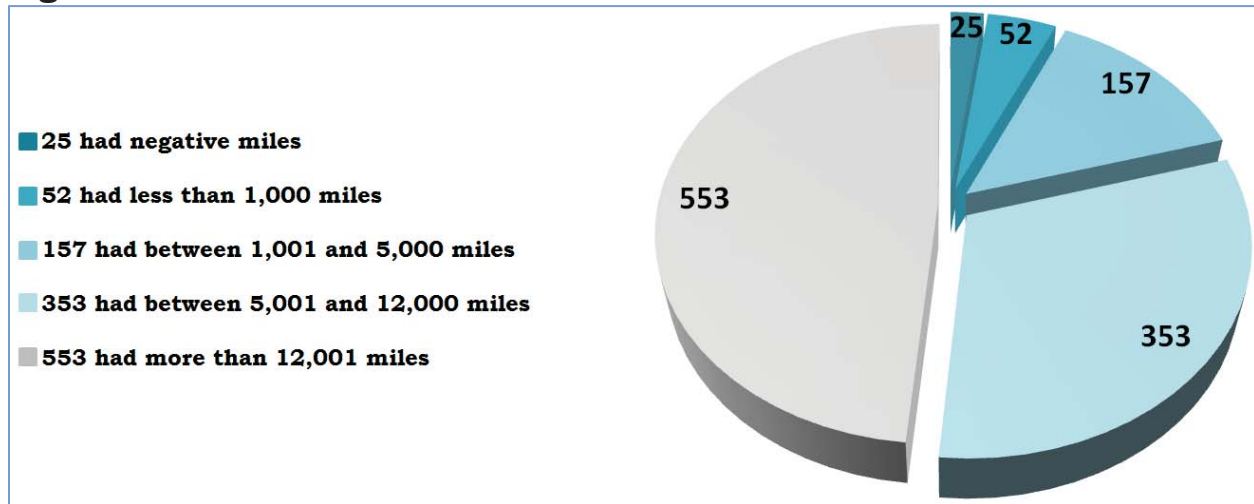
FPS did not use the VAM as intended and has not implemented an allocation tool to properly justify that the number, type, and use of its current fleet is necessary to carry out its mission. The VAM is a methodology that agencies use to determine the correct allocation of vehicles for its staff, reduce fuel, and determine excess. However, FPS did not complete, as required, its part of NPPD's overall VAM and therefore is not in compliance with Federal and departmental requirements.

In FY 2013, FPS identified 44 under-utilized or nonessential vehicles. However, FPS decided to retain 40 (91 percent) of these vehicles without providing sufficient justification. NPPD did not provide evidence that FPS was in compliance with the VAM requirement for FYs 2014 and 2015. Using DHS utilization guidelines, we conducted an analysis of FPS vehicles miles driven in FY 2014. We used GSA Drive-thru system's data provided by FPS, which includes the number of miles reported for FPS vehicles. We determined that FPS reported it had 562 out of 1,140 leased vehicles (49 percent) that showed fewer than 12,000 miles in FY 2014. Figure 4 provides the breakdown of FPS' FY 2014 fleet utilization of leased vehicles.



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Figure 4: FY 2014 FPS Fleet Utilization



Source: OIG analysis of GSA Drive-thru data.

According to DHS policy, if utilization guidelines are not met but users still request vehicles, a vehicle justification process should be in place and enforced as part of their VAM. According to FPS officials, VAM recommendations do not take into consideration geographic locations, and operational and mission requirements. Instead, FPS made undocumented ad hoc fleet management decisions to determine vehicle needs. NPPD has not formally conducted a retention justification for under-utilized FPS vehicles. Therefore, FPS is not in compliance with DHS motor vehicle fleet policy, and may be retaining nonessential vehicles.

DHS and NPPD Need to Provide Better Oversight

DHS and NPPD fleet managers did not provide sufficient oversight to ensure FPS complied with all Federal and departmental guidance. The Department's Fleet Manager, although not responsible for the day-to-day management of the FPS vehicle fleet, serves as the last level of review of fleet management decisions. DHS and NPPD did not always ensure FPS completed the VAM or provided sufficient documented justification for having additional law enforcement, administrative vehicles, retaining under-utilized vehicles, or adding discretionary items. DHS and NPPD need to improve oversight to ensure FPS is operating the most cost-efficient fleet.

As of June 2015, FPS plans to replace 176 vehicles in the 2016 vehicle replacement order. Prior to placing the order, DHS should review justifications to ensure replacement vehicles are in compliance with Federal and departmental guidance.



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Conclusion

In FY 2014, FPS spent an estimated \$10.7 million to operate its fleet. Unlike components with owned vehicles, FPS pays a monthly rate for its leased vehicles. Each additional vehicle that is not fully justified increases the overall fleet costs with questionable added value. To ensure it has the optimal fleet necessary to meet its mission, FPS needs to develop and use a sound methodology instead of making ad hoc, undocumented decisions. Without better oversight and accurate data, FPS cannot ensure it is effectively managing its fleet, and it is also missing opportunities to identify cost savings as noted in table 5 below.

Table 5: Total Potential Savings

Potential Savings Areas		Total Cost
Replacing Law Enforcement SUVs	924 vehicles*	\$ 1,148,167
Reducing Additional Vehicles	133 vehicles	\$ 1,071,500
Reducing Region 11 HtW Miles	1.2 million miles	\$ 299,410
Discretionary Equipment in Law Enforcement Vehicles	11 vehicles	\$ 35,031
Total		\$ 2,554,108

Source: OIG analysis of GSA data.

* The 133 additional vehicles were removed from the 1,057 law enforcement SUVs.

Recommendations

Recommendation 1: We recommend the DHS Under Secretary for Management require NPPD Fleet Manager to review and revise NPPD’s Fleet Manual and ensure it outlines specific procedures for (1) FPS to monitor and document fleet acquisition and leasing decisions and regularly report fleet expenditures to NPPD; and (2) NPPD’s process for verifying the completeness and accuracy of motor vehicle records.

Recommendation 2: We recommend the DHS Under Secretary for Management require DHS Office of the Chief Readiness Support Officer (CRSO) to develop and administer a standardized Vehicle Allocation Methodology for all Components annually, as required by Federal laws, regulations, and Executive orders, including FMR B-30, *Vehicle Allocation Methodology for Agency Fleets*. As part of this recommendation, component results should be reviewed and approved by CRSO to ensure DHS maintains an optimal fleet.



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Recommendation 3: We recommend the DHS Under Secretary for Management, in coordination with the DHS Office of the Chief Readiness Support Officer (CRSO), provide additional oversight and review component vehicle acquisitions, to identify future potential savings of about \$2,519,077, that include:

- all lease submissions
- mission need and justifications for vehicle types
- HtW use of vehicles
- CRSO approval authority prior to final submissions.

Recommendation 4: We recommend the DHS Under Secretary for Management ensures FPS formally documents and validates fleet management decisions regarding their planned FY 2016 lease agreement.

Recommendation 5: We recommend the DHS Under Secretary for Management requires FPS to review GSA lease agreements for all vehicles replaced from FY 2012 to present and determine whether FPS overpaid \$35,031 for law enforcement upgrades, and as appropriate, request GSA refund overpayments for all law enforcement upgrades.

DHS Comments to the Draft Report

DHS concurred with all of our recommendations and provided comments to the draft report, including action plans for implementation. A summary of DHS responses and our analysis follows.

We met with DHS officials on August 27, 2015, to discuss the audit findings and recommendations. Based on the discussion, we agreed to change the order and wording of individual recommendations. The changes do not impact the intent of the original recommendations. We have included a copy of the DHS management comments in their entirety in appendix B. We also received and incorporated technical comments as appropriate.

Response to Recommendation #1: Concur. The FPS has developed a fleet management policy to address the recommendation. The NPPD Fleet Managers will review this policy to ensure it does not conflict with component or DHS requirements, in accordance with the *DHS Motor Vehicle Fleet Program Manual*. Estimated Completion Date (ECD): November 30, 2015.

OIG Analysis: DHS concurred with our recommendation, but we consider its planned actions to be only partially responsive to our recommendation. This recommendation is resolved and will remain open until DHS provides the results of the NPPD Fleet Manager's review; issues revised



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FPS fleet management policy; and incorporates this new policy into the *NPPD's Fleet Manual*.

Response to Recommendation #2: Concur. On March 19, 2015, President Obama signed Executive Order (EO) 13693, *Planning for Federal Sustainability in the Next Decade*, which outlines new requirements for managing motor vehicle fleets. The DHS Office of the Chief Readiness Support Officer (CRSO) is developing implementation instructions for EO 13693, which will include developing and implementing a Department VAM for use by all components and will be periodically reviewed by CRSO Fleet Management. CRSO anticipates fielding this VAM on or about the beginning of FY 2017 (i.e., October 1, 2016).

Pending implementation of EO 13693 instructions, NPPD will use its recently developed use and retention methodology to review and validate vehicle replacement acquisition orders. Specifically, NPPD Fleet Managers will provide the methodology to NPPD subcomponents for review and comment by September 30, 2015. The NPPD Director of Management will review/adjudicate all subcomponent comments received, and then implement the approved methodology no later than October 31, 2015, for NPPD Fleet Management interim use until the Department VAM is fielded. ECD: October 31, 2016.

OIG Analysis: We met with the major stakeholders to discuss the draft report recommendations in August. We agreed to change this recommendation to include actions by CRSO to develop and implement a department-wide VAM for use by all components and for DHS to achieve and maintain an optimal fleet. We agree that DHS' planned corrective actions satisfy the intent of the recommendation. We consider this recommendation resolved and open until DHS provides documentation that planned corrective actions are complete.

Response to Recommendation #3: Concur. DHS and NPPD Fleet Managers will provide additional oversight and clarification of policy and guidance in order to maintain proper management and control of the fleet program. The CRSO of Personal Property and Motor Vehicles is finalizing a revised *Motor Vehicle Fleet Management Instruction*. The instruction will incorporate additional department-level oversight of component fleet management, including mandatory reviews of all motor vehicle acquisitions, as well as the OIG recommended actions. The instruction will be issued as interim guidance pending formal staffing and approval. ECD: November 30, 2015.

OIG Analysis: We agree with DHS to include department-level oversight as part of the recommendation. The DHS plan of action satisfies the intent of



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this recommendation, and we consider this recommendation resolved. However, it will remain open until DHS provides documentation that all planned corrective actions, including a thorough review of all new and replacement vehicle acquisition and leases, mission need, and justifications for vehicle type are complete.

Response to Recommendation #4: Concur. NPPD Fleet Management will work with the FPS Fleet Manager to ensure development of a formal process to document and validate fleet management decisions that aligns with NPPD and DHS guidance. Additionally, the FPS Fleet Manager will develop a capability requirements process for determining its vehicle needs.

The FPS Fleet Manager has finalized its spare vehicle methodology for approval by the NPPD Fleet Management and will incorporate capability requirements documentation for all its vehicle fleet assets.

ECD: December 31, 2015.

OIG Analysis: We agree that the DHS plan of action satisfies the intent of the recommendation. We consider this recommendation resolved. It will remain open until DHS provides documentation to that all planned corrective actions are implemented.

Response to Recommendation #5: Concur. The FPS and NPPD Fleet Managers will review all agreements for vehicles replaced from FY 2012 to present and determine if any overpayments were made for upgrades. The FPS Fleet Manager is coordinating with GSA to reconcile interpretations of how the billing invoices are different between their business model and the language in the memorandum of understanding. If overpayments were made, FPS will request a full refund. ECD: November 30, 2015.

OIG Analysis: We agree that DHS has taken steps to satisfy the intent of this recommendation. We consider the recommendation resolved. It will remain open until DHS provides documentation of the review of the memorandum of understanding, as well as completion of all planned corrective actions.



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Appendix A

Objective, Scope, and Methodology

The Department of Homeland Security Office of Inspector General was established by the *Homeland Security Act of 2002* (Public Law 107-296) by amendment to the *Inspector General Act of 1978*. This is one of a series of audit, inspection, and special reports prepared as part of our oversight responsibilities to promote economy, efficiency, and effectiveness within the Department. This review was a Congressional request from the U.S. House of Representatives, Committee on Homeland Security, Subcommittee on Oversight and Management Efficiency. We conducted this audit to determine whether the Federal Protective Service's (FPS) current fleet of vehicles is necessary to carry out its operational mission.

We conducted this performance audit between November 2014 and June 2015 pursuant to the *Inspector General Act of 1978*, as amended, and according to generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based upon our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based upon our audit objectives.

Our audit reviewed FPS' vehicle fleet management operations from FY 2012 through May 2015. We researched and analyzed Federal laws, regulations, Executive Orders, DHS management directives, and DHS and NPPD Motor Vehicle Fleet Program manuals. We also reviewed prior OIG and the Government Accountability Office reports for previously identified findings and recommendations related to our audit. We conducted interviews with officials from GSA, DHS' Office of Chief Readiness Support Officer, FPS' Headquarters Operations Division, NPPD Asset Management Division, FPS' Administrative Services Division, and Suitland MegaCenter in Alexandria, VA.

To understand FPS' vehicle fleet operations, we conducted site visits and interviewed officials at FPS Headquarters and three Regional Field offices: Boston, MA (Region 1); Chicago, IL (Region 5); and the National Capital Region in Washington, DC (Region 11). We interviewed Regional Operations Directors, and Vehicle Control Officers at these locations. We met with the DHS Fleet Manager and the Consolidated Asset Portfolio and Sustainability Information System Program Manager to gain an understanding of DHS' future planned vehicle accountability systems or procedures.

We reviewed FPS' vehicle mileage for its vehicle fleet as reported on VORs and in the GSA Drive-thru system's Mileage Express module. We obtained FPS Fleet data for FY 2012 through March 2015. We did not perform data reliability tests



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on the data we received from the GSA Drive-thru system or the VORs because we noted data integrity issues with missing, incomplete, or negative mileage information. We determined the GSA Drive-thru system data was sufficiently reliable for the purposes of meeting our audit objective and supporting our potential cost savings.

Additionally, we randomly selected a sample of 192 vehicles within Region 1, Region 5, and Washington, DC, locations for testing. Given a population size of 382 vehicles in these regions, and using a 95 percent confidence interval, and a 5 percent sampling error, we determined a statistically valid sample size is 192. We used IDEA software to randomly select the 192 vehicles. For our sample we reviewed vehicle operations reports for the period of August 2014 to January 2015 and vehicle mileage information from FYs 2014 and 2015. The VORs contained HtW mileage data. We analyzed VORs and received HtW mileage data from the Mission Support Branch at Region 11 to identify the HtW miles-recorded for Region 11.

To evaluate the storage capability of sedans versus SUVs to carry FPS' law enforcement issued equipment, we judgmentally selected 46 vehicles at FPS Headquarters, Region 1, Region 5, and Region 11. To determine whether NPPD/FPS is in compliance with the Vehicle Allocation Methodology requirement, we interviewed staff and reviewed documentation provided by DHS, NPPD, and FPS Fleet Managers. We performed an analysis of FPS' vehicle alteration costs using GSA provided spreadsheets to determine whether all equipment features included in alteration packages were mission essential.

To determine the average vehicle costs for the administrative and law enforcement vehicles in the FPS vehicle fleet, we developed a list of administrative vehicles based on those identified in the Sunflower Asset Management System. We separated these administrative vehicles from the law enforcement vehicles found in the 2014 GSA Drive-thru list of 1,140 vehicles. Using GSA lease and mileage rates and FPS actual mileage reported per vehicle, we calculated the average costs for both the administrative vehicles and law enforcement vehicles.



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Appendix B
DHS Comments to the Draft Report

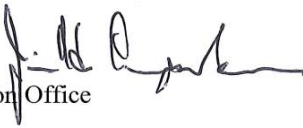
U.S. Department of Homeland Security
Washington, DC 20528



**Homeland
Security**

September 18, 2015

MEMORANDUM FOR: John Roth
Inspector General

FROM: Jim H. Crumpacker, CIA, CFE
Director
Departmental GAO-OIG Liaison Office 

SUBJECT: Management's Response to OIG Draft Report: "The Federal Protective Service Does Not Manage Its Fleet Operations Effectively" (Project No. 15-065-AUD-NPPD)

Thank you for the opportunity to review and comment on this draft report. The U.S. Department of Homeland Security (DHS) appreciates the work of the Office of Inspector General (OIG) in planning and conducting its review and issuing this report.

The DHS vehicle fleet, the third largest in the Federal Government, is a critical tool for successfully carrying out the Department's law enforcement responsibilities. It is essential that the fleet is properly managed at both the Headquarters level and at the Components. The DHS Office of the Chief Readiness Support Officer (CRSO) continues to partner with all of the DHS Component fleet managers to ensure Components have the proper number and type of vehicles needed to carry out their mission, and that each Component is properly managing its fleet.

The Department remains committed to effectively managing its vehicle fleet and controlling associated costs while meeting mission requirements. CRSO is finalizing a revised Motor Vehicle Fleet Management instruction that will incorporate additional Department level oversight of Component fleet management, including mandatory reviews of all motor vehicle acquisitions.

The draft report contained five recommendations with which the Department concurs. Specifically, OIG recommended that the DHS Under Secretary for Management:

Recommendation 1: Ensure FPS [Federal Protective Service] develops and implements standard operating procedures for fleet management, to include monitoring and documenting fleet acquisition and leasing decisions, monitoring fleet expenditures; and verifying the completeness and accuracy of motor vehicle records.



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Response: Concur. The FPS has already developed a fleet management policy that addresses this recommendation. The National Protection and Programs Directorate (NPPD) Fleet Managers will review this policy to ensure it does not conflict with Component or DHS requirements, in accordance with the DHS Manual 118-01-01, "Motor Vehicle Fleet Program Manual."

Estimated Completion Date (ECD): November 30, 2015.

Recommendation 2: Require DHS and NPPD Fleet Managers to ensure FPS is in compliance with Federal laws, regulations, and Executive orders, including FMR B-30, "Vehicle Allocation Methodology (VAM) for Agency Fleets;" and identify the optimal fleet necessary.

Response: Concur. On March 19, 2015, President Obama signed Executive Order (EO) 13693, "Planning for Federal Sustainability in the Next Decade," which outlines new requirements for managing motor vehicle fleets. CRSO is developing implementing instructions for EO 13693, which will include developing and implementing a Department VAM for use by all Components, and which will be periodically reviewed by CRSO Fleet Management. CRSO anticipates fielding this VAM on or about the beginning of FY 2017 (i.e., October 1, 2016).

Pending implementation of the EO 13693, NPPD will use its recently developed use and retention methodology to review and validate vehicle replacement acquisition orders. Specifically, NPPD Fleet Managers will provide the methodology to NPPD subcomponents for review and comment by September 30, 2015. The NPPD Director of Management will review/adjudicate all subcomponent comments received, and then implement the approved methodology no later than October 31, 2015, for NPPD Fleet Management interim use until the Department VAM is fielded. ECD: October 31, 2016.

Recommendation 3: Ensure FPS formally documents and validates fleet management decisions regarding their planned FY 2016 lease agreement.

Response: Concur. NPPD Fleet Management will work with the FPS Fleet Manager to ensure development of a formal process to document and validate fleet management decisions that aligns with NPPD and DHS guidance. Additionally, the FPS Fleet Manager will develop a capability requirements process for determining its vehicle requirement.

The FPS Fleet Manager has finalized its spare vehicle methodology for approval by the NPPD Fleet Management and will incorporate capability requirements documentation for all its vehicle fleet assets. ECD: December 31, 2015.



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Recommendation 4: Require FPS to review GSA [General Services Administration] lease agreements for all vehicles replaced from FY 2012 to present and determine whether FPS overpaid for law enforcement upgrades, and if necessary, request GSA refund overpayments for all law enforcement upgrades.

Response: Concur. The FPS and NPPD Fleet Managers will review all agreements for vehicles replaced from FY 2012 to present and determine if any overpayments were made for upgrades. The FPS Fleet Manager is coordinating with GSA to reconcile interpretations of how the billing invoices are different between their business model and the language in the memorandum of understanding. If overpayments were made, FPS will request a full refund. ECD: November 30, 2015.

Recommendation 5: Require DHS and NPPD Fleet Managers to provide additional oversight and a thorough review of vehicle acquisition and leases, mission need and justifications for vehicle type and the optimal fleet necessary for the Department. FPS can realize potential savings in future fiscal years by reducing unnecessary vehicle expenditures.

Response: Concur. DHS and NPPD Fleet Managers will provide additional oversight and clarification of policy and guidance in order to maintain proper management and control of the fleet program. CRSO Personal Property and Motor Vehicles is finalizing a revised Motor Vehicle Fleet Management Instruction that will incorporate additional Department level oversight of Component fleet management including mandatory reviews of all motor vehicle acquisitions, as well as the OIG recommendations. The instruction will be issued as interim guidance pending formal staffing and approval. ECD: November 30, 2015.

Again, thank you for the opportunity to review and comment on this draft report. Technical comments were previously provided under separate cover. Please contact me if you have any questions. We look forward to working with you in the future.



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Appendix C Potential Monetary Benefits

Classification of Monetary Benefits				
Finding	Rec. No.	Funds Put to Better Use	Questioned Costs or Unsupported Costs	Total
Replacing Law Enforcement SUVs	3	\$ 1,148,167	\$0	\$ 1,148,167
Reducing Additional Vehicles	3	\$ 1,071,500	\$0	\$ 1,071,500
Reducing Region 11 HtW Miles	3	\$ 299,410	\$0	\$ 299,410
Discretionary Equipment in Law Enforcement Vehicles	5	\$ 0	\$35,031	\$ 35,031
Total		\$ 2,519,077	\$35,031	\$ 2,554,108

Source: OIG analysis of GSA data.



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Appendix D
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