



United States Department of the Interior

OFFICE OF INSPECTOR GENERAL

Central Region

134 Union Blvd., Suite 510

Lakewood, Colorado 80228

Report No. X-VS-MOA-0013-2009

September 29, 2009

Memorandum

To: Assistant Secretary for Policy, Management and Budget
(Attention: Associate Director for Finance, Policy and Operations)

From: *Jack Rouch* *Loralee Bennett*
Regional Audit Manager

Subject: Verification Review of Five Recommendations Considered Implemented from our February 2004 Audit Report "Fleet Management Operations, U.S. Department of the Interior" (Report No. C-IN-MOA-0042-2003)

The Office of Inspector General (OIG) has completed a verification review of the five recommendations presented in the subject audit report. The objective of the review was to determine whether the five recommendations were implemented, as reported by the Office of Financial Management. Based on our review, we concluded Recommendations 1, 2, 4, and 5 were implemented as reported but that Recommendation 3 was not fully implemented (See Appendix 1). The results of our review are summarized below.

Background

Our February 2004 audit report, "Fleet Management Operations, U.S. Department of the Interior," made five recommendations designed to assist the Department in improving its fleet operations. On October 14, 2005, the Office of Financial Management (PFM) notified OIG that Recommendation 1 had been implemented and closed. On June 29, 2007, PFM notified the OIG Recommendations 2 thru 4 had been implemented and closed. On November 9, 2007, PFM notified OIG that based on the extensive work done by the Department; PFM considered the intent of Recommendation 5 was met and closed the recommendation and the audit.

Scope and Methodology

The scope of our review was limited to determining whether the Department implemented the five report recommendations. To accomplish our objective, we requested and reviewed supporting documentation submitted by PFM and the bureaus. We did not perform site visits or conduct detailed fieldwork to determine whether the underlying deficiencies identified in the original report had been corrected. This review was not conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States.

One Recommendation Not Fully Implemented

We concluded that Recommendation 3 was not fully implemented.

Recommendation 3: “Require the Department and its bureaus to plan, develop, and implement a fleet management infrastructure that establishes and implements performance measures that are appropriate to the mission of each vehicle; including mileage standards where appropriate, and alternative measures to accommodate vehicles with specific missions.”

Three bureaus submitted adequate supporting documentation in their response to the original audit report. In response to our current request for additional information, five of the remaining six bureaus provided their Fleet Management Plans which establish and implement specific performance measures. However, the Bureau of Indian Affairs (BIA) indicated that it had not performed any actions to establish and implement specific performance measures that are appropriate to the mission of each vehicle. Because BIA has not implemented the recommendation, we consider it not fully implemented.

Four Recommendations Implemented and Properly Closed

We concluded that Recommendations 1, 2, 4, and 5 were implemented and properly closed.

Recommendation 1: “Require the Department and its bureaus to plan, develop, and implement a fleet management infrastructure that gives fleet managers authority over all fleet decisions for:

- ***Right-sizing their fleets.***
- ***Monitoring performance and taking necessary actions to ensure that vehicle usage is maximized.***
- ***Evaluating the efficient use of vehicles with performance measures when making decisions regarding fleet composition.***
- ***Periodically reporting on the status of the fleets.”***

The nine bureaus provided their Fleet Management Plans that gave fleet managers overall authority, with others assisting in day to day operations. The plans contained information that addressed: right-sizing, monitoring performance, evaluating efficient use, and periodic reporting.

Recommendation 2: Require the Department and its bureaus to plan, develop, and implement a fleet management infrastructure that establishes and implements fleet management information system(s) that capture and report all information necessary to manage the fleet

such as:

- *Inventory data.*
- *Performance data.*
- *Costs to operate.*
- *The ability to calculate efficiency measures.*
- *The ability to generate information necessary to meet all mandatory reporting requirements.”*

Three bureaus submitted adequate supporting documentation in their response to the original audit report. In response to our current request for additional information, the remaining six bureaus provided their Fleet Management Plans that established and implemented fleet management information system(s) that capture and report all information necessary to manage the fleet such as inventory and performance data, and the ability to calculate efficiency measures and mandatory reporting information.

Recommendation 4: “Require the Department and its bureaus to plan, develop, and implement a fleet management infrastructure that requires justifications to be prepared for each vehicle based on mission requirements. These justifications should establish the required fleet composition or a Baseline Authorization so that the fleet manager can resize the fleet from its baseline as mission requirements change.”

Three bureaus submitted adequate supporting documentation in their response to the original audit report. In response to our current request for additional information, the remaining six bureaus provided their Fleet Management Plans which required justifications to be prepared for each vehicle in their fleet. The justifications are also used to establish baseline data for the fleet.

Recommendation 5: “Require the Department and its bureaus to plan, develop, and implement a fleet management infrastructure that requires that the Department and its bureaus develop a plan to transition from capital appropriations to a vehicle acquisition mechanism that is responsive, constant, and reliable. Where possible, use a working capital fund in conjunction with leasing from GSA.”

In response to our current request for additional information, PFM indicated that the Bureau of Land Management, Bureau of Reclamation, and the U.S. Geological Survey use varying degrees of working capital funds for fleet management operations. PFM also stated that the analysis provided to the OIG in November 2007 is still applicable today. That analysis concluded that a working capital fund was not practical for Department-wide implementation and also was not practical or manageable for the remaining bureaus.

Conclusion

We communicated the results of this review to PFM on September 2, 2009. We consider Recommendations 1, 2, 4, and 5 fully implemented and no further action is required. However, we consider Recommendation 3 not fully implemented and request PFM reinstate it and ensure it is implemented by BIA.

Responding to the Report

We request that PFM provide a written response to this report by October 29, 2009 indicating whether it reinstated Recommendation 3. If applicable, the response should provide PFM's reasons for not reinstating the recommendation. If you have any questions concerning this memorandum, please contact me at 303-236-9243.

cc: Associate Director, Office of Financial Management
Audit Liaison, Department of the Interior
Audit Liaison, Indian Affairs
Focus Leader for Management Control and Audit Follow-up

Appendix 1

STATUS OF PRIOR AUDIT REPORT RECOMMENDATIONS

<u>Recommendation</u>	<u>Status</u>	<u>Action Required</u>
1.	Implemented	No action Required
2.	Implemented	No action Required
3.	Resolved; not implemented	We are requesting that PFM reinstate the recommendation and ensure it is fully implemented by BIA.
4.	Implemented	No action Required
5.	Implemented	No action Required