

Department of Homeland Security **Office of Inspector General**

DHS Does Not Adequately Manage or Have Enforcement Authority Over Its Components' Vehicle Fleet Operations





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Department of Homeland Security

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

August 21, 2014

MEMORANDUM FOR: The Honorable Chris Cumiskey
Acting Under Secretary for Management
Management Directorate

FROM: John Roth 
Inspector General

SUBJECT: *DHS Does Not Adequately Manage or Have Enforcement
Authority Over Its Components' Vehicle Fleet Operations*

Attached for your action is our final report, *DHS Does Not Adequately Manage or Have Enforcement Authority Over Its Components' Vehicle Fleet Operations*. We incorporated the formal comments from the Department of Homeland Security in this final report, under Appendix B.

The report contains two recommendations aimed at improving the operations of the Mobile Assets and Personal Property Program Office and DHS components. Your office concurred with both recommendations. As prescribed by *Department of Homeland Security Directive 077-01, Follow-Up and Resolution for Office of Inspector General Report Recommendations*, within 90 days of the date of this memorandum, please provide our office with a written response that includes your (1) agreement or disagreement, (2) corrective action plan, and (3) target completion date for each recommendation. Also, please include responsible parties and any other supporting documentation necessary to inform us about the current status of the recommendation.

Based on information provided in your response to the draft report, OIG considers recommendations #1 and #2 resolved and open. 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 recommendation(s). The memorandum should be accompanied by evidence of completion of agreed-upon corrective actions and of the disposition of any monetary amounts.

Please email a signed PDF copy of your comments to OIGAuditsFollowup@oig.dhs.gov. We will post the final report on our website, including your formal comments as an appendix to the report.

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

Attachment



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Table of Contents

Executive Summary	1
Background	2
Results of Audit.....	4
DHS’ Fleet Management Governing Structure	4
Fleet Inventory Data	5
DHS’ Right-sizing	7
Conclusion.....	10
Recommendations	10
Management Comments and OIG Analysis	11

Appendixes

Appendix A: Objectives, Scope, and Methodology	14
Appendix B: Management Comments to the Draft Report	17
Appendix C: DHS FY 2012 Motor Vehicle Fleet Inventory by Component.....	20
Appendix D: Annual Reported Operating Costs for DHS Fleet, FYs 2005–2013 ..	21
Appendix E: Major Contributors to This Report	22
Appendix F: Report Distribution	23

Abbreviations

CAPGIS	Consolidated Asset Portfolio and Sustainability Information System
CBP	U.S. Customs and Border Protection
CRSO	Chief Readiness Support Officer
DHS	Department of Homeland Security
FAST	Federal Automotive Statistical Tool
FY	fiscal year
GAO	Government Accountability Office
GSA	U.S. General Services Administration
ICE	U.S. Immigration and Customs Enforcement
NPPD	National Protection and Programs Directorate
OIG	Office of Inspector General
VAM	vehicle allocation methodology
VIN	vehicle identification number



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Executive Summary

In fiscal year 2012, Federal agency fleets consisted of more than 650,000 motor vehicles around the world. The Department of Homeland Security (DHS) had the second largest civilian motor vehicle fleet in the Federal Government, owning or leasing about 56,000 vehicles, with reported annual operating costs of about \$534 million. Our audit objective was to determine whether, for fiscal year 2012, DHS met requirements to right-size its motor vehicle fleet composition, eliminate underused vehicles, and acquire vehicles that reduce petroleum use and greenhouse gas emissions.

DHS does not adequately manage or have the enforcement authority over its components' fleet operations to ensure that its motor vehicle fleet composition is right-sized. Each DHS component manages its own vehicle fleet, making it difficult for the DHS Fleet Manager to provide adequate oversight and ensure compliance with Federal laws, regulations, policies, and directives. Although the Department oversees and approves the components' leasing of vehicles, it does not oversee and approve the acquisition of component-owned vehicles. In fiscal year 2012, not all acquisitions were alternative fuel vehicles, as required by DHS policy.

The Department does not have a centralized fleet management information system. For reporting on its motor vehicle fleet inventory, DHS must rely on multiple information systems that contain inaccurate and incomplete vehicle data from the components. In fiscal year 2012, all of the component vehicle fleets we reviewed included underused vehicles, but DHS did not ensure the components justified retaining the vehicles or removed them from their fleets. In that fiscal year, we estimate that operating these underused vehicles cost between \$35.3 million and \$48.6 million. For these reasons, DHS cannot ensure its vehicle fleet composition is cost efficient, complies with departmental requirements, and has the correct number of motor vehicles to accomplish its mission.

We are making two recommendations that, when implemented, should help the Department improve oversight and authority over fleet right-sizing and the management of fleet data. The Department concurred with both recommendations.



Background



Figure 1: Aerial photo of U.S. Customs and Border Protection (CBP) vehicle fleet in Tucson, Arizona
Source: CBP Office of Air and Marine, taken on March 7, 2014

In fiscal year (FY) 2012, Federal agency fleets consisted of more than 650,000 motor vehicles around the world. All executive branch agencies report consolidated motor vehicle fleet data using the Federal Automotive Statistical Tool (FAST), administered by the U.S. General Services Administration (GSA). The FAST database compiles agency-level fleet data summarizing vehicle acquisitions, inventory, costs, mileage, and fuel use data. In FY 2012, DHS had the second largest civilian Federal motor vehicle fleet, with about 56,000 vehicles. (See appendix C for DHS' FY 2012 FAST fleet inventory by component.)

DHS has a decentralized structure and relies heavily on its 11 components to manage and report on motor vehicle fleet composition. We reviewed three components—CBP, U.S. Immigration and Customs Enforcement (ICE), and the National Protection and Programs Directorate (NPPD)—to determine the Department's compliance with Federal motor vehicle fleet right-sizing requirements. The vehicle fleets from these three components comprise about 42,000 vehicles, or about 75 percent of the Department's fleet. Table 1 shows the number of vehicles in these components' fleets in FY 2012.



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Table 1: Motor Vehicle Fleets of CBP, ICE, and NPPD in FY 2012

Component	Component-owned Vehicles	Commercially leased Vehicles	GSA-leased Vehicles	Total Vehicles in Fleet
CBP	26,709	7	136	26,852
ICE	13,564	0	16	13,580
NPPD	31	0	1,398	1,429
Total	40,304	7	1,550	41,861

Source: FAST database

In FY 2012, the Department reported \$534 million in annual operating costs for its fleet, which included indirect costs as well as costs for maintenance, depreciation, leasing, and fuel. Appendix D shows annual fleet operating costs reported by DHS for FYs 2005 through 2013. In FY 2012, DHS acquired about 5,000 vehicles.

The Office of Management and Budget, GSA, and the President have issued guidance and directives related to the size and cost of Federal vehicle fleets. In 2002, the Office of Management and Budget directed heads of Federal agencies to examine their vehicle fleets and report their size, composition, and cost as part of their budget submission process. In 2011, GSA issued guidance to Federal agencies on conducting a vehicle allocation methodology (VAM). The VAM helps agencies determine the optimal fleet inventory to meet the agency's mission requirements and identify resources necessary to operate those fleets effectively and efficiently. Most recently, according to a May 24, 2011, Presidential Memorandum, *Federal Fleet Performance*, each Federal agency is to determine its optimal fleet by using a VAM. The VAM also helps eliminate unnecessary vehicles and ensure that fleet vehicle composition meets agency needs. As directed by the presidential memorandum, GSA subsequently issued guidance on how to right-size or achieve the optimal motor vehicle fleet. GSA also included guidance on how to maintain the appropriate type, size, and number of fuel-efficient vehicles to support the agency's mission.

In FY 2012, DHS took steps to develop a VAM for right-sizing its fleet. The VAM compiled information on DHS vehicle assets such as the number of vehicles, per vehicle mileage, as well as mileage and trips per vehicle. DHS intended to use this information as a baseline to evaluate the fleet in future years.



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

In addition, according to the United States Code and the Code of Federal Regulations, Federal agencies are required to have a centralized fleet management system.¹ The centralized system is supposed to identify, collect, and analyze motor vehicle data related to all costs incurred to operate, maintain, acquire, and dispose of motor vehicles.

Results of Audit

DHS does not adequately manage or have the enforcement authority over its components' fleet operations to ensure that its motor vehicle fleet composition is right-sized. Each DHS component manages its own vehicle fleet, making it difficult for the DHS Fleet Manager to provide adequate oversight and ensure compliance with applicable policies. Although the Department oversees and approves the components' leasing of vehicles, it does not oversee and approve the acquisition of component-owned vehicles. In FY 2012, not all acquisitions were alternative fuel vehicles, as required by DHS policy.

The Department also does not have a centralized fleet management information system. For reporting on its vehicle inventory, DHS must rely on multiple sources of information containing missing, unsupported, and conflicting vehicle data from the components. In FY 2012, fleets at CBP, ICE, and NPPD all included underused vehicles. DHS did not ensure the components justified retaining the underused vehicles or removed them from their fleets. In that fiscal year, we estimate that operating these underused vehicles cost between \$35.3 million and \$48.6 million. For these reasons, DHS cannot ensure its vehicle fleet composition is cost efficient, complies with departmental requirements, and has the correct number of motor vehicles to accomplish its mission.

DHS' Fleet Management Governing Structure

Although DHS has policies and procedures that delineate roles and responsibilities for managing fleet operations, the components manage their own fleets, making it difficult for the DHS Fleet Manager to provide adequate oversight and ensure compliance with applicable policies.

The DHS *Motor Vehicle Fleet Program Manual*, DHS Manual 118-01-01, dated March 18, 2011, (fleet program manual), identifies roles and responsibilities for

¹ Title 40 of the United States Code, Chapter 175 *Federal Motor Vehicle Expenditure Control*, § 17502 *Monitoring System* and § 17503 *Data Collection* and Title 41 of the Code of Federal Regulations § 102-34.340.



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

governing and managing the Department's motor vehicle fleet. According to the fleet program manual, the Under Secretary for Management has responsibility for managing the fleet, and the DHS Fleet Manager carries out the primary department-level fleet management activities. Component fleet managers are responsible for day-to-day management of their respective fleets.

The DHS Fleet Manager, assisted by one staff member, has a wide range of responsibilities. To fulfill mandatory Federal reporting requirements, the Fleet Manager gathers and compiles data the components submit on their respective fleet inventories. Other responsibilities include drafting, interpreting, and issuing guidance to component fleet managers; serving as the primary liaison between component fleet managers and other Federal agencies; and establishing and implementing a VAM for the Department.

Under the current governing structure, the DHS Fleet Manager does not have enforcement authority over vehicles within the components' fleets. Each component has its own operational budget and, therefore, makes independent decisions about its vehicle fleet. The DHS Fleet Manager relies on the components' inventory data without validating the accuracy of the data. In addition, although responsible for overseeing the acquisition and use of all motor vehicles, the Fleet Manager does not approve new vehicle acquisitions and cannot enforce removal of underused vehicles from the components' fleets. Without such authority, the DHS Fleet Manager cannot manage the DHS fleet effectively. In particular, the Fleet Manager cannot determine whether vehicles are needed and justified and cannot ensure that components remove underused vehicles from their fleets.

Fleet Inventory Data

The three components that we reviewed used disparate data systems for their vehicle inventories, which included missing, unsupported, and conflicting data. In the absence of a centralized fleet management data system, DHS relies on vehicle data from multiple systems to monitor fleet inventory and to fulfill mandatory reporting requirements.

The Code of Federal Regulations requires Federal agencies to have a centralized system. This system should enable staff to identify, collect, and analyze motor vehicle data on the cost to acquire, operate, maintain, and dispose of motor vehicles. According to GSA regulatory guidance, a centralized system alone is not



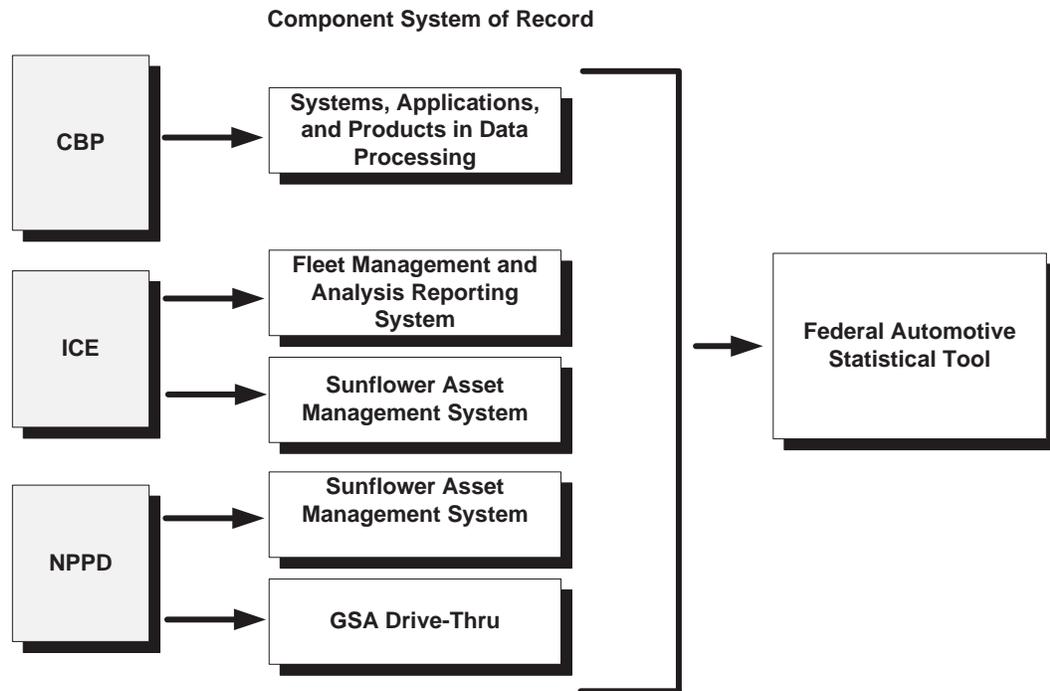
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Department of Homeland Security

sufficient. Agencies should also ensure ongoing, complete, and accurate data entry.

CBP, ICE, and NPPD use four systems of record to maintain vehicle fleet data that is entered into FAST; Systems, Applications, and Products in Data Processing, Fleet Management and Analysis Reporting System, Sunflower, and GSA Drive-Thru. These systems do not communicate with each other. Figure 2 shows the components' systems and how the data is entered into FAST.

Figure 2: CBP, ICE, and NPPD Vehicle Fleet Data Reporting Process



Component vehicle operators, fleet managers, or mission support staff manually submit data into their fleet system of record. This data is not verified for accuracy.

The components manually input fleet data into FAST for government-wide reporting.

Source: Office of Inspector General (OIG) analysis of data provided by CBP, ICE, and NPPD

During our review of 753 FY 2012 vehicle records in these data systems, we identified unsupported, conflicting, and missing vehicle data. For example, 293 of 753 (39 percent) records of vehicle identification numbers (VIN) were not supported by documented proof of ownership, such as a certificate of origin or a delivery order. In 405 of 753 (54 percent) records, vehicle acquisition dates were not supported by documentation or there were multiple acquisition dates. We



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

also identified missing mileage and operating cost information for some of CBP's and ICE's vehicles, as well as unsupported monthly lease costs for NPPD's and CBP's vehicles. Table 2 contains more details on the unreliable data.

Table 2: Fleet Inventory Data for 753 Records at CBP, ICE, and NPPD – FY 2012

Component	Number of Vehicles in Sample	No Documents on File for VIN/VIN Not Matched in System of Record	Unsupported/Conflicting Acquisition Date	Mileage Data Missing	Unsupported Monthly Lease Cost	Operating Cost Missing
CBP	379*	91	177	33	2	87
ICE	331*	159	225	31	N/A	10
NPPD	43*	43	3	0	19	0
Total	753*	293	405	64	21	97

Source: OIG

*Some vehicle records in our sample had more than one data issue; as a result, any sum of the issues across the rows may be greater than the number of vehicles in the samples.

DHS does not have a centralized fleet management information system and is relying on unsupported, conflicting, and missing data from the components' disparate systems to manage its fleet. The DHS Fleet Manager gathers data from the components' various systems but does not validate the reported data, which is not always accurate and complete. Thus, the Department cannot be sure that reported data reflects the actual number of vehicles and composition of the components' fleets.

DHS' Right-sizing

In FY 2012, DHS did not ensure CBP, ICE, and NPPD actively right-sized their fleets by justifying the need for vehicles in the systems of record and by disposing of or reassigning underused vehicles. Of the 753 vehicles in our sample, 59 percent were underused. We estimate these vehicles cost between \$35.3 million and \$48.6 million to operate in FY 2012. In addition, DHS did not approve any FY 2012 vehicle acquisitions by CBP, ICE, and NPPD. These vehicle acquisitions were also not all alternative fuel vehicles as required by the Department.



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Underused Vehicles

DHS has taken steps toward right-sizing by implementing a VAM to ensure its fleet is correctly sized, but in FY 2012, it did not identify, dispose of, or reassign most of its underused vehicles. Because none of these underused vehicles had justifications in their systems of record, the components were not able to support that the underused vehicles were critical to accomplishing DHS' mission.

The May 24, 2011, Presidential Memorandum, *Federal Fleet Performance*, requires agencies to reduce greenhouse gas emissions by limiting fleet size. GSA has also issued guidance on right-sizing, or maintaining the smallest, most efficient fleet to accomplish an agency's mission. According to DHS' fleet program manual, components must consider the need for vehicles that are driven fewer than 3,000 miles per quarter or 12,000 miles per year. Components should also have a process to justify retaining these vehicles from year to year. According to the fleet program manual, vehicles that fall below the threshold and are not justified should be disposed of or reassigned.

In our sample of vehicles reported in the FY 2012 inventories of CBP, ICE, and NPPD, we identified 442 (59 percent) of 753 vehicles that were driven less than 12,000 miles that fiscal year.² Of the 442 underused vehicles, 379 (86 percent) remained in the FY 2013 inventory even though the systems of record at CBP, ICE, and NPPD did not contain justifications for keeping any of the underused vehicles in their respective inventories. When we presented the results to these three components, they were unable to provide us with justifications for the underused vehicles we identified.

These underused vehicles contributed to unnecessary departmental expenses. In FY 2012, using operating costs reported by CBP, ICE, and NPPD, we calculated that the 442 underused vehicles in our sample cost the Department \$862,223. Underused vehicles made up 70 percent of CBP's sample, 48 percent of ICE's sample, and 37 percent of NPPD's sample. Therefore, we estimate, through statistical inference, that in FY 2012, the cost of operating all underused vehicles across the three components was between \$35.3 million and \$48.6 million.³ Table 3 shows these costs.

² For the 42 vehicles in the sample acquired in FY 2012, we prorated their use by the number of months they were in the fleet.

³ We estimate with 95 percent confidence that the FY 2012 costs to operate underused vehicles at CBP was between \$15.7 million and \$21.7 million; at ICE, between \$15.7 million and \$22 million; and at NPPD, between \$3.9 million and \$4.9 million.



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Table 3: Average and Inferred Operating Costs of Underused Vehicles at CBP, ICE, and NPPD in FY 2012 (rounded to nearest dollar)

Vehicles Driven Less Than 12,000 Miles in FY 2012 in the Sample					
Component	Number of Vehicles	Percentage of Vehicles	Operating Costs of Vehicles	Average Operating Cost per Vehicle	Inferred Range of Operating Costs (in millions)
CBP	266	70%	\$262,734	\$988	\$15.7 – \$21.7
ICE	160	48%	\$466,224	\$2,914	\$15.7 – \$22.0
NPPD	16	37%	\$133,265	\$8,329	\$3.9 – \$4.9

Source: OIG analysis of component vehicle data

The inferred range of estimated operating costs is conservative and could be higher because CBP and ICE could not furnish mileage, operating costs, or both for 124 of the 753 vehicles in our sample. Because of this missing data, we could not evaluate whether these 124 vehicles were underused and contributed to higher operating costs, and thus we did not include them when estimating the operating costs of underused vehicles.

Although DHS has taken steps to right-size its fleet, underused vehicles remain in its overall inventory because the DHS Fleet Manager does not (1) have adequate visibility into the components' fleet inventories; (2) ensure that underused vehicles are properly justified; and (3) enforce disposal or transfer of underused vehicles that are not justified. Without adequate oversight and the necessary authority, the DHS Fleet Manager cannot ensure that the DHS fleet is cost efficient and correctly sized to accomplish its mission.

Acquisition of Electric, Hybrid, and Alternative Fuel Vehicles

The Department does not adequately oversee component vehicle acquisitions and did not ensure all vehicles acquired in FY 2012 were electric, hybrid, or alternative fuel, as required by the *DHS Motor Vehicle Fleet Program Acquisition Guide* (acquisition guide). Each component acquires vehicles independently, without the authorization and approval of the DHS Fleet Manager.

According to the acquisition guide, component fleet managers are to justify all new vehicle acquisitions and ensure they are approved by the DHS Fleet Manager. In addition, to comply with the March 30, 2011, presidential guidance,



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

the acquisition guide requires that, by 2012, all newly acquired vehicles be electric, hybrid, or alternative fuel.

In FY 2012, CBP, ICE, and NPPD acquired 3,040 or 61 percent of the total of 4,996 vehicles the Department acquired. Of the 753 vehicles in our sample, 42 were acquired in FY 2012; 2 were alternative fuel vehicles and none were electric or hybrid.

Conclusion

DHS needs to place greater emphasis on the DHS Fleet Manager's authority over components to ensure compliance with departmental guidance and right-sizing efforts, particularly identifying and eliminating underused vehicles. In addition, the Department should implement a single, department-wide fleet management data system. Such a system would give the DHS Fleet Manager more visibility into the components' fleets and would make right-sizing efforts more transparent. It would also help improve data reliability at the component and headquarters level by allowing the DHS Fleet Manager and component fleet managers to identify missing data. This data system would also facilitate collection of vehicle inventory, cost, and usage data. When taken together, these efforts will help ensure that the Department's motor vehicle fleet is more cost efficient and correctly sized to accomplish its mission.

According to DHS, CBP, ICE, and NPPD, they have taken several steps since FY 2012 to improve fleet management and ensure fleets are right-sized. We look forward to following up with the Department on its continued progress.

Recommendations

We recommend that the DHS Under Secretary for Management:

Recommendation #1:

Ensure that the DHS Fleet Manager has adequate oversight and the necessary enforcement authority over component fleet managers' efforts to acquire vehicles, right-size their fleets, and eliminate underused vehicles. We estimate that, in FY 2012, underused vehicles cost CBP, ICE, and NPPD between \$35.3 million and \$48.6 million, which are funds that could be put to better use in future fiscal years.



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

Recommendation #2:

Implement a single, centralized system of record for the Department's motor vehicle fleet to improve visibility, identify data gaps and inconsistencies, and facilitate collection of vehicle inventory, cost, and usage data.

Management Comments and OIG Analysis

The Department provided written comments on a draft of this report. We have included a copy of these comments in their entirety in appendix B. DHS also provided technical comments, which we incorporated as appropriate.

DHS concurred with our recommendations and provided details on steps being taken to address specific findings and recommendations in the report. We reviewed the management comments and provide our evaluation below.

Response to Recommendation #1:

DHS Response: DHS concurred with recommendation #1. According to the Department, the DHS Fleet Manager has the necessary enforcement authority over component fleet managers as described in DHS Delegation 00500, *Delegation for Administrative Services*, dated June 5, 2012. This document delegates department-wide authority and responsibility for administrative services, including the motor fleet program, to the DHS Chief Readiness Support Officer (CRSO). To strengthen the DHS Fleet Manager's oversight, the DHS CRSO will improve the Fleet Manager's ability to exercise this authority by reviewing department-level policy and procedures.

DHS will also charter a working group to review, update, and strengthen the DHS *Motor Vehicle Fleet Program Manual*. The working group will be composed of representatives from the Office of the CRSO and select component headquarters, as well as field fleet managers and vehicle operators. As part of this effort, the working group will benchmark component accomplishments and processes put in place since FY 2012. The estimated completion date is September 30, 2015.

OIG Analysis: The actions DHS has proposed appear to meet the intent of recommendation #1. This recommendation will remain resolved and open until we have reviewed documentation confirming that the DHS Fleet Manager has



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

adequate oversight and the necessary enforcement authority over component fleet managers' efforts.

DHS Response: DHS disagreed with our statistical inference and estimate of funds that could be put to better use. According to the Department, "it appears the sampling was conducted on a faulty sampling frame. As stated in the draft report, out of 753 samples, 124 samples were excluded because operating cost information was not apparently available. This means that about 16% of the universe of vehicles (approximately 6,874) did not have operating cost information and should have been excluded from the sampling frame before the determination of sample size and sampling of the vehicles."

OIG Analysis: We designed our sample based on the universe of the vehicle fleet in three components. CBP and ICE did not have sufficient data to evaluate the use of 124 vehicles in our sample. We excluded those vehicles from the calculation of underused vehicles. In other words, lacking evidence that the vehicles were underused, we treated those vehicles as having sufficient usage to be fully justified and did not include them in the calculation of funds that could be put to better use. We calculated the funds to be put to better use based on the operating costs of the value of the 442 underused vehicles in our sample. If, as DHS suggested, we had reduced the sample sizes for ICE and CBP to exclude the 124 vehicles in question, the estimated FY 2012 cost of operating underused vehicles would have increased from between \$35 and \$49 million to between \$44 and \$60 million. Instead, as indicated in our draft report, we used conservative statistical inferences.

Response to Recommendation #2:

DHS Response: DHS concurred with recommendation #2. The DHS CRSO is developing the Consolidated Asset Portfolio and Sustainability Information System (CAPSIS) designed to consolidate departmental real and personal property and sustainability management information. Within CAPSIS, the Asset Management Data Warehouse will consolidate department-wide fleet data into a single portfolio management system to include performance management modules; it will also integrate operational information from fleet card systems for government-owned vehicles and applicable GSA reports for leased vehicles. The estimated completion date is March 31, 2015.

OIG Analysis: According to the DHS CRSO, CAPSIS is not a transactional system, and the components will not enter the data directly into CAPSIS. Instead, CAPSIS



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

will pull the necessary vehicle data from the components' current systems. According to the CRSO, mileage data will still depend on vehicle operators entering the data, and controls will have to be built into CAPSIS to detect unusual vehicle mileage inputs. In this CAPSIS process, DHS will need to implement controls to ensure that (1) the information is centralized; (2) management can identify data gaps and inconsistencies; and (3) collect motor vehicle inventory, cost, and usage data.

The action proposed by DHS appears to meet the intent of recommendation #2. This recommendation will remain resolved and open until we have reviewed documentation that the system complies with the law.

As a result of our previous report, *DHS Home-to-Work Transportation (OIG-14-21, Dec. 20, 2013)*, the DHS Management Directorate in consultation with the Office of the General Counsel, is reviewing Home-to-Work policies, practices, and procedures to ensure that their Fleet program is fully compliant with laws, regulations, and policies and that the program is fiscally prudent. DHS's goal with regard to their review is to ensure that guidance allows the use of this law enforcement tool for those who have a legitimate and documented need. No later than November 1, 2014, the Management Directorate reports it will issue a new manual and instruction governing Home-to-Work.



Appendix A

Objectives, Scope, and Methodology

The Department of Homeland Security (DHS) Office of Inspector General (OIG) 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 report contains the results of our work to determine whether, for FY 2012, the Department met requirements to right-size the composition of its motor vehicle fleet, eliminate underused vehicles, and acquire vehicles that reduce petroleum use and greenhouse gas emissions. We also reviewed Federal fleet management regulations as well as DHS, CBP, ICE, and NPPD fleet management policies, procedures, and other guidance related to fleet management operations at the Department.

We interviewed DHS, CBP, ICE, and NPPD management and staff responsible for departmental and component motor vehicle fleet operations, including interviews with the DHS Fleet Manager, component fleet managers, and subcomponent fleet management custodians of record.

In FY 2012, the Department reported 56,043 vehicles in its motor vehicle fleet to FAST. We relied on FAST data to determine the Department's universe of vehicles in its fleet in FY 2012. Although FAST captures aggregate fleet size and composition data, such as vehicle types, for the Department and each component, it does not contain unique vehicle identifiers such as VINs, asset numbers, and barcodes, which are necessary to select a statistical sample for testing.

Using the FAST aggregate data and based on their fleet size and composition, we selected CBP, ICE, and NPPD for our audit. Because we could not rely on the FAST data, we obtained motor vehicle fleet data on inventories that included unique identifying information from the respective component fleet managers. These three components provided data on inventories for 41,744 vehicles. Using these inventories, we consulted the OIG Office of Audits statistician to identify a statistical sample of vehicles for testing at each of the selected components, using a 95 percent confidence level, 5 percent sample error, and 50 percent population proportion. As a result, we identified the following sample universe:



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

- CBP – 379 of 26,920 vehicles
- ICE – 331 of 13,400 vehicles
- NPPD – 43 of 1,424 vehicles

To validate the integrity of vehicle inventory data, reported mileage, and reported operating cost data used in our sample universe, we then accessed the components' systems of record to compare inventory information against source documents, where available. We extracted information directly from each system of record or we observed component personnel extracting supporting documentation from their respective systems.

We noted data integrity issues pertaining to vehicle nomenclature, mileage, and operating costs. For example, 293 of the 753 records we reviewed did not contain documentation in the system of record to validate VINs and make and model information. CBP and ICE could not furnish mileage for 27 of 753 vehicles and operating costs for 60 of 753 vehicles; they could provide neither mileage nor operating costs for 37 of the 753 vehicles in our sample. Cumulatively, these 124 vehicles may have been underused and contributed to higher operating costs, but were not included in the operating cost or underused vehicle calculations.

To determine the steps component fleet managers had implemented to right-size their fleets and acquire alternative fuel vehicles, we conducted additional analyses using reported vehicle mileage and operating cost information. We conducted four separate analyses of performance by measuring:

- Reported mileage against GSA and DHS fleet usage thresholds
- Alternative fuel vehicle acquisitions in FY 2012
- FYs 2012 and 2013 inventory trends
- VAM information

We conducted these analyses to identify underused vehicles based on mileage rather than variables such as engine hours because DHS does not capture this information in its systems of record. In our statistical sample of 753 vehicles, we found 442 or 59 percent of underused vehicles that were driven less than 12,000 miles per year. We used statistical inference based on 442 underused vehicles to estimate the operating costs of maintaining underused vehicles in CBP's, ICE's, and NPPD's FY 2012 vehicle fleets. In consultation with the OIG statistician, we used the average operating costs and numerical counts of underused vehicles at each of the three components. We then used statistical calculations to compute the inference of operating costs for maintaining underused vehicles across CBP's, ICE's, and NPPD's FY 2012 vehicle fleets. We



OFFICE OF INSPECTOR GENERAL

Department of Homeland Security

attempted to obtain mileage and operating cost information in the components' systems of record; however, we encountered problems validating reported data against data in systems of record. In most cases, the systems did not capture the information, it was incomplete, or the component could not replicate information reported to FAST. Our cost savings are conservative and only account for vehicles we identified as underused based on reported mileage and available operating costs.

We conducted this performance audit between August 2013 and April 2014 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.



OFFICE OF INSPECTOR GENERAL
Department of Homeland Security

Appendix B
Management Comments to the Draft Report

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



**Homeland
Security**

July 11, 2014

MEMORANDUM FOR: The Honorable John Roth
Inspector General
Office of Inspector General

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

SUBJECT: OIG Draft Report: "DHS Management and Right-sizing of its
Motor Vehicle Fleet" (Project No. 13-151-AUD-MGT)

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

DHS is pleased to note OIG's recognition that the Department has taken steps toward right-sizing its fleet by implementing a Vehicle Allocation Methodology (VAM), to ensure the fleet is correctly sized. The Department also notes that OIG's audit was focused on fiscal year (FY) 2012. However, it is also important to acknowledge that DHS and its Components have taken several additional steps since FY 2012 to improve fleet management programs and ensure fleets are right-sized.

For example, during July 2013, the DHS Chief Readiness Support Officer (CRSO) chartered a DHS Vehicle Fleet Assessment Integration Team (iTeam) consisting of the CRSO and Component fleet management subject matter experts. The iTeam's goal is to develop a comprehensive, strategic plan to ensure the Department is in compliance with the requirements of the "Presidential Memorandum-Federal Fleet Performance," dated May 24, 2011. Ongoing initiatives of the iTeam include:

- constructing a plan to ensure Components are able to meet established vehicle reduction targets;
- developing a process to oversee the acquisition and deployment of alternative fuel vehicles in close proximity to alternative fuel infrastructure, subject to mission requirements;
- developing a methodology to determine the most cost-effective method of vehicle acquisition (leasing vs. purchasing); and
- reducing the number and size of vehicles used to transport DHS executives.



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Department of Homeland Security

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

Recommendation 1: Ensure that the DHS Fleet Manager has adequate oversight and the necessary enforcement authority over Component fleet managers' efforts to acquire vehicles, right-size their fleets, and eliminate underused vehicles. We estimate that, in FY 2012, underused vehicles cost CBP, ICE, and NPPD between \$35.3 million and \$48.6 million, which are funds that could be put to better use in future fiscal years.

Response: Concur. The DHS Fleet Manager already has the necessary enforcement authority over Component fleet managers. Specifically, DHS Delegation 00500, "Delegation for Administrative Services," dated June 5, 2012, delegates Department-wide authority and responsibility for Administrative Services, including the motor fleet program, to the DHS CRSO (formerly the Chief Administrative Officer). To strengthen Fleet Manager oversight, the DHS CRSO will improve the Fleet Manager's ability to exercise these authorities by reviewing Department-level policy and procedure.

Specifically, the DHS CRSO will charter a working group to review, update, and strengthen DHS Manual 118-01-01, "Motor Vehicle Fleet Program Manual," dated March 18, 2011. The working group will be comprised of representatives from the Office of the CRSO and select Component Headquarters, field Fleet Managers, and vehicle operators. As part of this effort, the group will benchmark Component accomplishments and processes put in place since FY 2012, which were not considered during OIG's audit. These accomplishments include, but are not limited to the:

- U.S. Immigration and Customs Enforcement (ICE) fleet right-sizing plan to eliminate 11.6 percent of their total fleet;
- National Protection and Programs Directorate (NPPD) "basis of issue" initiative which links objective vehicle requirements to functional missions; and
- U.S. Customs and Border Protection (CBP) plan to reduce vehicle engine idling effectively lowering their annual vehicle operating budget by approximately two million dollars.

DHS does not agree with OIG's estimate that between \$35.3 and \$48.6 million in funds could be put to better use because CBP, ICE, and NPPD vehicles were possibly underused during FY 2012. Specifically, OIG's estimate was based on "statistical inference" and as such cannot be validated by management officials because incorrect assumptions may have skewed the results. For example, the estimate appears to be based largely on the premise that all underused vehicles identified by the OIG would be eliminated. Since FY 2012, many of these vehicles have been or are scheduled for elimination, and others have been evaluated and deemed mission essential.

In addition, it appears the sampling was conducted on a faulty sampling frame. As stated in the draft report, out of 753 samples, 124 samples were excluded because operating cost information was not apparently available. This means that about 16% of the universe of vehicles



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(approximately 6,874) did not have operating cost information and should have been excluded from the sampling frame before the determination of sample size and sampling of the vehicles.

More specifically, DHS believes there should have been a break-up of the 124 excluded vehicles by Components (CBP, ICE, and NPPD), which would have resulted in a different percentage of vehicles compared to that shown on Table 3, page 9 of the draft report. Although OIG states that the 124 unused vehicles were not a part of the audit, their operating cost was apparently not included in the estimation of overall operating cost for unused vehicles resulting in the audit findings for 442 sampled vehicles being projected to entire universe of 41,744 vehicles. It seems the projection should have been for $(41,744 - 6,874)$ 34,869 vehicles, which would have resulted in a smaller projected operating cost than shown in the draft report.

It is also not clear how the range of operating cost was calculated (see page 9 of the draft report). The ranges reported basically refer to lower and upper limits of an estimate and they are calculated by subtracting/adding the margin of error (in dollar value, in case) from/to the estimate (mean dollar amount). The draft report audit did not disclose the margin of error of total estimated operating cost of unused vehicles. In addition, it is not clear how the auditors arrived at 442 samples. It seems that it should be $753 - 124 = 629$ samples, unless something is missing.

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

Recommendation 2: Implement a single, centralized system of record for the Department's motor vehicle fleet to improve visibility, identify data gaps and inconsistencies, and facilitate collection of vehicle inventory, cost, and usage data.

Response: Concur. The DHS CRSO is developing the Consolidated Asset Portfolio and Sustainability Information System (CAPSIS). CAPSIS is a business intelligence tool designed to consolidate Departmental real and personal property and sustainability management information. Within CAPSIS, the Asset Management Data Warehouse will consolidate Department-wide fleet data into a single portfolio management system to include performance management modules and integrate operational information from fleet card systems for government-owned vehicles and U.S. General Services Administration (GSA) Reports Carry Out for leased vehicles. CAPSIS dashboards will automate portfolio-level analysis enabling more effective Department level planning and decision making. Operational data from the GSA Reports Carry Out has been included and the J.P. Morgan Chase Fleet Card data integration is under development.

ECD: March 31, 2015.

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



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Appendix C

DHS FY 2012 Motor Vehicle Fleet Inventory by Component

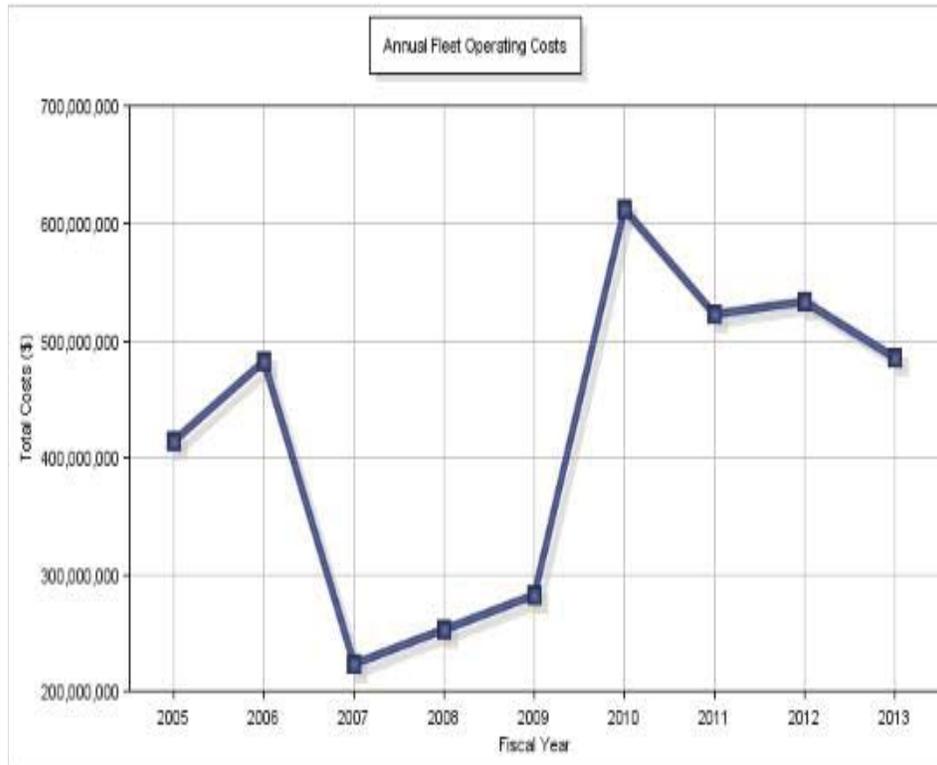
Component	Agency-Owned Vehicles	Commercial-Leased Vehicles	GSA-Leased Vehicles	Total Vehicles in Fleet
CBP	26,709	7	136	26,852
ICE	13,564	0	16	13,580
United States Secret Service	4,265	5	211	4,481
United States Coast Guard	287	2	3,612	3,901
Transportation Security Administration	1,873	0	1,155	3,028
NPPD	31	0	1,398	1,429
Federal Emergency Management Agency	939	0	238	1,177
Federal Law Enforcement Training Center	681	0	208	889
U.S. Citizenship and Immigration Services	209	0	196	405
Department of Homeland Security Headquarters	0	0	213	213
Management Directorate	32	2	16	50
Science and Technology Directorate	29	0	9	38
Total	48,619	16	7,408	56,043

Source: FAST



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Appendix D
Annual Reported Operating Costs for DHS Fleet, FYs 2005–2013



Cost Type	Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	
Indirect Costs	\$ 31,590,036	\$ 35,179,831	\$ 37,769,926	\$ 33,890,968	\$ 39,175,617	\$ 37,477,255	\$ 16,132,528	\$ 11,486,710	\$ 10,444,067	
Maintenance Costs	\$ 47,560,137	\$ 38,337,263	\$ 52,975,831	\$ 79,984,553	\$ 71,187,746	\$ 134,871,326	\$ 83,901,590	\$ 81,225,318	\$ 88,558,404	
Depreciation	\$ 283,738,435	\$ 332,268,558	\$ 10,819,938	\$ 24,351,231	\$ 47,844,642	\$ 95,855,245	\$ 232,948,181	\$ 258,824,861	\$ 220,670,825	
Lease Costs	\$ 18,453,721	\$ 33,573,963	\$ 69,635,809	\$ 40,029,192	\$ 60,927,006	\$ 96,597,850	\$ 48,897,457	\$ 42,803,568	\$ 40,802,274	
Fuel Costs ¹	\$ 33,791,539	\$ 43,385,341	\$ 53,150,428	\$ 75,254,806	\$ 63,639,834	\$ 248,166,031	\$ 141,491,542	\$ 139,914,872	\$ 125,449,509	
Total:	\$ 415,133,868	\$ 482,744,956	\$ 224,351,932	\$ 253,510,750	\$ 282,774,845	\$ 612,967,707	\$ 523,371,298	\$ 534,255,327	\$ 485,925,079	

Notes:
1. Fuel costs shown are costs for fuel consumed in owned and commercially-leased vehicles only, as costs for fuel consumed in GSA-leased vehicles are assumed to be included in the corresponding lease costs.

Source: FAST



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Appendix E
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Appendix F
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