

**Testimony of Inspector General
John Roth**

**Before the Subcommittee on
Oversight & Management
Efficiency, Committee on
Homeland Security
U.S. House of Representatives**

**“Driving Away with Taxpayer
Dollars: DHS’ Failure to
Effectively Manage the FPS
Vehicle Fleet”**





DHS OIG HIGHLIGHTS

Driving Away with Taxpayer Dollars: DHS' Failure to Effectively Manage the FPS Vehicle Fleet

December 3, 2015

Why We Did This Audit

This review was requested by the Chairman of the Subcommittee on Oversight and Management Efficiency, House Homeland Security Committee. Our objective was to determine whether FPS' current fleet of vehicles is necessary to carry out its operational mission.

What We Recommend

In recent years, we have recommended DHS implement a centralized system of record for fleet data; develop policies to collect reliable data; revise its Home-to-Work guidance; and improve authority over component fleet managers' efforts to acquire vehicles, right-size their fleets, and eliminate underused vehicles.

For Further Information:

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

What We Found

Our most recent audit, as well as two previous audits, identified challenges with fleet management that DHS must improve to ensure FPS — and all other DHS components — use motor vehicle fleet compositions that most effectively and efficiently meet mission requirements.

Our most recent audit identified the following issues:

- FPS has too many vehicles, based on their workforce.
- FPS pays too much for vehicles that they do have.
- FPS officers in the National Capital Region used their vehicles to commute to and from home without proper justification.

As a result, FPS potentially missed cost savings of more than \$2.5 million.

Within the Department, the DHS Fleet Manager is responsible for the primary, Department-level fleet management activities. However, the DHS Fleet Manager has provided insufficient oversight to ensure compliance with Federal and departmental requirements. This is partly because the DHS Fleet Manager does not have enforcement authority to influence component vehicle purchases. Since components receive funding for vehicle fleets in their individual operational budgets, they make independent decisions about the amount and type of vehicles needed to support their missions.

In recent years, we have made numerous recommendations for the Department to improve data reliability and strengthen oversight for fleet management. We recognize that the Department has made significant improvements to fleet management and Home-to-Work transportation authorizations in particular, such as issuing interim, clear guidance for Home-to-Work and using a system to update and analyze asset management data.

Without proper collaboration and oversight, the DHS Fleet Manager cannot manage the fleet effectively, determine whether vehicles are necessary, and ensure that components remove underused vehicles — and thereby operate the most cost-efficient fleet.



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Good morning Chairman Perry, Ranking Member Watson Coleman, and other distinguished Members of the Subcommittee.

Thank you for inviting me here today to discuss our work on the Federal Protective Service (FPS), a component of the National Protection and Programs Directorate (NPPD), and Department of Homeland Security (DHS) fleet management. Our most recent audit,¹ as well as two previous audits, identified challenges with fleet management that DHS must improve to ensure FPS — and all other DHS components — use motor vehicle fleet compositions that most effectively and efficiently meet mission requirements.

Our most recent audit identified the following issues:

- FPS has too many vehicles, based on their workforce;
- FPS pays too much for vehicles that they do have; and
- FPS officers in the National Capital Region used their vehicles to commute to and from home without proper justification.

As a result, FPS potentially missed cost savings of more than \$2.5 million out of a total expenditure of approximately \$10.7 million.

Although my testimony today will focus on our recent report on the FPS fleet, I will also discuss the Department's and NPPD's challenges in managing motor vehicle fleet operations.

Within the Department, the DHS Fleet Manager is responsible for the primary, Department-level fleet management activities. However, the DHS Fleet Manager has provided insufficient oversight to ensure compliance with Federal and departmental requirements for Home-to-Work vehicle use² and annual Vehicle Allocation Methodology (VAM) reporting. Agencies use VAM to determine the correct allocation of vehicles for its staff, reduce fuel, and determine excess. This is partly because the DHS Fleet Manager does not have enforcement authority to influence component vehicle purchases. Since components receive funding for vehicle fleets in their individual operational budgets, they make independent decisions about the amount and type of vehicles needed to support their missions.

FPS Had More Vehicles Than Officers

We reported that FPS had more vehicles than justified. In FY 2014, FPS had 101 more law enforcement vehicles than full-time equivalent law enforcement

¹ *The FPS Vehicle Fleet Is Not Managed Effectively*, OIG-16-02, October 2015

² Home-to-Work transportation is the use of government passenger carriers (such as motor vehicles) to transport employees between their homes and places of work; it is a tool to meet mission requirements and enhance responsiveness to emergency situations.



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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 had not conducted an analysis to determine the number of spare vehicles needed for the size of its fleet.

In addition, FPS did not have adequate justification for its administrative vehicles. FPS leased 32 administrative vehicles 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. However, we determined that FPS had not performed an analysis to ensure that leasing these administrative vehicles was the most cost effective option. If FPS reduced its fleet by these spare law enforcement and administrative vehicles, it could potentially save more than \$1 million annually.

FPS Did Not Justify the Use of Larger Vehicles

FPS has not justified leasing vehicles larger than necessary to support its mission. In FY 2014, the standard law enforcement vehicle FPS issued was an SUV. FPS' fleet consists of 1,059 SUVs — 93 percent of its total fleet. 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.

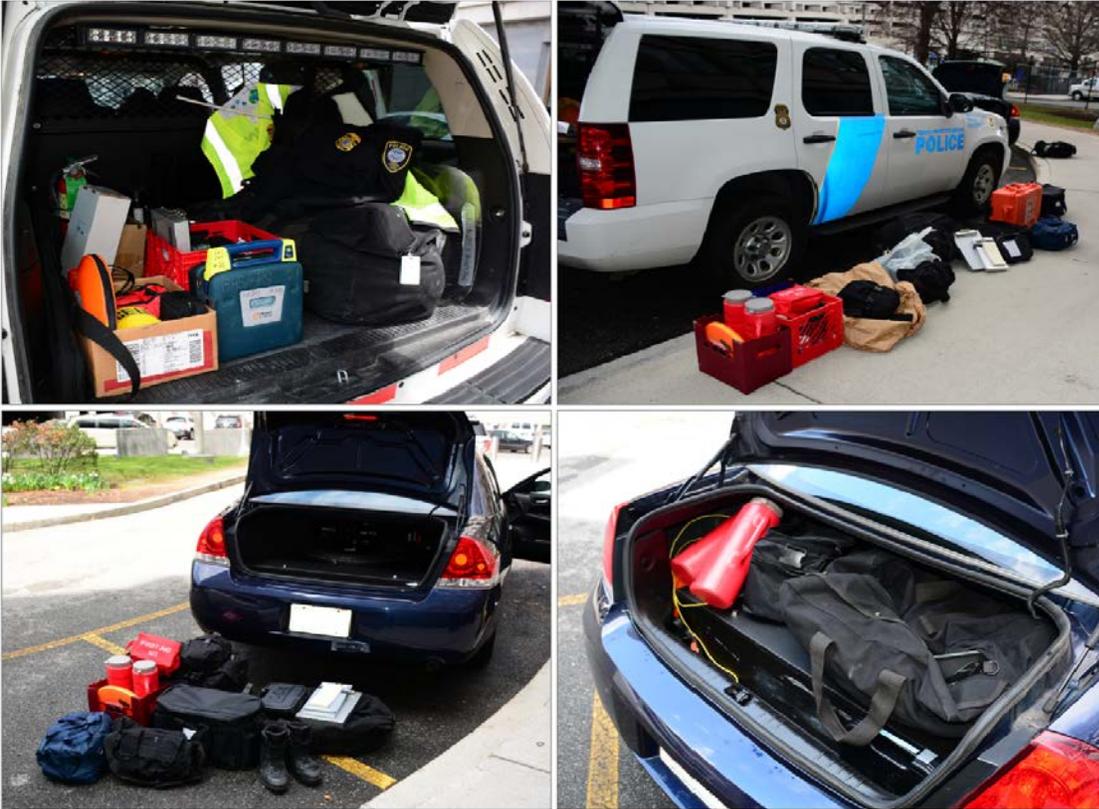
FPS management explained the decision to lease a larger vehicle was based on the assumption that SUVs provided a capability to store and carry the required law enforcement equipment such as a rifle, riot gear, and biochemical protective suit. However, we tested the storage capacity of a sedan and determined that it could also store the standard issued law enforcement equipment. Figure 1 shows the midsize sedan and SUV equipment capacity.



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Figure 1. Law Enforcement Equipment in a Midsize Sedan and SUV



Source: DHS OIG.

Additionally, we noted that FPS officers did not always store the equipment in their vehicles. Our test of 46 judgmentally selected vehicles during normal duty hours found that most FPS officers did not have the majority of the equipment in their vehicles. If FPS had replaced all of its law enforcement SUVs with sedans, it could have potentially saved more than \$1.1 million in FY 2014.

FPS Did Not Justify Adding Discretionary Equipment to Vehicles

DHS policy requires fleet managers to consider the need, cost, and potential benefits for all non-standard equipment added to the vehicles such as lights, sirens, and prisoner cages. However, FPS added discretionary items such as a bike rack hitch, rechargeable flashlight, and premium wireless security system without documenting how the additional items would enhance FPS' ability to meet its mission requirements. Depending upon the discretionary equipment package selected, vehicle costs increased by anywhere from \$12,000 to \$20,000.



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

FPS cannot justify 1.2 million Home-to-Work miles self-reported by 142 officers in FY 2014 as essential for carrying out its mission. Nearly 57 percent of the fleet's overall miles driven are Home-to-Work and costs the National Capital Region on average about \$300,000 per year. U.S. Code³ grants each Federal agency head the authority to determine which job positions are eligible to use Home-to-Work transportation. The statute provides the DHS Secretary with the ability to authorize Home-to-Work for employees engaged in:

- fieldwork;
- intelligence, counterintelligence, protective services, and criminal law enforcement duties;
- an emergency;
- compelling operational consideration; and
- clear and present danger.

However, most officers in the region are not required to respond to after-hours incidents because this region employs rotational shifts for on-duty officers 24 hours a day. Additionally, we found that officers erroneously reported on-duty activities as after-hours responses. This provided an inaccurate picture of actual after-hours' responses and resulted in FPS using unreliable data to support its Home-to-Work reauthorization request.

FPS Did Not Ensure Vehicle Data Was Complete and Accurate

FPS inputs monthly mileage into the GSA Mileage Express Drive-thru system to track and manage its fleet operations and monitor fleet costs, mileage, and fuel use. Additionally, FPS developed Vehicle Operations Reports (VOR) to capture monthly vehicle mileage, including Home-to-Work. FPS uses the VOR information together with the GSA Fleet Drive-thru system information to oversee its fleet program. However, based on our analysis of 192 VORs and corresponding GSA's Fleet Drive-thru Express system data, we identified significant instances of inaccurate or incomplete information pertaining to total miles driven and Home-to-Work mileage.

³ Title 31 U.S.C. § 1344
www.oig.dhs.gov



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FPS May Be Retaining Nonessential Vehicles

FPS has not implemented a tool to properly justify that the number, type, and use of its current fleet is necessary to carry out its mission. GSA created the VAM to assist agencies in determining the right number and type of vehicles and eliminating unnecessary or nonessential vehicles. However, FPS did not complete its part of NPPD's overall VAM and therefore is not in compliance with Federal and departmental requirements. We determined that 49 percent of FPS' leased vehicles showed fewer than 12,000 miles in FY 2014, therefore not meeting DHS' utilization policy.

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 the component's VAM. However, we noted that FPS made undocumented, ad hoc fleet management decisions to determine vehicle needs. At the time of our audit, NPPD had not formally conducted a retention justification for under-utilized FPS vehicles.

On June 9, 2015, we notified FPS, NPPD, and the Department of the lack of justification for FPS' current vehicle fleet composition. Nevertheless, on July 29, 2015, DHS proceeded with an order with GSA to replace approximately 16% of FPS vehicles — the majority of which are SUVs.

In fact, our concerns about the lack of justification were justified. In an effort to comply with Federal requirements regarding identifying underutilized vehicles, DHS and NPPD administered a Utilization Retention Analysis Methodology in August 2015. The analysis identified that 19% of FPS vehicles are underutilized. Unfortunately, this information was not available in time to reinforce the OIG's concerns that renewing the lease for SUVs may not have been necessary.

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. At the time of our review, FPS provided the OIG with a draft fleet management policy; however, it was not finalized and did 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.



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Departmental Action

In recent years, we have made numerous recommendations for the Department to improve data reliability and strengthen oversight for fleet management. Specifically, we recommended the Under Secretary for Management, DHS:

- implement a centralized system of record for fleet data;
- develop policies to collect reliable data;
- revise its Home-to-Work guidance; and
- improve authority over component fleet managers' efforts to acquire vehicles, right-size⁴ their fleets, and eliminate underused vehicles.

In our latest report we again identified that the Department and NPPD fleet managers did not exercise proper oversight and authority over FPS fleet decisions. Without proper collaboration and oversight, the DHS Fleet Manager cannot manage the DHS fleet effectively, determine whether vehicles are needed and justified, and ensure that components remove underused vehicles from their fleets — and thereby operate the most cost-efficient fleet.

We recognize that the Department has made significant improvements to fleet management and Home-to-Work transportation authorizations in particular. The Office of the Chief Readiness Support Officer (CRSO) issued interim guidance that provides clear definitions and guidelines for when Home-to-Work is authorized. In addition, the guidance increases oversight by requiring the Department to periodically review all existing, component-approved Home-to-Work transportation authorizations. CRSO also established, beginning in the first quarter of FY 2015, a quarterly Home-to-Work transportation reporting process. The office collects data from the components and uploads it into the new Consolidated Asset Portfolio Sustainability Information System (CAPSIS). CAPSIS is a business intelligence tool used to aggregate asset management data for analysis and reporting.

DHS and its components should continue to work together to ensure compliance with all Federal and department requirements for managing fleets and Home-to-Work transportation. The Department's Fleet Manager, although not responsible for the day-to-day management of individual vehicle fleet programs, currently serves as the last level of review of fleet management decisions. According to the draft, updated *DHS Motor Vehicle Fleet Program Manual*, all vehicle acquisitions and lease agreements will be reviewed by CRSO.

⁴ Right-sizing refers to the agency's efforts to maintaining the smallest, most efficient fleet to accomplish an agency's mission.



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Conclusion

The Department and NPPD fleet managers' challenges — including limited management and oversight, inaccurate data for decision making, and insufficient authority — have hindered their ability to right-size fleets as required. We reported that FPS does not have adequate fleet management policies and procedures, documented justifications for fleet size and composition, effective monitoring of \$10.6 million in lease agreements to avoid overpayments, and accurate fleet data for decision making. 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. While we commend the Department for taking steps to address the need for right-sizing, we believe additional actions may be necessary to improve its effectiveness.

Our recent review of FPS is merely one more example of the consequences that limited departmental oversight and authority can have on a component's ability to manage its own vehicle fleet operation effectively. Without policies that afford fleet managers with definitive, enforceable authority, components will continue to operate with a "business as usual" mentality with no assurance that they are operating optimal fleets.

Mr. Chairman, this concludes my prepared statement. I welcome any questions you or other Members of the Subcommittee may have.



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Appendix A

Recent OIG Reports on DHS Fleet Management

[DHS Home-to-Work Transportation](#), OIG-14-21, December 2013

[DHS Does Not Adequately Manage or Have Enforcement Authority Over Its Components' Vehicle Fleet Operations](#), OIG-14-126, August 2014

[The FPS Vehicle Fleet Is Not Managed Effectively](#), OIG-16-02, October 2015



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Appendix B

Status of Recommendations for OIG Reports on DHS Fleet Management as of November 18, 2015

Report No.	Report Title	Date Issued	Recommendation	Current Status	Mgmt. Response
OIG 14-21	DHS Home-to-Work Transportation	12/20/13	We recommend that the Under Secretary for Management strengthen the <i>DHS Manual 112-05-001 Home-to-Work Transportation</i> with clear definitions and guidelines for eligibility to participate and establishing guidance for periodic reauthorization of all approved Home-to-Work authorizations.	Closed	Agreed
OIG 14-21	DHS Home-to-Work Transportation	12/20/13	We recommend that the Under Secretary for Management implement policies to ensure Components collect reliable information necessary to track, monitor, analyze, and report on Home-to-Work transportation use and costs.	Closed	Agreed
OIG 14-21	DHS Home-to-Work Transportation	12/20/13	We recommend that the Under Secretary for Management enforce the <i>DHS Manual 112-05-001 Home-to-Work Transportation</i> annual reporting requirement.	Closed	Agreed
OIG 14-21	DHS Home-to-Work Transportation	12/20/13	We recommend that the Under Secretary for Management perform a thorough assessment of the Home-to-Work transportation program	Closed	Agreed



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Report No.	Report Title	Date Issued	Recommendation	Current Status	Mgmt. Response
			<p>annually to validate the accuracy and completeness of the information reported, Component monitoring efforts, compliance with DHS guidance, and Home-to-Work transportation participant eligibility.</p>		
OIG 14-21	DHS Home-to-Work Transportation	12/20/13	<p>We recommend that the Under Secretary for Management implement a centralized, department-wide, Home-to-Work data system, accessible by headquarters and Component personnel, to collect, track and monitor Home-to-Work transportation-related information, such as authorizations, costs, vehicle use, and number of users.</p>	Open	Agreed
OIG-14-126	DHS Does Not Adequately Manage or Have Enforcement Authority Over Its Components' Vehicle Fleet Operations	8/21/14	<p>We recommend that the Under Secretary for Management 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</p>	Open	Agreed



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Report No.	Report Title	Date Issued	Recommendation	Current Status	Mgmt. Response
			funds that could be put to better use in future fiscal years.		
OIG-14-126	DHS Does Not Adequately Manage or Have Enforcement Authority Over Its Components' Vehicle Fleet Operations	8/21/14	We recommend that the Under Secretary for Management 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.	Open	Agreed
OIG-16-02	The FPS Vehicle Fleet Is Not Managed Effectively	10/21/15	We recommend that the 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.	Open	Agreed
OIG-16-02	The FPS Vehicle Fleet Is Not Managed Effectively	10/21/15	We recommend that the 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	Open	Agreed



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Report No.	Report Title	Date Issued	Recommendation	Current Status	Mgmt. Response
			Components annually, as required by Federal laws, regulations, and Executive orders, including FMR B-30, <i>Vehicle Allocation Methodology for Agency Fleets</i> . As part of this recommendation, component results should be reviewed and approved by CRSO to ensure DHS maintains an optimal fleet.		
OIG-16-02	The FPS Vehicle Fleet Is Not Managed Effectively	10/21/15	<p>We recommend that the 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:</p> <ul style="list-style-type: none"> • all lease submissions • mission need and justifications for vehicle types • Home-to-Work use of vehicles • CRSO approval authority prior to final submissions. 	Open	Agreed



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Report No.	Report Title	Date Issued	Recommendation	Current Status	Mgmt. Response
OIG-16-02	The FPS Vehicle Fleet Is Not Managed Effectively	10/21/15	We recommend that the Under Secretary for Management ensures FPS formally documents and validates fleet management decisions regarding their planned FY 2016 lease agreement.	Open	Agreed
OIG-16-02	The FPS Vehicle Fleet Is Not Managed Effectively	10/21/15	We recommend that the 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.	Open	Agreed