

Inspector General

United States
Department of Defense



Enhanced Oversight Needed for
Nontactical Vehicle Fleets in
the National Capital Region

Report Documentation Page

Form Approved
OMB No. 0704-0188

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1. REPORT DATE 15 AUG 2013		2. REPORT TYPE		3. DATES COVERED 00-00-2013 to 00-00-2013	
4. TITLE AND SUBTITLE Enhanced Oversight Needed for Nontactical Vehicle Fleets in the National Capital Region				5a. CONTRACT NUMBER	
				5b. GRANT NUMBER	
				5c. PROGRAM ELEMENT NUMBER	
6. AUTHOR(S)				5d. PROJECT NUMBER	
				5e. TASK NUMBER	
				5f. WORK UNIT NUMBER	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Department of Defense Office of Inspector General,4800 Mark Center Drive,Alexandria,VA,22350-1500				8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)				10. SPONSOR/MONITOR'S ACRONYM(S)	
				11. SPONSOR/MONITOR'S REPORT NUMBER(S)	
12. DISTRIBUTION/AVAILABILITY STATEMENT Approved for public release; distribution unlimited					
13. SUPPLEMENTARY NOTES					
14. ABSTRACT					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT	18. NUMBER OF PAGES	19a. NAME OF RESPONSIBLE PERSON
a. REPORT unclassified	b. ABSTRACT unclassified	c. THIS PAGE unclassified			

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Acronyms and Abbreviations

DLA	Defense Logistics Agency
DoD FMR	DoD Financial Management Regulation
GPC	Government Purchase Card
GSA	General Services Administration
MWR	Navy Morale, Welfare, and Recreation
NAVFAC	Naval Facilities Engineering Command
NCIS	Naval Criminal Investigative Service
NCR	National Capital Region
NEXCOM	Navy Exchange Service Command
NRL	Naval Research Laboratory
PFPA	Pentagon Force Protection Agency
WHS	Washington Headquarters Services



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
4800 MARK CENTER DRIVE
ALEXANDRIA, VIRGINIA 22350-1500

August 15, 2013

MEMORANDUM FOR DIRECTOR, DEFENSE LOGISTICS AGENCY
DIRECTOR, PENTAGON FORCE PROTECTION AGENCY
DIRECTOR, WASHINGTON HEADQUARTERS SERVICES
NAVAL INSPECTOR GENERAL
DIRECTOR, PURCHASE CARD POLICY OFFICE, DEFENSE
PROCUREMENT AND ACQUISITION POLICY

SUBJECT: Enhanced Oversight Needed for Nontactical Vehicle Fleets in the National Capital Region (Report No. DODIG-2013-117)

We are providing this final report for review and comment. The Navy, Defense Logistics Agency, Pentagon Force Protection Agency, and Washington Headquarters Services had 511 excess nontactical vehicles, with annual base lease costs of \$1.2 million, because they did not assess their requirements for nontactical fleet vehicles in the National Capital Region. Eliminating the excess vehicles in their fleet would save \$7.2 million over the next 6 years.

We considered management comments on a draft of this report when preparing the final report. DoD Directive 7650.3 requires that recommendations be resolved promptly. Comments were generally responsive. However, we request that the Navy, Defense Logistics Agency, and Washington Headquarters Services provide additional comments as noted in the recommendations table and on the potential monetary benefits identified in Finding A of the report by September 16, 2013.

If possible, send a Microsoft Word (.doc) file and portable document format (.pdf) file containing your comments to audfmr@dodig.mil. Copies of your comments must have the actual signature of the authorizing official for your organization. We are unable to accept the /Signed/ symbol in place of the actual signature. If you arrange to send classified comments electronically, you must send them over the SECRET Internet Protocol Router Network (SIPRNET).

We appreciate the courtesies extended to the staff. Please direct questions to me at (703) 601-5945 (DSN 329-5945).

A handwritten signature in cursive script that reads "Lorin T. Venable".

Lorin T. Venable, CPA
Assistant Inspector General
Financial Management and Reporting



Results in Brief: Enhanced Oversight Needed for Nontactical Vehicle Fleets in the National Capital Region

What We Did

We determined whether the Navy, Defense Logistics Agency (DLA), Pentagon Force Protection Agency (PFPA), and Washington Headquarters Services (WHS) had controls in place to accurately assess their requirements for nontactical vehicles in the National Capital Region (NCR) and whether vehicles met the DoD annual mileage standard. We classified vehicles that used less than half of the mileage standard as excess.

What We Found

Navy, DLA, PFPA, and WHS did not have controls in place to accurately assess their requirements for 774 nontactical vehicles, costing \$2 million in 2011, in their NCR vehicle fleets. Specifically:

- Navy, DLA, PFPA, and WHS fleet managers did not perform annual mileage reviews of staff vehicles;
- Navy, DLA, and WHS fleet managers did not maintain adequate daily mileage logs; and
- DLA and WHS did not centrally manage their NCR vehicle fleets.

This occurred because fleet managers had staffing shortages and staff turnover; were unaware of or lacked the authority to enforce the requirements to conduct annual reviews and maintain daily mileage logs; and did not prioritize the task to identify excess vehicles. As a result, the Components had 511 excess nontactical vehicles, including 89 vehicles driven less than 1,000 miles, with annual base lease costs of about \$1.2 million. Eliminating these unneeded vehicles would save about \$7.2 million over the next 6 years. Further,

Naval Criminal Investigative Service (NCIS) and PFPA did not establish guidelines on the use of 335 law enforcement vehicles.

DLA's Ft. Belvoir fleet manager used the mailroom manager's Government purchase card (GPC) to pay \$57,000 for the DLA director's leased vehicle, rental cars, and taxis without valid contracts in place. This occurred because personnel did not follow procedures on the use and required oversight of the GPC. As a result, unauthorized commitments of funds occurred and DLA might not have received the best value for rental cars.

What We Recommend

Among other recommendations, the Commanders of Naval Facilities Engineering Command, Naval Research Laboratory, and Navy Installation Command; Chief Executive Officer, Navy Exchange Service Command; and the Directors of DLA and WHS should eliminate or justify excess vehicles, perform annual mileage reviews of vehicles, and establish daily usage logs. The Directors of NCIS and PFPA should establish usage guidelines for law enforcement vehicles. The Director, DLA needs to initiate action to review unauthorized commitments and begin ratification actions in accordance with the Federal Acquisition Regulation and Defense Logistics Agency Directive.

Management Comments and Our Response

Management comments from the Vice Director, DLA; Director, PFPA; Director, WHS; Inspector General, Navy Installation Command;

Commanding Officer, Naval Research Laboratory; and the Director, Defense Procurement and Acquisition Policy were generally responsive. Management comments from the Acting Director, NCIS were partially responsive. Management comments from the Commander, Naval Supply Systems Command and Inspector General, Naval Facilities Engineering Command were generally not responsive. We request that the Navy, DLA, and WHS provide additional comments as noted in the table on the next page.

Recommendations Table

Management	Recommendations Requiring Comments	No additional Comments Required
Director, Defense Logistics Agency	A.6.e	A.6.a, A.6.b, A.6.c, A.6.d, A.6.f, B.2.a, B.2.b
Director, Naval Criminal Investigative Service	A.5.a, A.5.b	
Director, Pentagon Force Protection Agency		A.7.a, A.7.b
Director, Washington Headquarters Services	A.8.e	A.8.a, A.8.b, A.8.c, A.8.d, A.8.f
Chief Executive Officer, Navy Exchange Service Command	A.3.a, A.3.b, A.3.c	
Commander, Naval Facilities Engineering Command	A.1.a, A.1.b, A.1.c,	
Commander, Navy Installations Command	A.4.a, A.4.b	A.4.c
Commanding Officer, Naval Research Laboratory		A.2
Director, Purchase Card Policy Office, Defense Procurement and Acquisition Policy		B.3
Director, Contracting Services Office, Defense Logistics Agency		B.1

Please provide comments by September 16, 2013.

Table of Contents

Introduction	1
Objectives	1
Background	1
Review of Internal Controls	2
Finding A. Improved Controls Needed to Assess Requirements for Vehicles	3
Vehicle Fleet Regulations and Excess Determination	3
Reviews of Vehicle Annual Mileage Usage Needed	4
Daily Mileage Logs Needed for Effective Management	13
Central Management for Vehicle Fleet Operations	15
No Guidelines for the Nonmileage Use of NCIS and PFPA Law Enforcement Vehicles	15
Short-Term Leasing and Rental Options	17
Conclusion	17
Recommendations, Management Comments, and Our Response	17
Finding B. Vehicle Leases and Taxi Services Were Not Appropriately Acquired at the Defense Logistics Agency	31
Transportation Services Acquired Incorrectly	31
Contract Not in Place to Lease the Director’s Vehicle	32
Contract Not in Place to Lease Rental Cars	32
Contract Not in Place to Obtain Taxi Services	33
Actions Taken to End Car Rental Lease and Contract for Taxi Services	33
Review of GPC Usage	33
Recommendations, Management Comments, and Our Response	34
Appendixes	
A. Scope and Methodology	36
Use of Computer-Processed Data	37
B. Prior Coverage	38
C. Additional Background on the Audited Components	40
D. Summary of Potential Monetary Benefits	42
Management Comments	
Defense Logistics Agency	43
Naval Criminal Investigative Service	47

Pentagon Force Protection Agency	48
Washington Headquarters Services	50
Naval Supply Systems Command	52
Naval Facilities Engineering Command	56
Navy Installations Command	59
Naval Research Laboratory	62
Defense Procurement and Acquisition Policy	64

Introduction

Objectives

Our objective was to determine whether DoD agencies and the Military Services had controls in place to accurately assess their requirements for nontactical vehicles in their National Capital Region (NCR) vehicle fleets. Specifically, we determined whether adequate controls were in place to monitor the usage, quantity, and type of vehicles owned and leased. See Appendix A for a discussion of the scope and methodology and Appendix B for prior audit coverage of DoD vehicle fleets.

Background

“Presidential Memorandum—Federal Fleet Performance,” May 24, 2011, emphasizes as a priority that Government vehicle motor pools be reduced to a level that will ensure agencies can meet their mission in the most efficient way possible. Each agency is responsible for its fleet management process, which includes determining the vehicle needs of the organization; acquiring vehicles; using these vehicles; and implementing appropriate controls to ensure effective fleet management and disposition of vehicles after use.

DoD requires its Components to manage their fleet operations in accordance with DoD Regulation 4500.36-R, “Management, Acquisition, and Use of Motor Vehicles,” March 16, 2007. This regulation establishes policies to ensure that vehicle fleets are in compliance with laws and regulations and are being fully used. It requires Components to lease or purchase vehicles from the General Services Administration (GSA). DoD Components may commercially lease or purchase vehicles outside GSA when it is more cost effective or GSA is unable to provide the needed vehicle. Using GSA to acquire vehicles is encouraged because it provides low-cost leasing options that include vehicle maintenance services.

We selected four DoD Components for our audit. Specifically, we reviewed Navy, Defense Logistics Agency (DLA), Pentagon Force Protection Agency (PFPA), and Washington Headquarters Services (WHS) vehicle fleet management. For the Navy, we reviewed five subcomponents, including the Naval Facilities Engineering Command (NAVFAC), Naval Criminal Investigative Service (NCIS), Naval Research Laboratory (NRL), Navy Morale, Welfare, and Recreation (MWR), and the Navy Exchange Service Command (NEXCOM). See Appendix C for additional background on these subcomponents.

For this audit, we classified the Components’ vehicles into three categories: staff vehicles, law enforcement vehicles, and specialty vehicles. Staff vehicles are passenger and cargo vehicles used for administrative and maintenance purposes. Law enforcement vehicles are vehicles used in apprehension, surveillance, and police or other law enforcement work. Specialty vehicles are vehicles that are not law enforcement or staff

vehicles. Examples of specialty vehicles include, but are not limited to, fire trucks and trailers. We did not audit specialty vehicles.

Additionally, the term *excess* in this audit refers to vehicles that were not driven at half of the DoD annual mileage standards. The DoD annual mileage standard is 12,000 miles for sedans and, 10,000 miles for light trucks. We classified sedans driven less than 6,000 miles and light trucks driven less than 5,000 miles in 2011 as excess. To estimate a cost associated with these excess vehicles, we added the monthly lease cost for each leased excess vehicle. We multiplied the total monthly lease costs by 12 to calculate the annual lease expense.

Review of Internal Controls

DoD Instruction 5010.40, “Managers’ Internal Control Program (MICP) Procedures,” July 29, 2010, requires DoD organizations to implement a comprehensive system of internal controls that provides reasonable assurance that programs are operating as intended and to evaluate the effectiveness of the controls. Navy, DLA, PFFA, and WHS had internal control weaknesses because they did not assess their requirements for nontactical fleet vehicles in the NCR. This occurred for reasons such as staffing shortages and staff turnover. Further, fleet managers were unaware of or lacked the authority to enforce the requirements to conduct annual reviews and maintain daily mileage logs, they lacked clear guidance from management, or they determined vehicle usage in 2011 would not be indicative of 2012 vehicle fleet needs due to ongoing organization realignments. In addition, DLA personnel inappropriately obtained transportation services to supplement DLA’s vehicle fleet because personnel incorrectly used a Government purchase card. We will provide a copy of the report to the senior official responsible for internal controls in the Navy, DLA, PFFA, and WHS.

Finding A. Improved Controls Needed to Assess Requirements for Vehicles

The Navy, DLA, PFPA, and WHS did not have effective controls to accurately assess their requirements for 774 staff vehicles, costing \$2 million, in their respective NCR vehicle fleets in 2011. Specifically:

- Navy, DLA, PFPA, and WHS fleet managers did not perform annual mileage reviews of staff vehicles;
- Navy, DLA, and WHS fleet managers did not maintain adequate daily mileage logs; and
- DLA and WHS fleet managers did not centrally manage their NCR vehicle fleets.

This occurred because fleet managers experienced staffing shortages and staff turnover, and they were unaware of or lacked the authority to enforce the requirements to conduct annual reviews and maintain daily mileage logs. In addition, fleet managers lacked clear guidance from management and did not prioritize the task to identify excess vehicles. As a result, 511 staff vehicles were excess in 2011, including 89 that were driven under 1,000 miles, with annual base lease costs of about \$1.2 million. Eliminating these excess vehicles would save about \$7.2 million over the next 6 years. During the audit, PFPA initiated corrective action and eliminated 15 excess vehicles with base annual lease costs of \$49,000. See Appendix D for a listing of potential monetary benefits by account.

In addition, NCIS and PFPA directors did not demonstrate that they were effectively managing 335 law enforcement vehicles because they did not establish required nonmileage guidelines. As a result, NCIS and PFPA fleet managers could be acquiring more vehicles than they need.

Vehicle Fleet Regulations and Excess Determination

DoD Regulation 4500.36-R provides standards for the use of nontactical vehicles. Specifically, it establishes minimum mileage standards for different classes of vehicles. For example, the regulation requires sedans to be driven a minimum of 12,000 miles a year. We classified vehicles that fell below half of this standard as excess—a sedan with less than 6,000 miles of use in 2011 would be considered excess. Table 1 specifies the minimum mileage standards for each vehicle type outlined in the DoD regulation and our threshold for the determination of which vehicles were excess.

Table 1. Annual Vehicle Mileage Standards

Vehicle Type	Annual Mileage Standard	Vehicles Considered Excess if Driven Less Than This Amount of Miles in 2011
Sedan	12,000	6,000
Light Truck	10,000	5,000
Heavy Truck	7,500	3,750
Bus	9,000	4,500

The DoD regulation requires vehicles that do not meet the minimum mileage standards be reviewed annually for possible reassignment or elimination.

The DoD regulation also requires the Components to maintain records that provide a detailed history of each vehicle’s daily use. This record should include the name of the driver, the date of each trip, type of vehicle used, number of miles driven, and a description of the purpose or destination of the trip. Additionally, the DoD regulation requires the Components to establish nonmileage-based annual guidelines on vehicle use if mileage is not an accurate measurement to justify the need of a particular vehicle. Finally, the pooling of vehicles and establishment of a central collection point for the collection of auditable operating data are required where geographically feasible.

Reviews of Vehicle Annual Mileage Usage Needed

Navy, DLA, PFPA, and WHS fleet managers did not perform annual mileage reviews of 774 staff vehicles costing \$2 million. Specifically, the Navy fleet managers at 4 commands did not perform annual mileage reviews for 584 staff vehicles costing \$1.4 million annually, and DLA did not perform annual mileage reviews for 34 staff vehicles costing \$105,000 annually. In addition, PFPA did not perform annual mileage reviews for 65 staff vehicles costing \$201,000, and WHS did not perform annual mileage reviews for 91 staff vehicles costing \$342,000 annually. As a result, Navy, DLA, PFPA, and WHS did not effectively manage their vehicle fleets and had 511 excess staff vehicles costing \$1.2 million annually.

Fleet managers did not perform annual mileage reviews of 774 staff vehicles costing \$2 million.

Navy Components

The fleet managers at NAVFAC Washington, NRL, NEXCOM, and MWR did not perform annual mileage reviews for 584 staff vehicles, costing \$1.4 million annually, as required by NAVFAC P-300, “Management of Civil Engineering Support Equipment,” September 2003. NAVFAC P-300 is the primary vehicle fleet guidance for Navy fleet managers and is issued by the Commander, NAVFAC. NAVFAC P-300 requires annual mileage reviews of vehicle fleets to identify excess vehicles. The Navy fleet managers did not perform annual mileage reviews for a variety of reasons, including staffing shortages, staff turnover, and unawareness of the requirement. As a result, 359 of 584 staff vehicles in the NCR were excess vehicles with annual base lease costs of \$742,000.

Additionally, NAVFAC P-300 only requires the tracking of daily usage for centrally pooled vehicles.

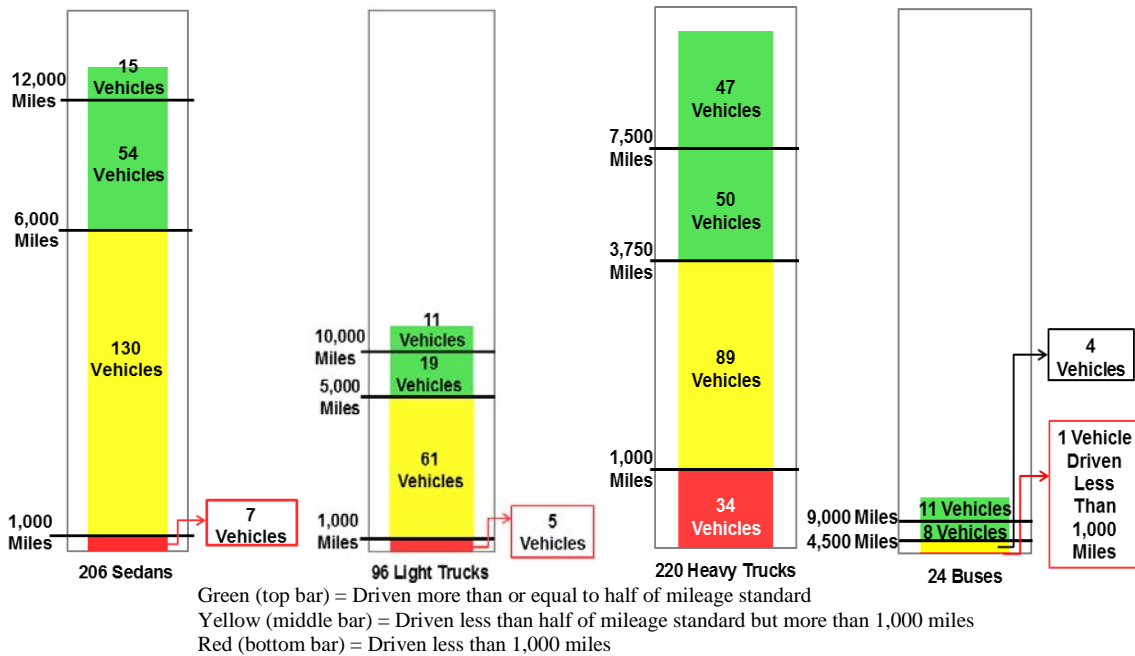
For the NCR, NAVFAC's Navy Fleet Manager/Base Support Vehicles and Equipment product line leader sets policy and guidance for fleet managers at NAVFAC Washington, NRL, NEXCOM, MWR, and NCIS.

Naval Facilities Engineering Command

The NAVFAC Washington fleet manager did not effectively manage 546 staff vehicles costing \$1.3 million annually. Examination of the mileage showed that 331 of 546 staff vehicles, costing \$718,000 annually, were driven less than half of the DoD regulation mileage standard and were excess. Of the 206 sedans, 137 were driven less than 6,000 miles annually, including 7 sedans that were driven less than 1,000 miles annually. For example, a 2008 Chevrolet Uplander was leased for \$2,412 annually and was driven only 258 miles. Of the 96 light trucks, 66 were driven less than 5,000 miles annually, including 5 trucks that were driven less than 1,000 miles. For example, a 2008 Ford F-150 pickup truck, leased for \$2,448 annually, was driven only 712 miles. For 220 heavy trucks, 123 were driven less than 3,750 miles annually, including 34 trucks that were driven less than 1,000 miles. For example, a 2002 Ford F-550 Super Duty pickup truck, leased for \$3,876 annually, was driven only 243 miles. Of the 24 buses, 5 were driven less than 4,500 miles annually, including one bus that was driven less than 1,000 miles. Figure 1 details the number of vehicles at NAVFAC Washington that met mileage standards, were excess, or were driven less than 1,000 miles in 2011.

One 2008 Ford F-150 pickup truck, leased for \$2,448 annually, was driven only 712 miles.

Figure 1. NAVFAC Washington 2011 Staff Vehicle Usage



Only 15 sedans exceeded the minimum DoD annual mileage standard of 12,000 miles. The fleet manager did not conduct the annual reviews of vehicles required by DoD and Navy regulations because, as she stated, staffing shortages prevented her from doing so. She cited retirements, rotations, and various excused absences of NAVFAC Washington employees as circumstances that prevented the team from completing the reviews. It was a waste of DoD funds to lease or own 47 vehicles that were driven less than 1,000 miles in 2011. The Commander, NAVFAC must improve oversight of the vehicle fleet. The Commander, NAVFAC needs to establish and implement procedures to track the completion of comprehensive annual reviews of underperforming vehicles to identify vehicles that could be eliminated from the fleet. Additionally, the Commander, NAVFAC needs to eliminate or justify the need for 331 vehicles considered excess.

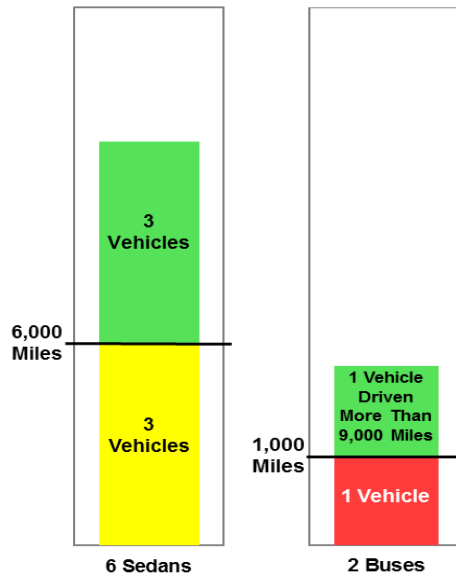
It was a waste of DoD funds to lease or own 47 vehicles that were driven less than 1,000 miles in 2011.

Naval Research Laboratory

The NRL fleet manager did not effectively manage eight owned staff vehicles. Examination of the mileage showed that four of the vehicles were driven less than half the DoD regulation mileage standard and were excess. Three of six sedans were driven less than 6,000 miles in 2011. One of two buses was driven only 639 miles in 2011. Figure 2 details the number of vehicles at NRL that met standards, were excess, or were driven less than 1,000 miles in 2011.

One of two buses was driven only 639 miles in 2011.

Figure 2. NRL 2011 Staff Vehicle Usage



Green (top bar) = Driven more than or equal to half of mileage standard
 Yellow (Sedans bottom bar) = Driven less than half of mileage standard but more than 1,000 miles
 Red (Buses bottom bar) = Driven less than 1,000 miles

No sedans met the minimum DoD annual mileage standard of 12,000 miles. The NRL fleet manager did not conduct the annual reviews of vehicles required by the DoD and Navy regulations because of staff turnover. He was recently assigned to the position and was unable to determine whether his predecessor had completed an annual review. The Commanding Officer, NRL must improve oversight of the vehicle fleet by eliminating or justifying the need for four vehicles considered excess.

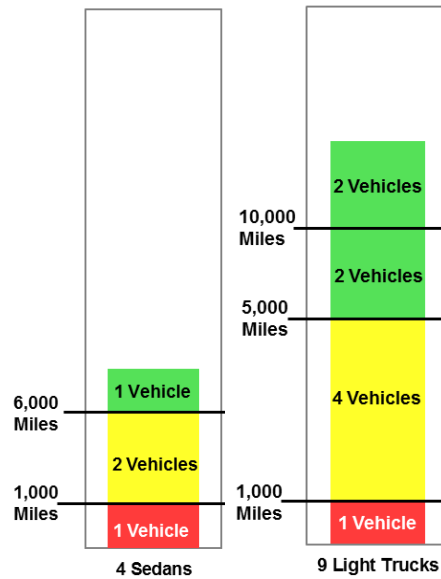
Navy Exchange Service Command

The NEXCOM fleet manager did not effectively manage 13 leased staff vehicles costing \$41,000 annually. Examination of the mileage showed that eight staff vehicles, costing \$25,000 annually, were driven less than half of the DoD regulation mileage standard and were excess. Three of four sedans were driven less than 6,000 miles annually, including

A 2009 Dodge Caravan was leased for \$2,616 annually and was driven only 713 miles.

a sedan that was driven less than 1,000 miles annually. For example, a 2009 Dodge Caravan was leased for \$2,616 annually and was driven only 713 miles. Five of nine light trucks were driven less than 5,000 miles annually, including a truck that was driven less than 1,000 miles. Figure 3 details the number of vehicles at NEXCOM that met standards, were excess, or were driven less than 1,000 miles in 2011.

Figure 3. NEXCOM 2011 Staff Vehicle Usage



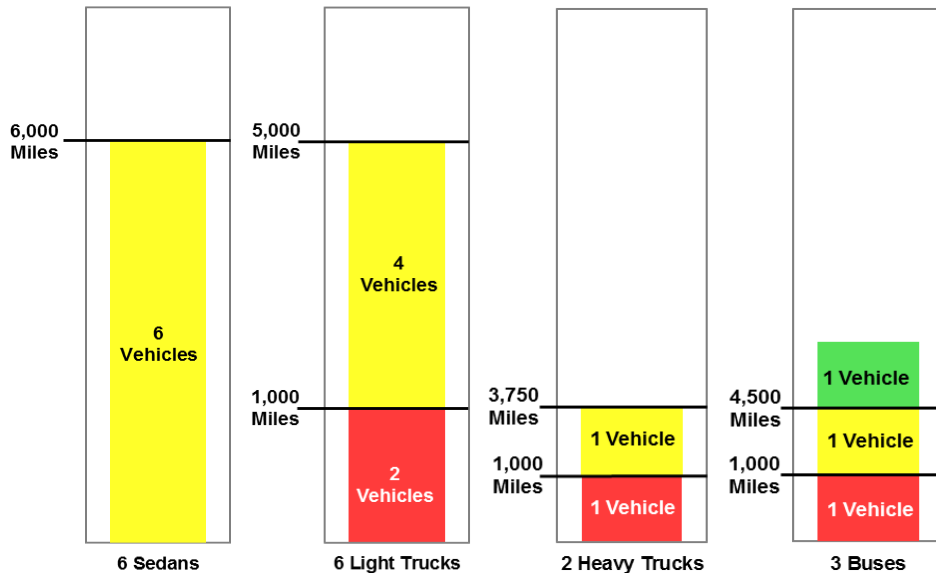
Green (top bar) = Driven more than or equal to half of mileage standard
 Yellow (middle bar) = Driven less than half of mileage standard but more than 1,000 miles
 Red (bottom bar) = Driven less than 1,000 miles

No sedans met the minimum DoD annual mileage standard of 12,000 miles. The fleet manager did not conduct the annual reviews of vehicles required by DoD and Navy regulations because he was unaware of the requirement. It was a waste of DoD funds to lease two vehicles that were driven less than 1,000 miles in 2011. The Chief Executive Officer, NEXCOM must improve oversight of the vehicle fleet by eliminating or justifying the need for eight vehicles considered excess; perform a review of the failure to meet standards required for the leasing of vehicles that were driven less than half of the mileage standards; and as appropriate, initiate corrective measures and actions to hold personnel accountable. Additionally, he needs to provide vehicle fleet management training to the NEXCOM fleet manager to ensure personnel are aware of the requirements in DoD Regulation 4500.36-R.

Navy Morale, Welfare, and Recreation

The MWR fleet manager did not effectively manage 17 owned staff vehicles. Examination of the mileage showed that 16 of the 17 staff vehicles were driven less than half the DoD annual mileage standard and were classified as excess. All 6 sedans were driven less than 6,000 miles. All 6 trucks were driven less than 5,000 miles annually, including 2 trucks that were driven less than 1,000 miles. For example, a 1997 Chevrolet Astro van was driven only 123 miles. Both of MWR's heavy trucks were driven less than 3,750 miles annually, including a truck that was driven less than 1,000 miles. For example, a 2003 Chevrolet 3500 truck was driven only 554 miles. Two of three buses were driven less than 4,500 miles annually, including a bus that was driven less than 1,000 miles. For example, one bus was driven only 694 miles. Figure 4 details the number of vehicles at MWR that met mileage standards, were excess, or were driven less than 1,000 miles in 2011.

Figure 4. MWR 2011 Staff Vehicle Usage



Green (Buses top bar) = Driven more than or equal to half of mileage standard
 Yellow (Sedans only bar, Light Trucks and Heavy Trucks top bar, and Buses middle bar) = Driven less than half of mileage standard but more than 1,000 miles
 Red (Light Trucks, Heavy Trucks, and Buses bottom bar) = Driven less than 1,000 miles

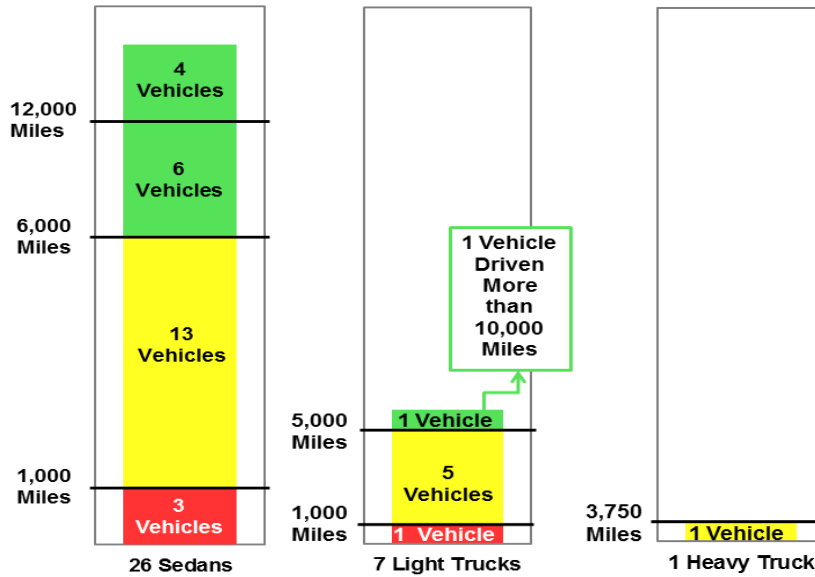
No sedans met the minimum DoD annual mileage standard. The fleet manager stated he did not conduct annual reviews because he was unaware of the requirement. The Commander, Navy Installations Command must improve oversight of the vehicle fleet by eliminating or justifying the need for 16 excess vehicles; perform a review of the failure to meet standards required for the leasing of vehicles that were driven less than half of the mileage standards; and as appropriate, initiate corrective measures and actions to hold personnel accountable. He also needs to provide vehicle fleet management training to MWR fleet managers to ensure they are aware of the requirements in DoD Regulation 4500.36-R.

Defense Logistics Agency

The DLA Installation Support, Ft. Belvoir, fleet manager did not effectively manage 34 staff vehicles, costing \$105,000 annually. Examination of the mileage showed that 23 staff vehicles, costing \$73,000 annually, were driven less than half of the DoD mileage standard and were classified as excess. Of the 26 sedans, 16 were driven less than 6,000 miles annually, including 3 sedans that were driven less than 1,000 miles annually. Six of seven light trucks were driven less than 5,000 miles annually, including a 2006 Chevrolet Silverado, leased for \$3,756 annually that was driven only 875 miles in 2011. DLA's only heavy truck was driven less than 3,750 miles in 2011. Figure 5 details the number of vehicles at DLA that met standards, were excess, or were driven less than 1,000 miles in 2011.

A 2006 Chevrolet Silverado truck, leased for \$3,756 annually... was driven only 875 miles in 2011.

Figure 5. DLA 2011 Staff Vehicle Usage



Green (Sedans and Light Trucks top bar) = Driven more than or equal to half of mileage standard
 Yellow (Sedans and Light Trucks middle bar and Heavy Trucks bar) = Driven less than half of mileage standard but more than 1,000 miles
 Red (bottom bar) = Driven less than 1,000 miles

Only 4 sedans exceeded the minimum DoD annual mileage standard of 12,000 miles. The Ft. Belvoir fleet manager did not conduct the annual reviews of vehicles required by the DoD regulation because, as he stated, he was unaware of the requirement. Further, DLA’s implementing guidance for vehicle fleet management, DLA Instruction 4214, “Support Equipment Management,” September 22, 2009, did not require annual mileage reviews. It was a waste of DoD funds to lease 4 vehicles that were driven less than 1,000 miles in 2011. The Director, DLA must improve oversight of the vehicle fleet by revising DLA Instruction 4214 to require fleet managers to conduct comprehensive annual reviews of underperforming vehicles to identify vehicles that could be eliminated from the fleet. Additionally, the Director, DLA needs to provide vehicle fleet management training to fleet managers to ensure they are aware of the requirements in DoD Regulation 4500.36-R. The Director, DLA also needs to eliminate or justify the need for 23 vehicles considered excess; perform a review of the failure to meet standards required for the leasing of vehicles that were driven less than half of the mileage standards; and as appropriate, initiate corrective measures and actions to hold personnel accountable.

Pentagon Force Protection Agency

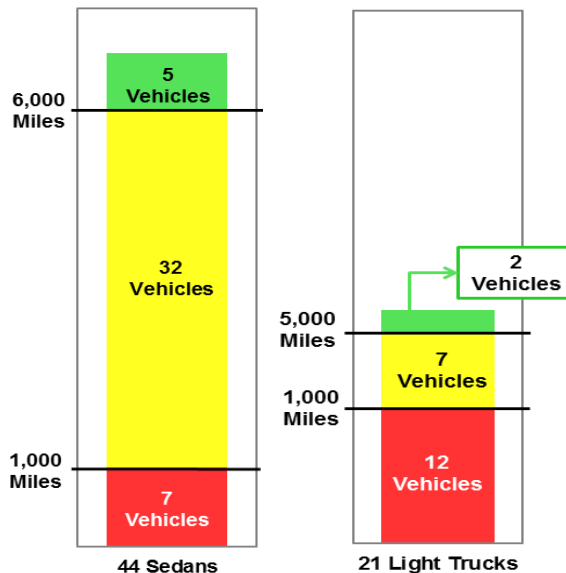
The PFPA fleet manager did not effectively manage 65 staff vehicles costing \$201,000 annually. Examination of the mileage showed that 58 staff vehicles, costing \$177,000 annually, were driven less than half of the DoD regulation mileage standard and were classified as excess. Of the 44 sedans, 39 were driven less than 6,000 miles annually, including 7 sedans that were driven less than 1,000 miles annually. For example, a 2010

A 2010 Chevrolet CG3300 passenger van, leased for \$3,168 annually, was driven only 583 miles.

Chevrolet CG3300 passenger van, leased for \$3,168 annually, was driven only 583 miles. Of the 21 light trucks, 19 were driven less than 5,000 miles annually, including 12 trucks that were driven less than 1,000 miles. Figure 6 details the

number of vehicles at PFPA that met mileage standards, were excess, or were driven less than 1,000 miles in 2011.

Figure 6. PFPA 2011 Staff Vehicle Usage



Green (top bar) = Driven more than or equal to half of mileage standard
 Yellow (middle bar) = Driven less than half of mileage standard but more than 1,000 miles
 Red (bottom bar) = Driven less than 1,000 miles

No sedans met the minimum annual mileage standard of 12,000 miles. The fleet manager did not conduct the annual reviews of vehicles required by the DoD regulation. PFPA's Assistant Director of Mission Integration stated that because of PFPA's 2011 realignment, vehicle usage in 2011 would not be indicative of its 2012 vehicle fleet needs. We found the guidance for vehicle fleet management, PFPA Regulation No. 0008, "Management and Operation of PFPA Vehicles," June 17, 2011, did not require annual mileage reviews. It was a waste of DoD funds to lease 19 vehicles that were driven less than 1,000 miles in 2011.

The Director, PFPA initiated corrective actions during the audit. On January 18, 2013, the director revised PFPA Regulation No. 0008 to require PFPA fleet managers to conduct comprehensive annual reviews of underperforming vehicles to identify vehicles that could be eliminated from the fleet. On January 31, 2013, the director removed 15 excess vehicles from its fleet and in December 2012, reassigned 15 excess vehicles to PFPA's central motor pool. In addition, PFPA officials justified the remaining vehicles that did not meet standards by conducting a review of their agency's vehicle fleet in September 2012. The Director, PFPA needs to perform a review of the failure to meet standards required for the leasing of vehicles that were driven less than half of the mileage standards and, as appropriate, initiate corrective measures and actions to hold personnel accountable.

Washington Headquarters Services

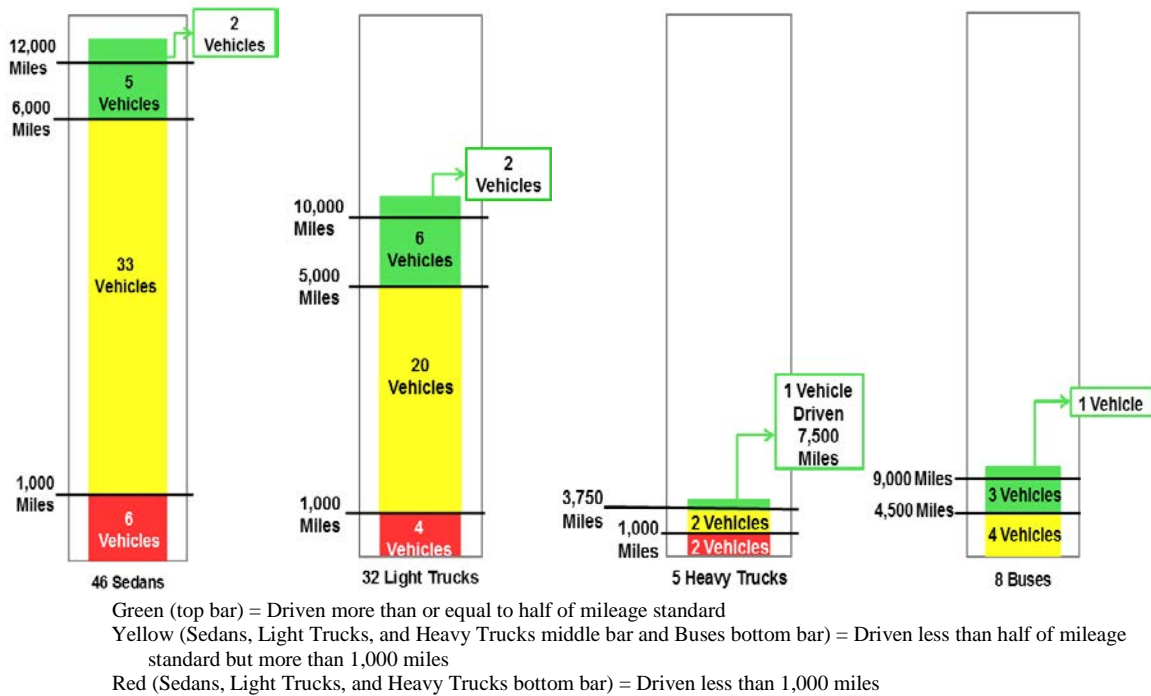
The WHS fleet manager did not effectively manage 91 staff vehicles costing \$342,000 annually. Examination of the mileage showed that 71 staff vehicles, costing \$252,000 annually, were driven less than half of the DoD regulation mileage standard and were excess. For 46 sedans, 39 were driven less than 6,000 miles annually, including 6 sedans that were driven less than 1,000 miles annually. For example, a 2007 Chevrolet Uplander was leased for \$2,616 annually and was driven only 659 miles.

Of the 32 light trucks, 24 were driven less than 5,000 miles annually, including 4 trucks that were driven less than 1,000 miles. For example, one 2007 Dodge Ram 2500, leased for \$3,360 annually, was driven only 552 miles. Four of five heavy trucks were driven less than 3,750 miles annually, including two that were driven less than 1,000 miles. For

A 2007 Ford F-750, leased for \$4,620 annually, was driven only 37 miles.

example, a 2007 Ford F-750, leased for \$4,620 annually, was driven only 37 miles. Four of eight buses were driven less than 4,500 miles annually. Figure 7 details the number of vehicles at WHS that met mileage standards, were excess, or were driven less than 1,000 miles in 2011.

Figure 7. WHS 2011 Staff Vehicle Usage



Only 2 sedans exceeded the minimum DoD annual mileage standard of 12,000 miles. The fleet manager did not conduct the annual reviews of vehicles required by the DoD regulation because, as he stated, he was unaware of the requirement. Further, the Director, WHS did not develop guidance for vehicle fleet management. It was a waste of DoD funds to lease 12 vehicles that were driven less than 1,000 miles in 2011. The Director, WHS must improve oversight of the vehicle fleet by establishing procedures requiring WHS fleet managers to conduct comprehensive annual reviews of underperforming vehicles to identify vehicles that could be eliminated from the fleet. Additionally, the director needs to provide vehicle fleet management training to fleet managers to ensure they are aware of the requirements in DoD Regulation 4500.36-R. The director also needs to eliminate or justify the need for 71 vehicles considered excess; perform a review of the failure to meet standards required for the leasing of vehicles that were driven less than half of the mileage standards; and as appropriate, initiate corrective measures and actions to hold personnel accountable.

Daily Mileage Logs Needed for Effective Management

Navy, DLA, and WHS fleet managers did not maintain adequate daily mileage logs as required by the DoD regulation. The regulation requires that daily mileage logs include the name of the driver, the date of each trip, type of vehicle used, number of miles driven, and a description of the purpose or destination of the trip. Of the 244 mileage logs reviewed for the Navy, DLA, and WHS, 200 did not include the required information.

Navy Components

Of the 119 Navy vehicles tested, 111 did not have adequate daily mileage logs. Specifically, 68 of 70 NAVFAC Washington, 5 of 8 NRL, 13 of 14 NEXCOM, and 25 of 27 MWR staff vehicles did not have adequate daily mileage logs. This occurred because NAVFAC P-300, "Management of Civil Engineering Support Equipment,"

Of the 119 Navy vehicles tested, 111 did not have adequate daily mileage logs.

September 2003, requires only the tracking of daily usage for centrally pooled vehicles.

However, only 96 of 633 NAVFAC

Washington staff and law enforcement vehicles

were centrally pooled. In addition, NRL managers cited procedural errors in maintaining daily mileage logs, while NEXCOM managers stated that they were unaware of the DoD requirement to track daily vehicle usage. For MWR fleet managers, organizational changes and a lack of clear guidance contributed to their inability to maintain adequate daily mileage logs. As a result, the Navy fleet managers could not accurately assess adherence to the requirements for nontactical vehicles in the NCR. The Commander, NAVFAC needs to revise NAVFAC P-300, "Management of Civil Engineering Support Equipment," September 2003, to require the maintenance of daily mileage logs for all vehicles. Table 2 lists the number of inadequate daily mileage logs identified at each Navy subcomponent audited.

Table 2. Inadequate Daily Mileage Logs

Subcomponent	Vehicles Tested	Inadequate Logs
NAVFAC	70	68
NRL	8	5
NEXCOM	14	13
MWR	27	25
Total	119	111

Defense Logistics Agency

At DLA, all 34 staff vehicles tested did not have adequate daily mileage logs. The lack of adequate daily logs occurred because the Ft. Belvoir fleet manager did not direct drivers to keep daily mileage logs. As a result, DLA fleet managers could not accurately assess adherence to requirements for nontactical vehicles in the NCR. The Director, DLA needs to require all DLA vehicle users to maintain adequate daily mileage logs.

Washington Headquarters Services

At WHS, 55 of 91 staff vehicles did not have adequate daily mileage logs. The lack of adequate daily mileage logs occurred because the fleet manager lacked the authority due to WHS's organizational structure to require drivers to maintain adequate logs. As a result, WHS fleet managers could not accurately assess adherence to the requirements for nontactical vehicles in the NCR. The WHS fleet manager stated that management

reorganization¹ in May 2011 gave him the authority to require daily mileage logs. At the time of our site visit, the WHS fleet manager had not exercised this authority to require the completion of daily mileage logs. The Director, WHS needs to require all drivers to maintain adequate daily mileage logs.

Central Management for Vehicle Fleet Operations

DLA and WHS fleet managers did not centrally manage their NCR vehicle fleets. The DoD regulation requires the pooling of vehicles and a central point for the collection of auditable operating data, such as daily mileage and maintenance logs, where geographically feasible. At DLA, 34 of 40 vehicles were assigned to the McNamara Complex at Fort Belvoir and 6 were assigned to other locations within NCR. Of the 34 vehicles at the McNamara Complex, 27 were staff vehicles. Of the 27 staff vehicles, 8 were in a central motor pool and 19 were assigned to individual components within DLA. This occurred because the DLA fleet managers did not have the organizational structure and oversight in place to direct and require the central management of vehicles. As a result of not centrally managing these vehicles, components within DLA were less likely to share vehicles that were not frequently used, leading to more vehicles not meeting the annual DoD mileage standards. The location of these vehicles made it geographically feasible and more efficient for the Director, DLA to centrally manage DLA's vehicle fleet in the NCR.

DLA and WHS fleet managers did not centrally manage their NCR vehicle fleets.

WHS had a similar situation. Of the 91 staff vehicles, 55 were located at the Pentagon and the remaining vehicles were at other various NCR locations. All of the 55 vehicles at the Pentagon were assigned to components within WHS and could have been maintained in a central motor pool. As a result of not centrally managing these vehicles, the components within WHS were less likely to share vehicles that were not frequently used, leading to more vehicles not meeting annual DoD mileage standards. The location of these vehicles made it geographically feasible and more efficient for the Director, WHS to centrally manage the WHS vehicle fleet in the NCR. The WHS fleet manager stated that, in the past, WHS lacked the authority to compel components to centralize the vehicles. In May 2011, WHS reorganized its management structure to provide sufficient authority to require centralized fleets. The Director, WHS needs to centrally manage its vehicle fleet.

No Guidelines for the Nonmileage Use of NCIS and PFFA Law Enforcement Vehicles

NCIS and PFFA did not effectively manage law enforcement vehicles because they did not establish guidelines for nonmileage annual use of law enforcement vehicles. The DoD regulation requires an agency to establish other annual guidelines if mileage is not an appropriate measure for use. NCIS fleet managers did not create a performance-based

¹ The reorganization moved WHS's vehicle fleet management to the newly created Enterprise Management Directorate.

metric to determine the number of vehicles to assign to each field office. Instead, NCIS set a goal of assigning one vehicle to each special agent in its February 8, 2006, memorandum “Calculation of NCIS Field Office Vehicle Allowance.” This occurred because NCIS did not believe that a performance-based metric was an appropriate method for determining its vehicle fleet needs.

NCIS’s Vehicle Fleet

NCIS agents primarily used law enforcement vehicles to perform investigations, surveillance, and protective duties. NCIS’s vehicle fleet was composed primarily of commercially leased sedans, which were assigned to special agents. NCIS’s nontactical vehicle fleet in the NCR consisted of 125 law enforcement vehicles, 91 of which did not meet DoD mileage use standards. This would imply that most of the nontactical vehicles

A 2009 Dodge Avenger was driven only 354 miles in 2011.

were not used very often. For example, a 2009 Dodge Avenger was driven only 354 miles in 2011. However, because of how NCIS used the cars, mileage might not be the most appropriate way to measure vehicle use. By not assessing the usage and need of the vehicles they already had, NCIS fleet managers could be acquiring more vehicles than needed. The Director, NCIS should establish nonmileage-based guidelines for annual use for its law enforcement vehicles to ensure efficient use of resources and a more accurate assessment of vehicle needs.

Additionally, all 13 NCIS law enforcement vehicles tested did not maintain daily mileage logs. NCIS fleet managers did not maintain daily mileage logs because drivers did not see it as a priority and NCIS-1, Chapter 32, “Vehicle Management Program,” December 2007, did not require the maintenance of daily mileage logs. As a result, NCIS fleet managers could not accurately assess adherence to the requirements for law enforcement vehicles in the NCR. The Director, NCIS needs to revise NCIS-1, Chapter 32, to require the maintenance of daily mileage logs for all vehicles.

PFPA’s Vehicle Fleet

PFPA’s NCR nontactical vehicle fleet included 210 law enforcement vehicles with an annual base lease cost of \$834,000. PFPA used law enforcement vehicles for a variety of purposes, including stationary security vehicles on the Pentagon Reservation. Many of PFPA’s law enforcement vehicles were frequently in use, but stationary because of PFPA’s mission needs. As a result, mileage was not an appropriate way to measure the use of these vehicles. Nonetheless, the DoD regulation requires that PFPA establish other guidelines for annual use.

PFPA did not consider other nonmileage performance metrics, such as hours used, because its primary focus was on the quantity of vehicles needed to meet mission needs and PFPA Regulation No. 0008, “Management and Operation of PFPA Vehicles,” June 17, 2011, did not require PFPA to establish other nonmileage performance metrics. By not assessing the usage and need of the vehicles it already had, PFPA fleet managers could be acquiring more vehicles than needed. The Director, PFPA should establish nonmileage-based guidelines for annual use of PFPA law enforcement vehicles to ensure efficient use of resources and a more accurate assessment of PFPA’s vehicle needs.

Short-Term Leasing and Rental Options

The Components reviewed generally did not use short-term leasing and rental options to satisfy their vehicle needs. The DoD regulation requires the Components to use short-term leasing, borrow vehicles from other Government agencies, or use privately owned vehicles on a reimbursable basis to meet peak load requirements. The Navy, DLA, PFPA, and WHS could meet their short-term vehicle needs more economically by making fewer purchases and increasing the use of short-term leasing. The Navy, DLA, PFPA, and WHS fleet managers need to research alternatives to traditional vehicle leasing and purchasing to meet their vehicle fleet needs.

Conclusion

Navy, DLA, PFPA, and WHS had 511 more vehicles than they needed in their NCR vehicle fleets. Taking corrective actions could save DoD \$7.2 million in lease costs over the next 6 years. This resulted from the Navy, DLA, PFPA, and WHS not establishing effective controls to accurately assess their requirements for nontactical vehicles. In this respect, the Navy, DLA, PFPA, and WHS need to conduct annual mileage reviews, maintain adequate daily mileage logs, centrally manage their vehicle fleets, and establish nonmileage performance metrics to efficiently manage their vehicle fleet operations.

Mileage is not the only measure of the need for a vehicle, which is why we are recommending the elimination of, or justification for, excess vehicles. Geographic isolation or specific mission requirements may keep some vehicles from meeting mileage standards.

Recommendations, Management Comments, and Our Response

A.1. We recommend that the Commander, Naval Facilities Engineering Command:

a. Eliminate 331 excess vehicles or justify the need for these vehicles.

Justifications for vehicles that cannot be eliminated must include an explanation of why short-term leases or other alternatives to leasing or purchasing cannot be used.

Commander, Naval Facilities Engineering Command Comments

The Inspector General, Naval Facilities Engineering Command partially agreed with the recommendation. The Inspector General stated that while a portion of the 331 vehicles identified at Naval Facilities Engineering Command Washington may be able to be returned to the General Services Administration or disposed of, a thorough review of the justifications provided during the last Transportation Review of Inventory Objectives (an internal review of transportation support) is required. The Inspector General further stated that mileage is not the only factor used to determine a vehicle requirement and gave examples of other metrics to measure utilization such as days of use or the number of trips in a given time frame. In addition, due to budget cuts, Naval Facilities

Engineering Command Washington is reviewing vehicle assignments to determine where vehicle reductions will have the least impact on supporting mission requirements.

Our Response

Comments from the Inspector General, Naval Facilities Engineering Command were partially responsive. The Inspector General did not specify when the Naval Facilities Engineering Command would review justifications provided in the Transportation Review of Inventory Objectives. We request the Commander provide additional comments, stating when the planned review will be completed, the number of vehicles eliminated, and whether short-term leases or other alternatives to leasing or purchasing can be used. We also request comment on the potential monetary benefits identified in Finding A and Appendix D of the report.

b. Revise NAVFAC P-300, “Management of Civil Engineering Support Equipment,” September 2003, to require the maintenance of daily mileage logs for all vehicles in accordance with DoD Regulation 4500.36-R, “Management, Acquisition, and Use of Motor Vehicles,” March 16, 2007.

Commander, Naval Facilities Engineering Command Comments

The Inspector General, Naval Facilities Engineering Command did not agree with the recommendation. The Inspector General stated that NAVFAC P-300 is currently under revision; however the DoD 4500.36-R does not require daily mileage logs for all vehicles. DoD Regulation 4500.36-R was referenced which states that components can establish an automated or paper copy of motor vehicle utilization data which collect the minimum data elements for an automated trip report. Naval Facilities Engineering Command has established MAXIMO as the automated system to collect this data and dispatch vehicles. Class B (permanently assigned) vehicle mileage data is collected several ways: through automated fuel transactions, maintenance records, and/or a monthly mileage report which is provided to the Base Support Vehicles and Equipment Manager for input into MAXIMO and used for billing purposes. Class C (short-term rental) vehicles are also dispatched through MAXIMO and the required information is collected at the time of dispatch. In addition, Naval Facilities Engineering Command Washington is implementing Global Positioning System (GPS) tracking on select vehicles to collect this data.

Our Response

Comments from the Inspector General, Naval Facilities Engineering Command were not responsive. DoD Regulation 4500.36-R requires components to keep daily mileage logs, specifically it states that components can establish an automated or paper copy of motor vehicle utilization data which collects the data elements as shown at Table C3.1, “Minimum Data Elements for Automated Trip Report.” While the regulation does allow components to keep daily mileage logs in a paper or electronic format, this should not be interpreted that daily mileage logs are optional. The Naval Facilities Engineering

Command's practice of recording vehicle mileage for Class B vehicles does not meet the requirement for daily trip reporting in DoD Regulation 4500.36-R because it collects mileage infrequently—when fuel is purchased for vehicles, when maintenance is performed, or in a monthly mileage report. Relying on mileage reported when fuel is purchased, maintenance is performed, or in a monthly mileage report does not give Naval Facilities Engineering Command management the visibility to identify low-mileage vehicles that are used frequently. The Naval Facilities Engineering Command may be able to collect this information through alternatives to traditional paper mileage reports such as GPS tracking. We request the Commander provide additional comments explaining how it plans to implement the recommendation including identifying which vehicles Naval Facilities Engineering Command is using GPS to collect data for.

c. Establish and implement procedures to verify that fleet managers at Naval Facilities Engineering Command Washington, Naval Research Laboratory, Navy Exchange Service Command, and Morale, Welfare, and Recreation are aware of existing guidance and track the completion of comprehensive annual reviews to identify underperforming vehicles for possible elimination from their fleets.

Commander, Naval Facilities Engineering Command Comments

The Inspector General, Naval Facilities Engineering Command partially agreed with the recommendation. The Inspector General stated that the Navy holds a 1-day annual training class in conjunction with the General Services Administration sponsored FedForum, but cancelled this year due to sequestration. During the training, Naval Facilities Engineering Command's Base Support Vehicles and Equipment division provides updated guidance on inventory management, vehicle requirements generation, purchasing/leasing, procedures for reviewing and validating vehicle requirements. The fleet managers for NEXCOM and MWR attend these training sessions and are responsible for disseminating information to their subordinate commands. Naval Facilities Engineering Command Atlantic is responsible for ensuring Naval Facilities Engineering Command Washington and Naval Research Laboratory are maintaining proper vehicle records and provides oversight over the fleet management program in their area of responsibility. The Naval Facilities Engineering Command is in the process of implementing a policy to establish utilization criteria for every vehicle, the process for review, validation and approval, reporting requirements in accordance with the Presidential Memorandum "Federal Fleet Performance" of May 2011.

Our Response

Comments from the Inspector General, Naval Facilities Engineering Command were partially responsive. We request the Commander provide additional comments explaining the implementation of the policy to establish utilization criteria for every vehicle, the process for review, validation and approval, reporting requirements, and specify when the revisions to NAVFAC P-300 will occur.

A.2. We recommend that the Commanding Officer, Naval Research Laboratory, eliminate four excess vehicles or justify the need for these vehicles. Justifications for vehicles that cannot be eliminated must include an explanation of why short-term leases or other alternatives to leasing or purchasing cannot be used.

Commanding Officer, Naval Research Laboratory Comments

The Commanding Officer, Naval Research Laboratory partially agreed with the recommendation and justified why short-term leases or other alternatives to leasing or purchasing cannot be used to replace the four excess vehicles. The Commanding Officer noted increased usage of the Naval Research Laboratory's bus identified in the report and stated that short-term lease costs are greater than current operation and maintenance costs for Naval Research Laboratory buses. The Commanding Officer cited non-predictive transportation requirements, the simultaneous use of vehicles, and emergent mission tasking (for example, no-notice briefings) in his justification of underperforming sedans.

Our Response

Comments from the Commanding Officer, Naval Research Laboratory were responsive. No further comments are required.

A.3. We recommend that the Chief Executive Officer, Navy Exchange Service Command:

a. Eliminate eight excess vehicles or justify the need for these vehicles. Justifications for vehicles that cannot be eliminated should include an explanation of why short-term leases or other alternatives to leasing or purchasing cannot be used.

Commander, Naval Supply Systems Command Comments

The Commander, Naval Supply Systems Command provided comments to the report on behalf of the Chief Executive Officer, Navy Exchange Service Command. The Commander did not agree with the recommendation. The Commander stated that mileage as the primary criteria to determine if a vehicle is required in a non-appropriated funded, bottom-line driven, profit-oriented business, such as Navy Exchange Service Command is impractical. The Commander also stated that a lack of flexibility and inappropriate usage standards will result in lost sales and profits.

Our Response

Comments from the Commander, Naval Supply Systems Command were not responsive. DoD Regulation 4500.36-R specifically states that it is applicable to Military Exchanges and non-appropriated fund activities. DoD Regulation 4500.36-R also states that other annual utilization guidelines should be established if mileage is not an accurate measurement of the need for a particular vehicle. Navy Exchange Service Command has not implemented a regulation governing vehicle fleet management or identified an

alternative metric for measuring utilization of vehicles. The Commander's comments mention a profit oriented business but did not explain why a profit-oriented business would lease a van and a truck and use them less than 1,000 miles annually. We request that the Chief Executive Officer, Navy Exchange Service Command provide additional comments explaining the plan to eliminate or justify the excess vehicles. We also request comments on the potential monetary benefits identified in Finding A and Appendix D of the report.

b. Perform a review of the failure to meet standards required for the leasing of vehicles that were driven less than half of the mileage allowed by DoD Regulation 4500.36-R, "Management, Acquisition, and Use of Motorized Vehicles," March 16, 2007, and as appropriate, initiate corrective measures and actions to hold personnel accountable.

Commander, Naval Supply Systems Command Comments

The Commander, Naval Supply Systems Command did not agree with this recommendation. The Commander stated that mileage as the primary criteria to determine if a vehicle is required in a non-appropriated funded, bottom-line driven, profit-oriented business, such as Navy Exchange Service Command is impractical.

Our Response

Comments from the Commander, Naval Supply Systems Command were not responsive. DoD Regulation 4500.36-R specifically states that it is applicable to Military Exchanges and non-appropriated fund activities. DoD Regulation 4500.36-R also states that other annual utilization guidelines should be established if mileage is not an accurate measurement of the need for a particular vehicle. Navy Exchange Service Command has not implemented a regulation governing vehicle fleet management or identified an alternative metric for measuring utilization of vehicles. We request that the Chief Executive Officer, Navy Exchange Service Command provide additional comments explaining how the organization will perform the accountability review cited in the recommendation.

c. Provide training to the Navy Exchange Service Command fleet managers to ensure they are aware of the vehicle fleet management requirements in DoD Regulation 4500.36-R, "Management, Acquisition, and Use of Motor Vehicles," March 16, 2007.

Commander, Naval Supply Systems Command Comments

The Commander, Naval Supply Systems Command did not agree with this recommendation. The Commander stated that DoD Regulation 4500.36-R is not practical nor in alignment with a \$3 billion retail and services non-appropriated fund enterprise. The Commander also stated that the fleet manager for the Navy Exchange

Service Command Enterprise annually attends the Federal Fleet Week and Navy Fleet training sessions.

Our Response

Comments from the Commander, Naval Supply Systems Command were not responsive. The Commander does not explain why a DoD regulation applicable to all of DoD is not applicable to the Navy Exchange Service. The Navy Exchange Service Command's Bethesda fleet manager was unaware of the requirement to perform formal documented reviews and maintain mileage logs in accordance with DoD Regulation 4500.36-R. The regulation specifically states that it is applicable to Military Exchanges and non-appropriated fund activities. Because the Navy Exchange Service Command fleet managers were unaware of the requirements in the regulation, the Navy Exchange Service Command had 8 excess staff vehicles with annual based lease costs of \$24,516 and the staff failed to maintain daily mileage logs for 13 of the 14 vehicles audited. We request that the Chief Executive Officer, Navy Exchange Service Command provide additional comments on the recommendation to provide management training to the Navy Exchange Service Command fleet managers on vehicle fleet management requirements.

Commander, Naval Supply Systems Command Comments

The Commander, Naval Supply Systems Command provided additional comments to the report. The Commander stated that the DoD IG did not include Naval Supply Systems Command in entrance or exit conferences for this audit. Also, the Commander stated that the DoD IG did not afford Naval Supply Systems Command the opportunity to review and comment on the preliminary draft report in early 2013. The Commander requested that in the future, Naval Supply Systems Command Headquarters be notified of any audits involving the Naval Supply Systems Command Enterprise. The Commander went on to state that had Naval Supply Systems Command been provided the opportunity, it would have allowed the Commander to track audit findings and address audit concerns as they developed.

Our Response

It is unfortunate that the Commander was not informed of the extensive communication during the audit between the DoD OIG Audit Team and his command. The DoD OIG team coordinated throughout the audit with the command and site-level Navy Exchange Service Command points of contact provided. The DoD OIG team provided the discussion draft report to the points of contact it was given at the Navy Exchange Service Command on December 21, 2012 and received comments on the discussion draft report from those contacts on January 24, 2013. The DoD OIG team met twice with Navy Exchange Service Command and Naval Supply Systems Command staff after the draft report was issued on March 25, 2013. The DoD OIG also granted the Navy Exchange Service Command a one week extension to prepare their responses to the draft report.

A.4. We recommend that the Commander, Navy Installations Command:

- a. Eliminate 16 excess vehicles or justify the need for these vehicles.**

Justifications for vehicles that cannot be eliminated should include an explanation of why short-term leases or other alternatives to leasing or purchasing cannot be used.

Commander, Navy Installations Command Comments

The Inspector General, Navy Installations Command agreed with the recommendation. The Inspector General stated that the Navy Region, Naval District Washington will reduce command assigned vehicles by over 70 units by the end of June 2013. The Inspector General also stated that a thorough analysis of all vehicles is in progress to determine the need to retain all or some of them. The analysis will be completed by September 30, 2013.

Our Response

Comments from the Inspector General, Navy Installations Command were responsive. In response to the final report, we request the Commander identify the total number of vehicles eliminated and the costs saved from eliminating the 70 vehicles.

- b. Perform a review of the failure to meet standards required for the retention of vehicles that were driven less than half of the mileage allowed by DoD Regulation 4500.36-R, “Management, Acquisition, and Use of Motorized Vehicles,” March 16, 2007, and as appropriate, initiate corrective measures and actions to hold personnel accountable.**

Commander, Navy Installations Command Comments

The Inspector General, Navy Installations Command agreed with the recommendation. The Inspector General stated that the Naval District Washington is reviewing all vehicle usage as part of FY 2013 sequestration budget reductions. Some low-mileage vehicles are justified due to remote location or one of a kind mission application for the vehicle. Naval District Washington's review will be complete by the end of FY 2013.

Our Response

Comments from the Inspector General, Navy Installations Command were generally responsive. Although the Inspector General agreed, the response did not address whether an accountability review occurred as cited in the recommendation. In response to the final report, we request the Commander, Navy Installations Command state whether any personnel were identified and held accountable for not identifying underutilized vehicles.

- c. Provide training to Morale, Welfare, and Recreation fleet managers to ensure they are aware of the vehicle fleet management requirements in DoD Regulation 4500.36-R, “Management, Acquisition, and Use of Motor Vehicles,” March 16, 2007.**

Commander, Navy Installations Command Comments

The Inspector General, Navy Installations Command agreed with the recommendation. The Inspector General stated that fleet management training will be provided to all Morale, Welfare, and Recreation fleet managers to ensure awareness of requirements from DoD Regulation 4500.36-R in addition to the NAVFAC P-300 by the end of FY 2013.

Our Response

Comments from the Inspector General, Navy Installations Command were responsive. No further comments are required.

A.5. We recommend that the Director, Naval Criminal Investigative Service:

a. Establish nonmileage-based usage guidelines for law enforcement vehicles and annually track their usage.

Director, Naval Criminal Investigative Service Comments

The Acting Director, Naval Criminal Investigative Service agreed with the recommendation. The Acting Director stated that the Naval Criminal Investigative Service developed a Vehicle Allocation Methodology program governing Fiscal Year's 2013-2016 in which the methodology would include a comprehensive fleet management system for vehicles that include changes in behavior, leasing, and operations and allocates vehicles based on the investigative and operational activity at each field office. As a result, the Naval Criminal Investigative Service reduced its compliment of SUVs from 40 percent to 10 percent.

Our Response

Comments from the Acting Director, Naval Criminal Investigative Service were partially responsive. The Acting Director did not provide information explaining how this methodology will allocate vehicles to field offices. In response to the final report, we request the Acting Director, Naval Criminal Investigative Service state how this methodology will establish nonmileage-based usage guidelines for law enforcement vehicles and annually track their usage.

b. Revise Naval Criminal Investigative Service-1, Chapter 32, "Vehicle Management Program," to require that drivers maintain daily mileage logs in accordance with DoD Regulation 4500.36-R, "Management, Acquisition, and Use of Motor Vehicles," March 16, 2007.

Director, Naval Criminal Investigative Service Comments

The Acting Director, Naval Criminal Investigative Service did not agree with the recommendation. The Acting Director stated that as officials of a law enforcement and counterintelligence organization, it is imperative that special agents be able to travel in a

manner that provides optimal operational security and that any record that provides mileage, destination or travel times poses unnecessary risk to both agent safety and operations. The Acting Director also stated that the Naval Criminal Investigative Service intends to pursue a waiver to the current requirement to maintain daily mileage.

Our Response

Comments from the Acting Director, Naval Criminal Investigative Service were partially responsive. DoD Regulation 4500.36-R, “Management, Acquisition, and Use of Motor Vehicles” March 16, 2007 requires that drivers maintain daily mileage logs. The Naval Criminal Investigative Service should consider alternatives to maintaining daily mileage logs in vehicles such as electronic logs or maintaining mileage logs in safes at Naval Criminal Investigative Service field offices. In response to the final report, we request the Acting Director, Naval Criminal Investigative Service provide additional comments on how it plans to monitor vehicle usage and whether a waiver was requested and approved to the current requirement to maintain daily mileage logs.

A.6. We recommend that the Director, Defense Logistics Agency:

a. Revise Defense Logistics Agency Instruction 4214, “Support Equipment Management,” modified September 22, 2009, to require fleet managers to conduct comprehensive annual reviews of underperforming vehicles to identify vehicles that could be eliminated from the fleet.

Director, Defense Logistics Agency Comments

The Vice Director, Defense Logistics Agency agreed with the recommendation. The Vice Director stated that DLA Instruction 4214 is undergoing a major rewrite which is expected to be completed by September 30, 2013. The recommended requirement will be added to the updated document.

Our Response

Comments from the Vice Director, DLA were responsive. No further comments are required.

b. Provide training to fleet managers to ensure they are aware of the vehicle fleet management requirements in DoD Regulation 4500.36-R, “Management, Acquisition, and Use of Motor Vehicles,” March 16, 2007.

Director, Defense Logistics Agency Comments

The Vice Director, Defense Logistics Agency agreed with the recommendation. DLA Installation Support (DS) Fort Belvoir appointed a new interim fleet manager and team leader to assist in fleet optimization, acquisition and outreach efforts. The newly appointed fleet manager attended the GSA FedFleet 2012 conference and training in late June 2012, which included sessions on managing fleet vehicles.

Our Response

Comments from the Vice Director, Defense Logistics Agency were responsive. No further comments are required.

c. Instruct all drivers to follow Defense Logistics Agency Instruction 4214, “Support Equipment Management,” modified September 22, 2009, and complete daily mileage logs.

Director, Defense Logistics Agency Comments

The Vice Director, Defense Logistics Agency agreed with the recommendation. DS Fort Belvoir instructed all of its GSA fleet vehicle drivers to complete daily trip logs including all information required by DLA Instruction 4214.

Our Response

Comments from the Vice Director, Defense Logistics Agency were responsive. No further comments are required.

d. Pool vehicles where geographically feasible and establish a central point for the collection of auditable operating data.

Director, Defense Logistics Agency Comments

The Vice Director, Defense Logistics Agency agreed with the recommendation. DS Fort Belvoir implemented a centralized motor pool of 15 vehicles in the National Capital Region for GSA vehicles that do not have a unique high priority or special mission. In addition, DS Fort Belvoir implemented a rotation plan for underutilized vehicles not included in the motor pool to include some of the special purpose vehicles to increase mileage and utilization.

Our Response

Comments from the Vice Director, Defense Logistics Agency were responsive. No further comments are required.

e. Eliminate 23 excess vehicles or justify the need for these vehicles. Justifications for vehicles that cannot be eliminated should include an explanation of why short-term leases or other alternatives to leasing or purchasing cannot be used.

Director, Defense Logistics Agency Comments

The Vice Director, Defense Logistics Agency agreed with the recommendation. To address the 23 excess vehicles, DS Fort Belvoir has restructured its vehicle fleet. It has created a Class C motor pool by reallocating 15 underutilized vehicles and has eliminated 2 GSA vehicles to date with another 3 vehicles in the queue for turn in. Justification was made to retain three underutilized vehicles in support of a critical contingency mission.

Our Response

Comments from the Vice Director, Defense Logistics Agency were generally responsive. The Vice Director did not provide comments on the potential monetary benefits identified in Finding A and Appendix D of the report. We request the Director, Defense Logistics Agency provide comments on the potential monetary benefits identified in the report.

f. Perform a review of the failure to meet standards required for the leasing of vehicles that were driven less than half of the mileage allowed by DoD Regulation 4500.36-R, “Management, Acquisition, and Use of Motorized Vehicles,” March 16, 2007, and as appropriate, initiate corrective measures and actions to hold personnel accountable.

Director, Defense Logistics Agency Comments

The Vice Director, Defense Logistics Agency agreed with the recommendation. The DS Fort Belvoir site director conducts a monthly review of the GSA fleet and meets with senior leaders to determine the right sizing of its motor pool fleet. Due to the results in the report, the fleet manager was replaced and a new fleet manager was appointed and a functional motor pool operation was established. Appropriate corrective measures were taken to hold personnel accountable for their actions.

Our Response

Comments from the Vice Director, Defense Logistics Agency were responsive. No further comments are required.

A.7. We recommend that the Director, Pentagon Force Protection Agency:

a. Perform a review of the failure to meet standards required for the leasing of vehicles that were driven less than half of the mileage allowed by DoD Regulation 4500.36-R, “Management, Acquisition, and Use of Motorized Vehicles,” March 16, 2007, and as appropriate, initiate corrective measures and actions to hold personnel accountable.

Director, Pentagon Force Protection Agency Comments

The Director, Pentagon Force Protection Agency agreed with the recommendation. The Director stated that PFPA’s 2011 review of vehicle mileage was an inaccurate predictor of 2012 vehicle needs for PFPA and that PFPA reduced its fleet after a 2012 review. The 15 vehicles eliminated reduced vehicle leasing costs by \$47,000 annually.

Our Response

Comments from the Director, Pentagon Force Protection Agency were responsive. No further comments are required.

b. Establish nonmileage-based usage guidelines for use of law enforcement vehicles.

Director, Pentagon Force Protection Agency Comments

The Director, Pentagon Force Protection Agency agreed with the recommendation. The Director stated that the Pentagon Force Protection Agency is in the process of leasing vehicle monitoring devices through the General Services Administration which will facilitate in the establishment and measurement of non-mileage utilization criteria for law enforcement vehicles. He stated that the Pentagon Force Protection Agency began installing these devices in April 2013; will define non-mileage based utilization requirements by the end of calendar year 2013; and will begin measuring law enforcement vehicles against these new criteria in the first quarter of calendar year 2014.

Our Response

Comments from the Director, Pentagon Force Protection Agency were responsive. No further comments are required.

A.8. We recommend that the Director, Washington Headquarters Services:

a. Establish internal guidance requiring WHS fleet managers to conduct comprehensive annual reviews of underperforming vehicles to identify vehicles that could be eliminated from the fleet.

Director, Washington Headquarters Services Comments

The Director, Washington Headquarters Services agreed with the recommendation. The Director stated that Washington Headquarters Services has developed draft guidance that includes a comprehensive annual review of the Washington Headquarters Services fleet that identifies any underutilized performing vehicles. The Washington Headquarters Services internal guidance will be finalized by the end of FY 2013.

Our Response

Comments from the Director, Washington Headquarters Services were responsive. No further comments are required.

b. Provide training to the WHS fleet managers to ensure they are aware of the vehicle fleet management requirements in DoD Regulation 4500.36-R, "Management, Acquisition, and Use of Motorized Vehicles," March 16, 2007.

Director, Washington Headquarters Services Comments

The Director, Washington Headquarters Services agreed with the recommendation. The Director stated that the Washington Headquarters Services fleet manager attended the AT&L sponsored Fleet Management Conference on April 10, 2013. The Washington Headquarters Services fleet manager will assure that applicable training is given to those overseeing the use of vehicles within the fleet.

Our Response

Comments from the Director, Washington Headquarters Services were responsive. No further comments are required.

c. Require drivers to maintain daily mileage logs.

Director, Washington Headquarters Services Comments

The Director, Washington Headquarters Services agreed with the recommendation. The Director stated that all WHS fleet vehicles have been entered into the Defense Property Accountability System. The Director stated that Washington Headquarters Services internal guidance requires the fleet manager, sub-custodians and drivers to immediately use the maintenance and utilization module of the Defense Property Accountability System to track mileage for all Washington Headquarters Services fleet vehicles.

Our Response

Comments from the Director, Washington Headquarters Services were responsive. No further comments are required.

d. Pool vehicles where geographically feasible and establish a central point for the collection of auditable operating data.

Director, Washington Headquarters Services Comments

The Director, Washington Headquarters Services agreed with the recommendation. The Director stated that the Washington Headquarters Services fleet manager has established a pooling system that assigns vehicles by geographic location using the Defense Property Accountability System maintenance and utilization module. In addition, the maintenance and utilization module provides a central point for the collection of auditable fleet vehicle operating data.

Our Response

Comments from the Director, Washington Headquarters Services were responsive. No further comments are required.

e. Eliminate 71 excess vehicles or justify the need for these vehicles. Justifications for vehicles that cannot be eliminated should include an explanation of why short-term leases or other alternatives to leasing or purchasing cannot be used.

Director, Washington Headquarters Services Comments

The Director, Washington Headquarters Services agreed with the recommendation. The Director stated that Washington Headquarters Services has identified five General Services Administration leased vehicles for elimination. Washington Headquarters Services is continuing to review the totality of its fleet vehicles to determine if additional

vehicle reductions can be realized. The outcome of the full review will be provided by the end of calendar year 2013.

Our Response

Comments from the Director, Washington Headquarters Services were partially responsive. In response to the final report, we request the Director provide an update to the results of the vehicle review when it is completed and provide comments on the potential monetary benefits identified in Finding A and Appendix D of the report.

f. Perform a review of the failure to meet standards required for the leasing of vehicles that were driven less than half of the mileage allowed by DoD Regulation 4500.36-R, "Management, Acquisition, and Use of Motorized Vehicles," March 16, 2007, and as appropriate, initiate corrective measures and actions to hold personnel accountable.

Director, Washington Headquarters Services Comments

The Director, Washington Headquarters Services agreed with the recommendation. The Director stated that the Washington Headquarters Services fleet manager is conducting a review of all lease agreements, vehicle utilization/survey specifics, and any mission requirements. Washington Headquarters Services is taking corrective measures and accountability actions as required. The outcome of the review will be provided by the end of calendar year 2013.

Our Response

Comments from the Director, Washington Headquarters Services were responsive. We request the Director provide the results of this review when it is completed.

Finding B. Vehicle Leases and Taxi Services Were Not Appropriately Acquired at the Defense Logistics Agency

The DLA Installation Support, Ft. Belvoir, fleet manager did not properly obtain transportation services through the appropriate contracting process. Specifically, the Ft. Belvoir fleet manager inappropriately used the mailroom manager's Government purchase card (GPC) to pay:

- \$5,400 in lease payments for the director's Chevrolet Tahoe—there was not a valid lease contract for this vehicle in 2011;
- \$20,200 for rental cars for employees in temporary duty status—there was not a valid contract for these rental cars from August 2011 to December 2011; and
- \$31,300 to a taxi cab company for employees' use of taxis—there was not a valid contract for taxi services in 2011.

The Ft. Belvoir fleet manager allowed contracts to lapse but continued payments with a GPC, and the GPC agency program coordinator and component program manager did not perform required oversight of the use of the GPC. As a result, unauthorized commitments of DoD funds occurred and DLA might not have received the best value for rental cars.

Transportation Services Acquired Incorrectly

The Ft. Belvoir fleet manager incorrectly acquired transportation services to supplement DLA's vehicle fleet. The director's vehicle lease expired in 2010, the contract to acquire rental cars ended in 2011, and the contract for taxi cab services ended in 2009. After the lease and contracts expired, the Ft. Belvoir fleet manager made payments using a GPC without the involvement of the contracting officers. This resulted in unauthorized commitments. Federal Acquisition Regulation 1.602-3, "Ratification of Unauthorized Commitments," and DLA Directive 1.602-3, Revision 5, "Ratification of Unauthorized Commitments and Quantum Meruit² Actions," require that DLA take ratification action on the unauthorized commitments. In addition, the Agency program coordinator did not complete an annual review of all GPC billing official accounts, and the component program manager did not verify that the agency program coordinator performed annual audits of selected GPC transactions.

² Latin phrase meaning "as much as deserved."

Contract Not in Place to Lease the Director's Vehicle

The Ft. Belvoir fleet manager inappropriately used the mailroom manager's GPC to make lease payments of \$5,400 for a Chevrolet Tahoe that did not have a valid lease contract.

The Ft. Belvoir fleet manager inappropriately used the mailroom manager's GPC to make lease payments.

In 2008, DLA issued a contract to Acme Auto Leasing, LLC (contract SP4705-9-P-0005), to lease a Chevrolet Tahoe for the director's use. The initial contract was for lease payments totaling \$45,900, with \$29,700 paid in the base year. The Ft. Belvoir fleet manager violated DoD Regulation

7000.14-R, "DoD Financial Management Regulation" (DoD FMR), volume 10, chapter 8, when he failed to have the contracting officer exercise options on the contract after the base year expired, but continued to make payments for the lease on a GPC. This resulted in an unauthorized commitment. Figure 8 shows a picture of the director's vehicle taken on February 7, 2012.

Figure 8. DLA Director's Vehicle



Contract Not in Place to Lease Rental Cars

The Ft. Belvoir fleet manager also inappropriately used the mailroom manager's GPC to make payments totaling \$20,200 in 2011. The contracting officer issued a contract in 2008 to Enterprise Rent-A-Car (contract GS-33F-0015S) to rent cars on an as-needed basis for employees. The Ft. Belvoir fleet manager violated DoD FMR, volume 10, chapter 8, when he failed to have the contracting officer exercise additional contract options after the second option year ended on July 30, 2011, but continued to make payments for the rental cars on the GPC. This resulted in an unauthorized commitment. From August 2011 to December 2011, the Ft. Belvoir fleet manager made \$20,200 in payments to Enterprise Rent-A-Car with no contract in place. In addition, the Ft. Belvoir fleet manager did not comply with the Joint Travel Regulation, Volume 2, Chapter 2, "Official Travel," requirement that travelers use an available commercial travel office for all official transportation requirements. Because the Ft. Belvoir fleet manager did not use the commercial travel office, he did not ensure that DLA received the best value for rental cars.

Contract Not in Place to Obtain Taxi Services

The Ft. Belvoir fleet manager inappropriately used the mailroom manager's GPC to make payments for taxi fares totaling \$31,300 in 2011. The contracting officer issued a contract in 2009 to Alexandria White Top Cab (contract SP4705-09-P-0027) to provide cabs for local travel, specifically to shuttle DLA employees on an as-needed basis. The Ft. Belvoir fleet manager violated DoD FMR, volume 10, chapter 8, when he failed to have the contracting officer renew the contract after it ended, but continued to make payments for the taxi fares on the GPC. This resulted in an unauthorized commitment. The Director, DLA needs to require the head of contracting to initiate action to review the Enterprise Rent-A-Car and Alexandria White Top Cab contracts and begin ratification actions on the unauthorized commitments that were made in accordance with Federal Acquisition Regulation 1.602-3 and DLA Directive 1.602-3, Revision 5.

Actions Taken to End Car Rental Lease and Contract for Taxi Services

On March 12, 2012, we met to discuss these issues with DLA management. In this meeting, DLA's Ft. Belvoir chief of site operations stated that DLA returned the Chevrolet Tahoe and ended the lease with Acme Auto Leasing, LLC. He also stated that DLA stopped renting vehicles from Enterprise Rent-A-Car. He stated that following the meeting, DLA began requiring employees to use the Defense Travel System for local travel and no longer allowed them to obtain services from Alexandria White Top Cab. Additionally, on January 7, 2013, DLA's head of contracting ratified the unauthorized commitments made in leasing the director's vehicle.

Review of GPC Usage

DLA did not have a time-phased plan to ensure that personnel conducted audits of all GPC accounts annually. The "DoD Government Charge Card Guidebook for Establishing and Maintaining Purchase, Travel, and Fuel Card Programs," December 21, 2011, requires annual audits of all billing accounts and associated cards. Additionally, DLA Instruction 2106, "Government Purchase Card," March 4, 2008, requires periodic reviews of billing official and cardholder accounts for adherence to procedures and governing policy.

The agency program coordinator, who began working at DLA in September 2011, stated that she did not perform annual audits of GPC use because she did not have the resources to audit all of the billing officials' and associated accounts assigned to her. The component program manager, who also began working at DLA in September 2011, has taken steps to ensure that audits are conducted. However, the Director, DLA needs to establish a time-phased plan to ensure that the agency program coordinators perform annual audits of all GPC accounts.

The repeated use of a GPC to inappropriately acquire transportation services in violation of the DoD FMR and the weak oversight that did not identify the problem support the need for a review of the actions of the individuals involved. The Director, DLA should perform a review of the Ft. Belvoir fleet manager's and mailroom manager's

inappropriate use of a GPC to acquire transportation services and, as appropriate, initiate corrective measures and actions to hold personnel accountable.

The Director, Purchase Card Policy Office, Defense Procurement and Acquisition Policy, is responsible for overseeing DLA's GPC Program. We discussed these issues with the Defense Agency GPC Level 2 Agency/Organization Program Coordinator at the Purchase Card Policy Office on November 20, 2012. She stated that the Purchase Card Policy Office was working with DLA to improve its oversight of GPCs. In our opinion, the Director, Purchase Card Policy Office should provide additional oversight of the DLA GPC Program. This oversight should include a time-phased plan with metrics and benchmarks to monitor DLA's oversight of its GPC program. The Director, Purchase Card Policy Office should establish a time-phased plan with metrics and benchmarks to monitor improvements in DLA's oversight of its GPC Program.

Recommendations, Management Comments, and Our Response

B.1. We recommend that the Director, Defense Logistics Agency, Contracting Services begin ratification actions concerning the unauthorized commitments of \$20,200 for rental cars and \$31,300 for taxi cab services in accordance with Federal Acquisition Regulation 1.602-3, "Ratification of Unauthorized Commitments," and Defense Logistics Agency Directive 1.602-3, Revision 5, "Ratification of Unauthorized Commitments and Quantum Meruit Actions."

Director, Defense Logistics Agency Comments

The Vice Director, Defense Logistics Agency agreed with the recommendation. The Vice Director stated that the Director, DLA Acquisition ratified the two unauthorized commitments on April 23, 2013.

Our Response

Comments from the Vice Director, Defense Logistics Agency were responsive. No further comments are required.

B.2. We recommend that the Director, Defense Logistics Agency:

a. Establish a time-phased plan to ensure that the agency program coordinators perform annual audits of all Government purchase cards.

Director, Defense Logistics Agency Comments

The Vice Director, Defense Logistics Agency agreed with the recommendation. The Vice Director stated that the DLA Instruction 2106, "Government Purchase Card," July 18, 2012, requires the Agency/Organization Program Coordinators perform a semiannual audit and provide their report to the DLA Component Manager by January 20 and July 29 each year. Per the DLA Instruction 2106, the agency/organization program coordinators have performed the first semiannual audit.

Our Response

Comments from the Vice Director, Defense Logistics Agency were responsive. No further comments are required.

b. Perform a review of the Defense Logistics Agency, Installation Support, Ft. Belvoir, fleet manager's and mailroom manager's inappropriate use of a Government purchase card to acquire transportation services and, as appropriate, initiate corrective measures and actions to hold personnel accountable.

Director, Defense Logistics Agency Comments

The Vice Director, Defense Logistics Agency agreed with the recommendation. Appropriate corrective measures have been taken to hold personnel accountable for their actions. DS Fort Belvoir replaced the billing official, alternate billing official, and government purchase card holder who were involved in the inappropriate use of the Government Purchase Card. DS Fort Belvoir has assigned and trained new personnel to these positions and has developed internal management controls to ensure Government Purchase Card and contract acquisitions are fiscally sound and are consistent with all relevant regulations.

Our Response

Comments from the Vice Director, Defense Logistics Agency were responsive. No further comments are required.

B.3. We recommend that the Director, Purchase Card Policy Office, Defense Procurement and Acquisition Policy initiate a time-phased plan with metrics and benchmarks to monitor improvements in the Defense Logistics Agency's oversight of its Government Purchase Card Program.

Director, Defense Procurement and Acquisition Policy Comments

The Director, Defense Procurement and Acquisition Policy agreed with the recommendation. The Director stated that DLA's deployment of the DoD Purchase Card On-Line System provides DLA with additional tools, including a set of Department-wide Government Purchase Card program metrics and benchmarks, to monitor and manage their Government Purchase Card program on an on-going basis. Having completed the deployment of the DoD Purchase Card On-Line System, DLA now has access to five applications that meet distinct government purchase card program management and oversight needs addressed in the report's findings and recommendations.

Our Response

Comments from the Director, Defense Procurement and Acquisition Policy were responsive. No further comments are required.

Appendix A. Scope and Methodology

We conducted this performance audit from December 2011 to March 2013 in accordance with 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 on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We visited Navy, DLA, PFPA, and WHS motor pool sites from February 2012 through April 2012. We continued to gather data and perform analysis and met with key individuals through December 2012. We restricted our audit work to Navy, DLA, PFPA, and WHS vehicles garaged in the NCR, as defined by title 10, United States Code, section 2674. We did not include the Army in our scope because the Army Audit Agency completed a series of audit reports on the Army's nontactical vehicle fleet (see Appendix B for a list of prior audit coverage). We excluded the Air Force from our scope because the Government Accountability Office was conducting an audit that included the Air Force's nontactical vehicle fleet.

We conducted existence testing at the Navy, DLA, PFPA, and WHS. We tested 240 vehicles for existence and found that inventory records were generally accurate for the vehicles tested.

We gathered 2011 mileage information from each site and measured it against the criteria in DoD Regulation 4500.36-R, "Management, Acquisition, and Use of Motor Vehicles," March 16, 2007 to determine whether the vehicles were meeting mileage usage requirements. When available, we used GSA invoices to calculate mileage. When GSA invoices were not available, we relied on the mileage records from each Component. We subtracted 2011 beginning mileage from 2011 ending mileage to find the number of miles driven in 2011. When vehicles were acquired during 2011, we estimated 2011 mileage by dividing the actual 2011 mileage by the number of months the vehicle was driven and then multiplying that monthly average by 12 to estimate 2011 mileage.

We classified each staff vehicle as a sedan, light truck, heavy truck, or bus for our mileage analysis. In accordance with DoD Regulation 4500.36-R, we classified passenger vans and sport utility vehicles as sedans for mileage analysis purposes. If the vehicle description included *cargo*, we classified it as a light or heavy truck. We relied on each Component's description of its vehicles to make this classification. DoD Regulation 4500.36-R sets an annual mileage standard of 12,000 miles for sedans, 10,000 miles for light trucks, 7,500 miles for heavy trucks, and 9,000 miles for buses. We classified vehicles that fell below half of this standard as excess; for example, a sedan with less than 6,000 miles of use in 2011 would be classified as excess.

In some cases, DoD Regulation 4500.36-R permits executives (such as Under Secretaries of Defense and agency directors) to have vehicles assigned to them. We excluded these vehicles from our mileage analysis because of their unique mission requirements. We

also excluded newly acquired vehicles with less than 4 months of usage and vehicles with no mileage records.

We excluded law enforcement and specialty vehicles from our mileage analysis. During our fieldwork, we found that mileage was not always the best measure of vehicle use. For example, NRL had specialty vehicles used for experimental purposes, while PFPA had law enforcement vehicles used for security, which were frequently in use but had stationary assignments.

In determining whether daily mileage logs were adequate, we required the log to include the name of the driver, the date of each trip, type of vehicle used, number of miles driven, and a description of the purpose or destination of the trip.

Use of Computer-Processed Data

We used mileage data obtained from the invoices produced monthly by the GSA Get Odometer Readings at the Pump reporting tool and from several other systems in our evaluation of each Component's use of its vehicles. These systems reported mileage based on the odometer readings the drivers recorded when purchasing fuel or the daily trip tickets the agencies recorded. We used the computer-processed data to determine how many miles were driven.

To assess the reliability of computer-processed data, we compared our observed odometer readings on selected vehicles to the most recent system-produced mileage data available. Where possible, we included up to 1 year of mileage data to lessen the effect of short-term fluctuations in mileage or user error in reporting mileage. We did not find errors that would preclude the use of computer-processed data to meet audit objectives or that would change the conclusions in the report.

Appendix B. Prior Coverage

During the last 5 years, the Government Accountability Office (GAO), Department of Defense Inspector General (DoD IG), Army Audit Agency, Naval Audit Service, and Air Force Audit Agency have issued 12 reports discussing vehicle fleets.

Unrestricted GAO reports can be accessed over the Internet at <http://www.gao.gov>. Unrestricted DoD IG reports can be accessed at <http://www.dodig.mil/pubs>. Unrestricted Army reports can be accessed from .mil and gao.gov domains over the Internet at <https://www.aaa.army.mil/>. Naval Audit Service reports are not available over the Internet. Air Force Audit Agency reports can be accessed from .mil domains over the Internet at <https://afkm.wpafb.af.mil/ASPs/CoP/OpenCoP.asp?Filter=OO-AD-01-41> by those with common access cards.

GAO

Report No. GAO-12-780, “Federal Fleets, Overall Increase in Number of Vehicles Masks That Some Agencies Decreased Their Fleets,” August 2, 2012

DoD IG

Report No. D-2010-022, “Management of Nontactical Vehicles in Support of Operation Iraqi Freedom,” November 20, 2009

Naval Audit Service

Report No. N2009-0030, “Naval Facilities Engineering Command Base Support Vehicles Management Information Systems,” May 21, 2009

Army Audit Agency

Report No. A-2012-0051-IEO, “Installation Facilities and Operations Support,” January 20, 2012

Report No. A-2011-0174-IEO, “Installation Facilities and Operations Support Fort Riley,” August 4, 2011

Report No. A-2011-0173-IEO, “Installation Facilities and Operations Support Fort Benning,” August 4, 2011

Report No. A-2011-0097-IEO, “Installation Facilities and Operations Support Fort Belvoir,” April 21, 2011

Report No. A-2011-0044-IEO, “Installation Facilities and Operations Support Fort Meade,” February 8, 2011

Report No. A-2008-0208-ALR, “U.S Army Vehicle Registration Sierra Army Depot,” September 26, 2008

Report No. A-2008-0229-ALE, "Management of Nontactical Vehicles in Europe,"
August 25, 2008

Report No. A-2008-0167-ALR, "U.S Army Vehicle Registration Business Rules,"
June 25, 2008

Air Force Audit Agency

Report No. F2008-0003-FC4000, "Alternative Fueled Vehicles," July 2, 2008

Appendix C. Additional Background on the Audited Components

Department of the Navy

The mission of the Navy is to maintain, train, and equip combat-ready Naval forces capable of winning wars, deterring aggression, and maintaining freedom of the seas. The Navy's NCR vehicle fleet is composed of 914 vehicles at annual lease costs of \$1.9 million. Our audit work included five components of the Navy's NCR vehicle fleet: NAVFAC Washington, NCIS, NRL, MWR, and NEXCOM.

Naval Facilities Engineering Command

NAVFAC is the systems command that delivers and maintains quality, sustainable facilities and acquires and manages capabilities for the Navy's expeditionary combat forces. NAVFAC Washington's vehicle fleet is composed primarily of GSA leased and owned passenger and maintenance vehicles. NAVFAC Washington's NCR nontactical vehicle fleet consisted of 633 vehicles, 467 of which were leased at an annual cost of \$1.5 million.

Naval Criminal Investigative Service

NCIS is the Federal law enforcement agency charged with conducting investigations and operations aimed at identifying and neutralizing threats to the Navy. NCIS's vehicle fleet is composed primarily of commercially leased sedans, which are assigned to special agents. NCIS's NCR nontactical vehicle fleet consisted of 130 vehicles, 127 of which were leased.

Naval Research Laboratory

NRL is the Navy's full-spectrum corporate laboratory, conducting a broadly based multidisciplinary program of scientific research and advanced technological development directed toward maritime applications of new and improved materials, techniques, equipment, and systems and ocean, atmospheric, and space sciences and related technologies. NRL's vehicle fleet is composed of Navy-owned passenger, maintenance, and specialty vehicles. NRL's NCR nontactical vehicle fleet consisted of 110 vehicles. There were no leasing costs associated with these vehicles.

Navy Morale, Welfare, and Recreation

MWR administers a varied program of recreation, social, and community support activities at U.S. Navy facilities worldwide. MWR's vehicle fleet is composed of owned passenger and maintenance vehicles. Navy MWR's NCR nontactical vehicle fleet consisted of 27 vehicles. There were no leasing costs associated with these vehicles.

Navy Exchange Service Command

NEXCOM provides quality merchandise at a savings and supports Navy quality of life programs. NEXCOM's vehicle fleet is composed of leased passenger and maintenance

vehicles. NEXCOM's NCR nontactical vehicle fleet consisted of 14 leased vehicles at an annual cost of \$43,000.

Defense Logistics Agency

DLA provides nearly 100 percent of the consumable items that the Military Services need to operate, from food, fuel, and energy, to uniforms, medical supplies, and construction and barrier equipment. DLA also manages the reuse of military equipment, provides catalogs and other logistics information products, and offers document automation and production services. DLA's vehicle fleet is composed primarily of GSA leased passenger and maintenance vehicles. DLA's NCR nontactical vehicle fleet consisted of 40 vehicles, with annual lease cost of \$132,000.

Pentagon Force Protection Agency

PFPA is a civilian agency within DoD charged with protecting and safeguarding the occupants, visitors, and infrastructure of the Pentagon and other assigned Pentagon facilities. PFPA is headquartered at the Pentagon and operates 275 vehicles in its NCR fleet, with annual lease cost of \$1 million.

Washington Headquarters Services

WHS is a DoD field activity that manages DoD-wide programs and operations for the Pentagon Reservation and DoD leased NCR facilities. WHS also provides support to the Secretary of Defense, senior DoD leaders, and their staff to fulfill the mission of the Department. WHS's vehicle fleet is composed primarily of GSA leased passenger and maintenance vehicles. WHS is headquartered at the Pentagon and has 103 vehicles within its NCR fleet, with annual lease cost of \$347,000.

Appendix D. Summary of Potential Monetary Benefits

Recommendation	Type of Benefit	Amount of Benefit	Accounts
A.1.a.	Economy and Efficiency. Reduces costs by identifying and eliminating excess vehicles.	NAVFAC Washington could put \$718,000 of funds to better use annually by eliminating leasing costs for excess vehicles.	Defense Working Capital Fund, Navy 97 2013 4930.002
A.3.a	Economy and Efficiency. Reduces costs by identifying and eliminating excess vehicles.	NEXCOM could put \$25,000 of funds to better use annually by eliminating leasing costs for excess vehicles.	NEXCOM does not use appropriated funds
A.6.e.	Economy and Efficiency. Reduces costs by identifying and eliminating excess vehicles.	DLA could put \$73,000 of funds to better use annually by eliminating leasing costs for excess vehicles.	Defense Working Capital Fund, Defense Agencies 97X4930
No Recommendation	Economy and Efficiency. Reduces costs by identifying and eliminating excess vehicles.	PFPA could put \$177,000 of funds to better use annually by eliminating leasing costs for excess vehicles.	Pentagon Reservation Maintenance Revolving Fund 97X4950 and the Building Maintenance Fund,
A.8.e.	Economy and Efficiency. Reduces costs by identifying and eliminating excess vehicles.	WHS could put \$252,000 of funds to better use annually by eliminating leasing costs for excess vehicles.	Operation and Maintenance, Defense-Wide, Defense 97X0100

Defense Logistics Agency Comments

Final Report
Reference



DEFENSE LOGISTICS AGENCY
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8725 JOHN J. KINGMAN ROAD
FORT BELVOIR, VIRGINIA 22060-6221

APR 23 2013

MEMORANDUM FOR OFFICE OF THE INSPECTOR GENERAL, DEPARTMENT OF
DEFENSE

SUBJECT: Response to Department of Defense Office of Inspector General (DODIG)
Draft Report, "Enhanced Oversight Needed for Nontactical Vehicle Fleets in the
National Capital Region" (D2012-D000FE-0073.000)

Attached is the Defense Logistics Agency's (DLA) response to the subject draft report.
We appreciate the opportunity to review and comment on the findings and recommendations.

Point of contact for this action is [REDACTED] DLA Office of the Inspector
General, [REDACTED]

Edward J. Case
EDWARD J. CASE
Vice Director

Attachment:
As stated

The Vice Director, Defense Logistics Agency provided additional material documenting actions the Defense Logistics Agency has taken. This material is not included in this report due to its length.

DLA REPORT:
**“Enhanced Oversight Needed for Nontactical Vehicle Fleets in the
National Capital Region” (D2012-D000FE-0073.000)**

Recommendation A.6.a.: DODIG recommends the DLA Director revise DLA Instruction 4214, “Support Equipment Management,” modified September 22, 2009, to require fleet managers to conduct comprehensive annual reviews of underperforming vehicles to identify vehicles that could be eliminated from the fleet.

DLA Response: Concur. DLA Instruction (DLAI) 4214 is undergoing a major rewrite which is expected to be completed by September 30, 2013. This recommended requirement will be added to the updated document.

Recommendation A.6.b.: DODIG recommends the DLA Director provide training to fleet managers to ensure they are aware of the vehicle fleet management requirements in DoD Regulation 4500.36-R, “Management, Acquisition, and Use of Motor Vehicles,” March 16, 2007.

DLA Response: Concur. DLA Installation Support (DS) Fort Belvoir appointed a new interim fleet manager and team leader to assist in fleet optimization, acquisition and outreach efforts. The newly appointed fleet manager attended the GSA FedFleet 2012 conference and training in late June 2012, which included sessions on managing vehicle fleets. The Spring 2013 issue of the DLA Fleet Newsletter, sent to all DLA fleet managers, included a section on this topic and the April 3, 2013, Fleet Management Working Group teleconference addressed vehicle fleet management requirements as an agenda item.

Recommendation A.6.c.: DODIG recommends the DLA Director instruct all drivers to follow Defense Logistics Agency Instruction 4214, “Support Equipment Management,” modified September 22, 2009, and complete daily mileage logs.

DLA Response: Concur. DS Fort Belvoir instructed all of its GSA Fleet vehicle drivers to complete daily trip logs including all information required by DLAI 4214. As indicated above, the Spring 2013 issue of the DLA Fleet Newsletter, which is sent to all DLA fleet managers, included a section on this topic and the April 3, 2013, Fleet Management Working Group teleconference addressed it as an agenda item.

Recommendation A.6.d.: DODIG recommends the DLA Director pool vehicles where geographically feasible and establish a central point for the collection of auditable operating data.

DLA Response: Concur. DS Fort Belvoir implemented a centralized motor pool of 15 vehicles in the National Capital Region for GSA vehicles that do not have a unique high priority or special mission. In addition, DS Fort Belvoir implemented a rotation plan for underutilized vehicles not included in the motor pool to include some of the special purpose vehicles to increase mileage and utilization.

DLA REPORT:
**“Enhanced Oversight Needed for Nontactical Vehicle Fleets in the
National Capital Region” (D2012-D000FE-0073.000)**

Recommendation A.6.e.: DODIG recommends the DLA Director eliminate 23 excess vehicles or justify the need for these vehicles. Justifications for vehicles that cannot be eliminated should include an explanation of why short-term leases or other alternatives to leasing or purchasing cannot be used.

DLA Response: Concur. To address the 23 excess vehicles, DS Fort Belvoir has restructured its vehicle fleet. It has created a Class C motor pool by reallocating 15 underutilized vehicles and has eliminated two GSA vehicles to-date with another three vehicles in the queue to be turned-in. Justification was made to retain three underutilized vehicles in support of a critical contingency mission. The motor pool fleet utilization rate is increasing as more vehicles are being used to support employee temporary duty travel and trips to attend local meetings. The DS Fort Belvoir Site Director continues to monitor fleet utilization closely. As part of his annual review of the restructured fleet, he is incorporating the use of short-term leases to supplement motor pool operations.

Recommendation A.6.f.: DODIG recommends the DLA Director perform a review of the failure to meet standards required for the leasing of vehicles that were driven less than half of the mileage allowed by DoD Regulation 4500.36-R, “Management, Acquisition, and Use of Motorized Vehicles,” March 16, 2007, and as appropriate, initiate corrective measures and actions to hold personnel accountable.

DLA Response: Concur. The DS Fort Belvoir Site Director conducts a monthly review of the GSA fleet and meets with senior leaders to determine the right sizing of its motor pool fleet. Due to the results of the DODIG report, the fleet manager was replaced and a new fleet manager was appointed and a functional motor pool operation was established. Appropriate corrective measures were taken to hold personnel accountable for their actions. Both the Government Purchase Card holder and billing official were removed from the program.

Recommendation B.1.: DODIG recommends that the Director, Defense Logistics Agency, Contracting Services begin ratification actions concerning the unauthorized commitments of \$20,200 for rental cars and \$31,300 for taxi cab services in accordance with Federal Acquisition Regulation 1.602-3, “Ratification of Unauthorized Commitments,” and DLA Directive 1.602-3, Revision 5, “Ratification of Unauthorized Commitments and Quantum Meruit Actions.”

DLA Response: Concur. Director, DLA Acquisition ratified the two unauthorized commitments on April 23, 2013.

DLA REPORT:
**“Enhanced Oversight Needed for Nontactical Vehicle Fleets in the
National Capital Region” (D2012-D000FE-0073.000)**

Recommendation B.2.a.: DODIG recommends the DLA Director establish a time-phased plan to ensure that the agency program coordinators perform annual audits of all Government purchase cards.

DLA Response: Concur. The DLAI 2106, “Government Purchase Card,” July 18, 2012, requires the Agency/Organization Program Coordinators perform a semiannual audit and provide their report to the DLA Component Manager by January 20 and July 29 each year. Per the DLAI 2106, the Agency/Organization Program Coordinators have performed the first semiannual audit.

Recommendation B.2.b.: DODIG recommends the DLA Director perform a review of the DLA Installation Support, Fort Belvoir fleet manager’s and mailroom manager’s inappropriate use of a Government purchase card to acquire transportation services and, as appropriate, initiate corrective measures and actions to hold personnel accountable.

DLA Response: Concur. Appropriate corrective measures have been taken to hold personnel accountable for their actions. DS Fort Belvoir replaced the billing official, alternate billing official and government purchase card holder who were involved in the inappropriate use of the GPC. DS Fort Belvoir has assigned and trained new personnel to these positions and has developed internal management controls to ensure Government purchase card and contract acquisitions are fiscally sound and are consistent with all relevant regulations.

Naval Criminal Investigative Service Comments

Final Report
Reference



DEPARTMENT OF THE NAVY
HEADQUARTERS
NAVAL CRIMINAL INVESTIGATIVE SERVICE
27130 TELEGRAPH ROAD
QUANTICO VA 22134-2253

April 26, 2013

MEMORANDUM FOR NAVAL INSPECTOR GENERAL

SUBJECT: Enhanced Oversight Needed For Non-tactical Vehicle Fleets
In The National Capital Region (Project No. D2012-D000fe-0073.000)

The Department of Defense, Office of Inspector General conducted a review of the non-tactical vehicle fleets in the National Capital Region. The proposed report provided two recommendations for Naval Criminal Investigative Service (NCIS). NCIS would like to provide the following responses to the recommendations.

Recommendation A.5.a: Establish nonmileage-based usage guidelines for law enforcement vehicles and annually track their usage.

Response: **Concur** - NCIS developed a Vehicle Allocation Methodology (VAM) Program governing Fiscal Year's 13-16. This methodology includes a comprehensive fleet management system for our vehicles that include changes in behavior, leasing, and operations. Additionally, sport utility vehicles (SUV), trucks, and vans will comprise 10 percent of field offices total vehicle compliment. The VAM establishes a 50 percent large and 50 percent mid-size guideline for the agency's SUVs. All remaining vehicles will be sedans. The methodology allocates vehicles based on the investigative and operational activity at each field office. As a result of implementing the VAM, NCIS reduced its compliment of SUVs from 40 percent to 10 percent.

Recommendation A.5.b: Revise Naval Criminal Investigative Service-1, Chapter 32, "Vehicle Management Program," to require that drivers maintain daily mileage logs in accordance with DoD Regulation 4500.36-R, "Management, Acquisition, and Use of Motor Vehicles," March 16, 2007.

Response: **Non-concur** - As officials of a law enforcement and counterintelligence organization, it is imperative that special agents be able to travel in a manner that provides optimal operational security. NCIS special agents operate in foreign countries and are subject to surveillance by foreign intelligence organizations. Recording travel mileage exposes those individuals and operations undertaken by them to compromise. Similar concerns exist when NCIS special agents conduct criminal investigations and undercover operations. Any record that provides mileage, destination or travel times poses unnecessary risk to both agent safety and operations. For these reasons, NCIS intends to pursue a waiver to the current requirement to maintain daily mileage.

Mark D. Ridley
Acting Director

The Acting Director, Naval Criminal Investigative Service provided additional material documenting actions the Naval Criminal Investigative Service has taken. This material is not included in this report due to its length.

Pentagon Force Protection Agency Comments



DEPARTMENT OF DEFENSE
PENTAGON FORCE PROTECTION AGENCY
9000 DEFENSE PENTAGON
WASHINGTON, DC 20301-9000



APR 26 2013

MEMORANDUM FOR DEPUTY INSPECTOR GENERAL FOR AUDITING, FINANCIAL
MANAGEMENT AND REPORTING (DEPARTMENT OF
DEFENSE OFFICE OF INSPECTOR GENERAL)

SUBJECT: Comments to Draft Report, "Enhanced Oversight Needed for Nontactical Vehicle
Fleets in the National Capital Region," (Project No. D2012-D000FE-0073.000)

This memorandum responds to your request for comments on two audit
recommendations contained in the draft audit report issued March 25, 2013. Below are my
comments to your draft report.

RECOMMENDATION A.7a: Perform a review of the failure to meet standards required for
the leasing of vehicles that were driven less than half of the mileage allowed by DoD Regulation
4500.36-R, "Management, Acquisition, and Use of Motorized Vehicles," March 16, 2007, and as
appropriate, initiate corrective measures and actions to hold personnel accountable.

PFPA Response: Concur. In the Fall of 2011, PFPA examined the mileage of all staff
vehicles. PFPA concurs that its 2011 mileage findings were consistent with the OIG report's
determination that the majority of the vehicles were driven less than half of the DoD regulation
mileage standard. Due to the 2011 closure of Federal Office Building-2 (FOB-2, adjacent to the
Pentagon) and due to Base Realignments and Closure (BRACs) 198 and 133, the duty station of
large numbers of PFPA employees changed, as did the footprint for customer populations
serviced by PFPA vehicle operators. In summary, 2011 vehicle mileage was an inaccurate
predictor of 2012 vehicle needs for PFPA. In 2012, following PFPA's geographic relocations,
PFPA re-examined the mileage of Agency staff vehicles, and I substantially reduced their
quantity on the basis of that review. The results of the 2012 review are included in the OIG
report:

*"On January 31, 2013, the director removed 15 excess vehicles from its fleet and in
December 2012, reassigned 15 excess vehicles to PFPA's central motor pool. In
addition, PFPA officials justified the remaining vehicles that did not meet standards by
conducting a review of their agency's vehicle fleet in September 2012"*

After the passage of one year, the next review of both assigned and pooled vehicles will be done
to ensure utilization is appropriate and determine if any further fleet re-sizing is needed.

The 15 vehicles removed from the PFPA fleet in January 2013 represented 18% of the Agency's
2012 staff vehicle fleet. The 15 vehicles eliminated reduced PFPA's vehicle leasing costs by
\$47,000 per annum.

In summary, PFPA has taken corrective management action to both reduce and pool staff vehicles. In addition, in January 2013, I revised PFPA Regulation 008 to hold PFPA fleet managers accountable for conducting comprehensive annual reviews of underperforming vehicles, to identify vehicles that can be eliminated from the fleet.

RECOMMENDATION A.7b: Establish non-mileage-based usage guidelines for use of law enforcement vehicles.

PFPA Response: **Concur.** PFPA is in the process of leasing Vehicle Monitoring Devices (VMD) through the General Services Administration. VMD will facilitate the establishment and measurement of quantitative non-mileage based utilization criteria for law enforcement vehicles. In April 2013, GSA approved PFPA's VMD contract; installation of the devices began on April 22, 2013. Upon completion of device installation, and completion of associated training by PFPA Fleet Management staff, PFPA will measure non-mileage-based criteria for a period of time to determine baseline measurements. Thereafter, non-mileage-based utilization requirements will be defined by the end of Calendar Year 2013 for PFPA law enforcement vehicles, with measurement against the criteria beginning in 1st quarter of Calendar Year 2014. In addition, PFPA will continue to review its mission footprint on an ongoing basis to ensure vehicle quantities support and do not exceed mission requirements for law enforcement vehicles.



Steven E. Calvery
Director

Washington Headquarters Services Comments



DEPARTMENT OF DEFENSE
WASHINGTON HEADQUARTERS SERVICES
1155 DEFENSE PENTAGON
WASHINGTON, DC 20301-1155



APR 25 2013

MEMORANDUM FOR DEPARTMENT OF DEFENSE INSPECTOR GENERAL,
OFFICE OF THE DEPUTY INSPECTOR GENERAL FOR
AUDITING
ATTN: AUDIT SUGGESTIONS/13F25-04

SUBJECT: Enhanced Oversight Needed for Nontactical Vehicle Fleets in the National Capital Region (Project No. D2012-D000FE-0073.00)

This responds to the draft report dated March 25, 2013, regarding the above subject. Washington Headquarters Services (WHS) appreciates the opportunity to respond to the recommendations.

As a preliminary matter, please understand that WHS has a broad, ever-increasing mission in support of the Office of the Secretary of Defense and other DoD organizations throughout the NCR and beyond. Part of the WHS mission is to provide transportation assets to our clients. One of our goals is to be vigilant in assessing this particular mission, with a goal towards creating efficiencies wherever possible. We concur in the findings in your draft report, and will use it as a means to further our efficiency goals.

Recommendation A.8:

A.8. We recommend that the Director, Washington Headquarters Services:

- a. Establish internal guidance requiring WHS fleet managers to conduct comprehensive annual reviews of underperforming vehicles to identify vehicles that could be eliminated from the fleet.

Concur: WHS has developed draft guidance that includes a comprehensive annual review of the WHS Fleet that identifies any underutilized performing vehicles. The internal policies ensure that the WHS fleet is in compliance with DoD Regulation 4500.36-R, "Management, Acquisition, and Use of Motorized Vehicles," March 16, 2007 and the DoD Fleet Management Program. The WHS internal guidance will be finalized by the end of FY 2013.

- b. Provide training to the WHS fleet managers to ensure they are aware of the vehicle fleet management requirements in DoD Regulation 4500.36-R, "Management, Acquisition, and Use of Motorized Vehicles," March 16, 2007.

Concur: The WHS Fleet Manager attended the AT&L sponsored Fleet Management Conference on April 10, 2013. The conference provided training in accordance with DoD Regulation 4500.36-R regarding the rules concerning non-tactical fleet vehicles. The training also provided an overview of the Defense Property Accountability System (DPAS) Fleet Maintenance and Utilization (M&U) module and the Fleet Performance Metrics. The WHS Fleet Manager will assure that applicable training is given to those overseeing the use of vehicles within the fleet.

- c. Require drivers to maintain daily mileage logs.

Concur. All WHS fleet vehicles have been entered into the DPAS system. WHS internal guidance requires the Fleet Manager, sub-custodians and drivers to immediately use the M&U module of DPAS to track mileage for all WHS fleet vehicles. WHS is able to utilize the M&U module to generate daily, monthly and yearly mileage logs and vehicle reports.

- d. Pool vehicles where geographically feasible and establish a central point for the collection of auditable operating data.

Concur. The WHS Fleet Manager has established a pooling system that assigns vehicles by geographic location using the M&U module. In addition, the M&U module provides a central point for the collection of auditable fleet vehicle operating data.

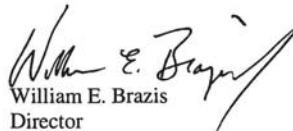
- e. Eliminate 71 excess vehicles or justify the need for these vehicles. Justifications for vehicles which cannot be eliminated should include an explanation of why short-term leases or other alternatives to leasing or purchasing cannot be used.

Concur. WHS has identified five (5) GSA leased vehicles for elimination. WHS is continuing to review the totality of its fleet vehicles to determine if additional vehicle reductions can be realized. Note, however, that WHS continues to receive requests for additional vehicles to address mission related requirements. A review of the justifications for the new requirements may or may not impact the number of vehicles that WHS ultimately eliminates. The outcome of the full review will be provided by the end of CY 2013.

- f. Perform a review of the failure to meet standards required for the leasing of vehicles that were driven less than half of the mileage allowed by DoD Regulation 4500.36-R, "Management, Acquisition, and Use of Motorized Vehicles," March 16, 2007, and as appropriate, initiate corrective measures and actions to hold personnel accountable.

Concur. The WHS Fleet Manager is conducting a review of all lease agreements, vehicle utilization/survey specifics and any mission requirements; WHS is taking corrective measures and accountability actions as required. The outcome of the review will be provided by the end of CY 2013.

Should you require any additional information, please contact [REDACTED] at [REDACTED]


William E. Brazis
Director

Naval Supply Systems Command



DEPARTMENT OF THE NAVY
NAVAL SUPPLY SYSTEMS COMMAND
5450 CARLISLE PIKE
PO BOX 2050
MECHANICSBURG PA 17055-0791

TELEPHONE NUMBER
COMMERCIAL
AUTOVON
IN REPLY REFER TO:
7510
Ser NOIG/015

APR 30 2013

From: Commander, Naval Supply Systems Command
To: Department of Defense Office of Inspector General,
Assistant Inspector General for Financial Management and
Reporting
Subj: DODIG DRAFT AUDIT REPORT ON ENHANCED OVERSIGHT NEEDED FOR
NONTACTICAL VEHICLE FLEETS IN THE NATIONAL CAPITAL REGION
(D2012-D000FE-0073.000)
Ref: (a) DoD Directive 7650.3 of 3 Jun 04
Encl: (1) DODIG Draft Report, "Enhanced Oversight Needed for
Nontactical Vehicle Fleets in the National Capital
Region (Project No. D2012-D000fe-0073.000)" of
25 March 2013

1. Per reference (a), enclosure (1) provides our comments on
the Audit Results and Recommendation A.3.
2. For any questions, please contact our Chief of Staff,
[REDACTED] or e-mail at
[REDACTED]

M. F. HEINRICH

Copy to: .
NAVINGEN

DEPARTMENT OF DEFENSE INSPECTOR GENERAL (DODIG) DRAFT REPORT,
"ENHANCED OVERSIGHT NEEDED FOR NONTACTICAL VEHICLE FLEETS IN THE
NATIONAL CAPITAL REGION (PROJECT NO. D2012-D000FE-0073.000)," OF
25 MARCH 2013

**Finding A. Improved Controls Needed to Assess Requirements for
Vehicles**

The Navy, DLA, PFFA, and WHS did not have effective controls to accurately assess their requirements for 774 staff vehicles, costing \$2 million, in their respective NCR vehicle fleets in 2011. Specifically:

- Navy, DLA, PFFA, and WHS fleet managers did not perform annual mileage reviews of staff vehicles;
- Navy, DLA, and WHS fleet managers did not maintain adequate daily mileage logs; and,
- DLA and WHS fleet managers did not centrally manage their NCR vehicle fleets.

This occurred because fleet managers experienced staffing shortages and staff turnover, and they were unaware of or lacked the authority to enforce the requirements to conduct annual reviews and maintain daily mileage logs. In addition, fleet managers lacked clear guidance from management and did not have the identification of excess vehicles as a priority task. As a result, 511 staff vehicles were excess in 2011, including 89 that were driven under 1,000 miles, with annual base lease costs of about \$1.2 million. Eliminating these excess vehicles would save about \$7.2 million over the next 6 years. During the audit, PFFA initiated corrective action and eliminated 15 excess vehicles with base annual lease costs of \$49,000. In addition, NCIS and PFFA directors did not demonstrate that they were effectively managing 335 law enforcement vehicles because they did not establish required non-mileage guidelines. As a result, NCIS and PFFA fleet managers could be acquiring more vehicles than they need. DoDIG determined that NEXCOM could put \$25,000 of funds to better use annually by eliminating leasing costs for excess vehicles.

Navy Exchange Service Command (NEXCOM)

The NEXCOM fleet manager did not effectively manage 13 leased staff vehicles costing \$41,000 annually. Examination of the mileage showed that eight staff vehicles, costing \$25,000

Enclosure (1)

annually, were driven less than half of the DoD regulation mileage standard and were excess. Three of four sedans were driven less than 6,000 miles annually, including one sedan that was driven less than 1,000 miles annually. For example, a 2009 Dodge Caravan was leased for \$2,616 annually and was driven only 713 miles. Five of nine light trucks were driven less than 5,000 miles annually, including one truck that was driven less than 1,000 miles.

Recommendations:

A.3. We recommend that the Chief Executive Officer, Navy Exchange Service Command:

a. Eliminate eight excess vehicles or justify the need for these vehicles. Justifications for vehicles that cannot be eliminated should include an explanation of why short-term leases or other alternatives to leasing or purchasing cannot be used.

NAVSUP Response: Non-concur. Mileage as the primary criteria to determine if a vehicle is required in a non-appropriated funded, bottom-line driven, profit-oriented business, such as NEXCOM is impractical and not in alignment with operating a \$3 billion retail and services enterprise. In a retail business, these vehicles are used very frequently for short distances, primarily between our local retail and services operations; thus, mileage requirement is not an accurate reflection of efficient use.

The volume of NEXCOM's business, functions, taskings, duties and need to service retail/services customers must be the determining factors in deciding the number of and usage of vehicles needed to drive sales and generate profits. Retail sales in NEXCOM's Capital District totaled about \$82 million and profits of about \$8 million in FY 2012. Decisions made to lease or buy vehicles and usage must reside with district Exchange management and remain flexible to timely and effectively conduct NEX business. A lack of flexibility and inappropriate usage standards will result in lost sales and profits to the NEXCOM Enterprise and, ultimately, reduced dividends to MWR.

b. Perform a review of the failure to meet standards required for the leasing of vehicles that were driven less than half of the mileage allowed by DoD Regulation 4500.36-R, "Management, Acquisition, and Use of Motorized Vehicles," of 15

Enclosure (1)

March 2007, and as appropriate, initiate corrective measures and actions to hold personnel accountable.

NAVSUP Response: Non-concur. Mileage as a primary criteria to determine if a vehicle is required in a non-appropriated fund, bottom-line driven, profit-oriented business, such as NEXCOM is impractical and not in alignment with operating a \$3 billion retail and service enterprise. Standards required for the leasing of vehicles that were driven less than half of the mileage allowed by DoD Regulation 4500.36-R, "Management, Acquisition, and Use of Motorized Vehicles," must be adjusted to better align policy with the approach of conducting a retail business in a non-appropriated fund environment.

c. Provide training to the Navy Exchange Service Command fleet managers to ensure they are aware of the vehicle fleet management requirements in DoD Regulation 4500.36-R, "Management, Acquisition, and Use of Motor Vehicles," March 16, 2007.

NAVSUP Response: Non-concur. While DoD Regulation 4500.36-R is not practical nor in alignment with a \$3 billion retail and services non-appropriated fund enterprise, the Fleet Manager for the NEXCOM Enterprise annually attends the Federal Fleet Week and Navy Fleet training sessions.

Annual fleet mileage is reported properly through the Navy Transportation Office (NTO) and new vehicle requirements are reviewed by NTO as appropriate prior to procurement.

NEXCOM's Fleet Manager has an excellent working relationship with Naval Facilities Engineering Command and with the General Services Administration vehicle leasing representatives, and is quick to disseminate information and execute new programs throughout the NEXCOM Enterprise.

Note: DoDIG did not include NAVSUP in an Entrance or Exit Conferences for this audit. Also, DoDIG did not afford NAVSUP the opportunity to review and comment on the Preliminary Draft Report in early 2013. We request that in the future, NAVSUP Headquarters be notified of any audits involving the NAVSUP Enterprise. Had we been provided the opportunity, it would have allowed us to track audit findings and address audit concerns as they developed.

Enclosure (1)

Naval Facilities Engineering Command Comments



DEPARTMENT OF THE NAVY
NAVAL FACILITIES ENGINEERING COMMAND
1322 PATTERSON AVENUE, SE SUITE 1000
WASHINGTON NAVY YARD DC 20374-5065

7510
Ser 09IG/013
26 Apr 13

From: Commander, Naval Facilities Engineering Command
To: Inspector General, Department of Defense
ATTN: [REDACTED] Project Manager
Via: Naval Inspector General
ATTN: [REDACTED]

Subj: DRAFT REPORT RESPONSE TO ENHANCED OVERSIGHT NEEDED FOR
NONTACTICAL VEHICLE FLEETS IN THE NATIONAL CAPITAL REGION
(PROJECT NO. D2012-D000FE-0073.000)

Ref: (a) DoD IG memo of 25 Mar 13

Encl: (1) NAVFAC Draft Report Response

1. Per reference (a), Commander, Naval Facilities Engineering Command (NAVFAC) has reviewed the Draft Report. Specific comments are provided in enclosure (1).
2. The technical point of contact is [REDACTED] NAVFAC BSVE Product Line Leader, at [REDACTED] Audit Liaison is [REDACTED] NAVFAC OIG, at [REDACTED] or email: [REDACTED]

S. L. SIMS
Captain, CEC, U.S. Navy
Inspector General

Copy to:
NAVFAC PWBL

NAVFAC Response to Draft DoD IG Report, Project No. D2012-D000FE-0073

Subj: ENHANCED OVERSIGHT NEEDED FOR NONTACTICAL VEHICLE FLEETS IN THE NATIONAL CAPITAL
REGION

A.1.a Eliminate 331 excess vehicles or justify the need for these vehicles. Justification for vehicles that cannot be eliminated must include an explanation of why short-term leases or other alternatives to leasing or purchasing cannot be used

Response: Partially Concur: While a portion of the 331 vehicles identified at NAVFAC Washington may be able to be returned to GSA or disposed of, a thorough review of the justifications provided during the last Transportation Review of Inventory Objectives (TRIO) is required. Mileage is not the only factor used to determine a vehicle requirement, the mileage standards identified in the DOD 4500.36R are a guide. Utilization of a vehicle can also be determined by days of use, number of trips per day/week/month, and mission. A majority of the pickup trucks in the inventory are assigned to Public Works maintenance shops the requirement to have these vehicles is based on mission not mileage. PW maintenance shop vehicles are considered another "tool" to accomplish facilities maintenance. In addition to transporting the worker to the job site which is often only a few miles a day, the vehicles is used to transport the tools of the workers trade. Due to budget cuts NAVFAC Washington is reviewing vehicle assignments to determine where vehicle reductions will have the least impact on supporting mission requirements.

A.1.b. Revise the NAVFAC P-300, "Management of Civil Engineering Support Equipment," September 2003, to require the maintenance of daily logs for all vehicles in accordance with the DoD Regulation 4500.35-R, "Management, Acquisition, and Use of Motor Vehicles," March 16, 2007.

Response: Non-concur. The NAVFAC P-300 is currently under revision, however the DoD 4500.36-R does not require daily mileage logs for all vehicles. Chapter 3, paragraph C3.5. "Utilization Record" states that components can establish an automated or paper copy of motor vehicle utilization data which collect the minimum data elements for an automated trip report. The system employed will be the basic source for information concerning the use of motor vehicles. NAVFAC has established MAXIMO as the automated system to collect this data and dispatch vehicles. Class "B" (permanently assigned) vehicle mileage data is collected several ways; through automated fuel transactions, maintenance records and/or a monthly mileage report which is provided to the Base Support Vehicles and Equipment Manager for input into MAXIMO and used for billing purposes. Class "C" (short term rental) vehicles are also dispatched through MAXIMO and the required information is collected at the time of dispatch. In addition, NAVFAC Washington is implementing GPS on select vehicles to collect this data.

NAVFAC Response to Draft DoD IG Report, Project No. D2012-D000FE-0073

A.1.c. Establish and implement procedures to verify that fleet managers at Naval Facilities Engineering Command Washington, Naval Research Laboratory, Navy Exchange Service Command and Morale, Welfare and Recreation are aware of existing guidance and track the completion of comprehensive annual reviews to identify underperforming vehicles for possible elimination from their fleets.

Response: Partially concur. Navy holds a one day annual training class in conjunction with the GSA sponsored FedForum, cancelled this year due to sequestration. During the training NAVFAC BSVE provides updated guidance on inventory management, vehicle requirements generation, purchasing/leasing, procedures for reviewing and validating vehicle requirements. The Fleet Managers for NEX and MWR attend these training sessions and are responsible for disseminating information to their subordinate commands. NAVFAC Atlantic is responsible for ensuring NAVFAC Washington and Naval Research Laboratory are maintaining proper vehicle records and provides oversight over the fleet management program in their AOR. We are in the process of writing policy to establish utilization criteria for every vehicle, the process for review, validation and approval, reporting requirements, etc., in accordance with the POTUS Memo of May 2011.

Navy Installations Command Comments

Final Report
Reference



DEPARTMENT OF THE NAVY
COMMANDER, NAVY INSTALLATIONS COMMAND
716 SICARD STREET, SE, SUITE 1000
WASHINGTON NAVY YARD, DC 20374-5140

5740
Ser N00G/13U82270
2 May 13

From: Commander, Navy Installations Command
To: Inspector General, Department of Defense
Subj: DRAFT REPORT RESPONSE TO ENHANCED OVERSIGHT NEEDED FOR
NONTACTICAL VEHICLE FLEETS IN THE NATIONAL CAPITAL REGION
(PROJECT NO. D2012-D000FE-0073.000)
Ref: (a) DoD IG memo of 25 Mar 13
(b) DoD Regulation 4500.36-R, Management, Acquisition,
and Use of Motor Vehicles, March 2007
(c) NAVFAC P-300, Management of Civil Engineering Support
Equipment, September 2003
Encl: (1) CNIC Draft Report Response
(2) Final Vehicle LSS RIE Methodology of Sep 07
(3) CNIC memo 4600 Ser N9/7U27245 of 5 Nov 07

1. Per reference (a), Commander, Navy Installations Command (CNIC) has reviewed the Draft Report. Specific comments are provided in enclosure (1).

2. The technical point of contact is [REDACTED] CNIC N944S2, at [REDACTED] or email [REDACTED] or CDR [REDACTED] CNIC N442, at commercial [REDACTED] or email [REDACTED] Audit Liaison is [REDACTED] CNIC OIG, at commercial [REDACTED] or email [REDACTED]

GERALD R. MANLEY
Inspector General

Copy to:
CNIC (N00, N4, N9)

The Inspector General, Navy Installation Command provided additional material documenting actions the Navy Installation Command has taken. This material is not included in this report due to its length.

COMMANDER, NAVY INSTALLATIONS COMMAND
DRAFT REPORT RESPONSE TO ENHANCED
OVERSIGHT NEEDED FOR NONTACTICAL
VEHICLE FLEETS IN THE NATIONAL
CAPITAL REGION (PROJECT NO.
D2012-D000FE-0073.000)

Commander, Navy Installations Command's (CNIC's) responses to the findings and recommendations of the Department of Defense Inspector General's (DoD IG's) subject Draft Report are provided below. CNIC concurs with the recommendations.

FINDING A: IMPROVED CONTROLS NEEDED TO ASSESS REQUIREMENTS FOR VEHICLES

Recommendation A.4.a.: Eliminate 16 excess vehicles or justify the need for these vehicles. Justifications for vehicles that cannot be eliminated should include an explanation of why short-term leases or other alternatives to leasing or purchasing cannot be used.

Response: Concur. Navy Region Naval District Washington (NDW) will reduce command assigned vehicles by over 70 units by the end of June 2013.

Additionally, a thorough analysis of the Non-Appropriated Funds (NAF) vehicles is in progress to determine the need to retain all or some of the vehicles. The analysis will be completed by 30 September 2013. NAF vehicles historically are retained several years beyond the normal life expectancy of standard government vehicles due to specific duties and relatively low annual mileage; please see enclosure (2) an enclosure (3). For example, the 2003 Chevrolet 3500 truck that was only driven 554 miles is used for Morale, Welfare, and Recreation (MWR) facility & grounds maintenance and to tow trailers to various places on the installation; it may only travel an average of 10 miles a week, but it is used frequently. Reference (b) provides guidance for vehicle usage but is unrealistic as a standard for most NAF vehicles.

Recommendation A.4.b.: Perform a review of the failure to meet standards required for the retention of vehicles that were driven less than half of the mileage allowed by DoD Regulation 4500.36-R, "Management, Acquisition, and Use of Motorized Vehicles," March 16, 2007, and as appropriate, initiate corrective measures and actions to hold personnel accountable.

Response: Concur. NDW is reviewing all vehicle usage as part of FY13 sequestration budget reductions. Some low mileage vehicles are justified due to remote location or one-of-a-kind mission application for the vehicle. NDW's review will be complete by the end of Fiscal Year 2013 (FY13).

Enclosure (1)

The above mentioned analysis of Non-Appropriated Funds (NAF) vehicles is in progress to determine the need to retain all or some of the vehicles by Commander, Navy Installations (CNIC) MWR. The analysis will be completed by 30 September 2013.

Recommendation A.4.c.: Provide training to Morale, Welfare, and Recreation fleet managers to ensure they are aware of the vehicle fleet management requirements in DoD Regulation 4500.36-R, "Management, Acquisition, and Use of Motor Vehicles," March 16, 2007.

Response: Concur. Training will be provided to all MWR fleet managers to ensure awareness of fleet management requirements from reference (b), in addition to reference (c), the by the end of FY13.

Naval Research Laboratory Comments



DEPARTMENT OF THE NAVY
NAVAL RESEARCH LABORATORY
4555 OVERLOOK AVE SW
WASHINGTON DC 20375-5320

IN REPLY REFER TO:

30 Apr 13

MEMORANDUM FOR THE DEPARTMENT OF DEFENSE, OFFICE OF INSPECTOR GENERAL

Subject: Draft Audit Report, "Enhanced Oversight Needed for Nontactical Vehicle Fleets in the National Capital Region," Project No. D2012-D000FE-0073.000

This memo is in response to subject 25 March 2013 report provided to this office for review and comment. We **partially concur** with the recommendation as stated. Our comments to the draft report recommendation for the Naval Research Laboratory are attached.

We appreciate the opportunity to respond to your audit report and look forward to resolving the cited issue. My point of contact is [REDACTED] Chief Staff Officer, at [REDACTED] or [REDACTED] for any additional inquiries.

A. J. FERRARI
CAPT USN
Commanding Officer

Attachment:
As stated

Cc:
ONR (BDIG)

NAVAL RESEARCH LABORATORY (NRL) RESPONSE TO DEPARTMENT OF DEFENSE
OFFICE OF INSPECTOR GENERAL DRAFT REPORT,

"ENHANCED OVERSIGHT NEEDED FOR NONTACTICAL VEHICLES IN THE NATIONAL
CAPITAL REGION," PROJECT NO. D2012-D000FE-0073.000

RECOMMENDATION A.2: "We recommend that the Commander, Naval Research Laboratory (NRL) eliminate four excess vehicles, or justify the need for these vehicles. Justifications for vehicles that cannot be eliminated must include an explanation of why short-term leases or other alternatives to leasing or purchasing cannot be used."

NRL RESPONSE: Partially-Concur. NRL does not agree with the initial portion of the recommendation to "eliminate the four excess vehicles" and notes that DoD Regulation 4500.36-R section C3.4.2. states "there will be cases where the mileage achieved on a particular asset does not meet the established annual utilization guidelines." Accordingly, NRL concurs with the statement to "justify the need for these vehicles" and provides the following justification to retain the four vehicles recommended for elimination (one bus, three sedans):

- Buses
 - NRL ownership of two buses facilitates response to emergent large group transportation requirements while simultaneously supporting recurrent commitments...mission support could not be accomplished via a short-term lease.
 - 2012 mileage increased to 6,400 vs. 639 in 2011 for the bus noted in the report.
 - 2013 projections are 16,000+ miles distributed across the two buses to meet simultaneous/emergent requirements in support of group transportation requests.
 - Short-term lease costs are greater than current operations and maintenance costs for the two NRL-owned buses.
- Multi-Passenger Vans (sedan-category)
 - NRL currently operates six (6) sedan-category vehicles to support 2500 employees.
 - Six (6) vans are required to complete the frequently concurrent, long duration (traffic conditions), short distance (within the National Capital Region) and non-predictive transportation requirements in support of NRL mission objectives.
 - 2012 and 2013 data indicate that >1/3 of the time, all six (6) vans were simultaneously used to complete mission tasking while accounting for sustainment of sufficient capacity to facilitate required maintenance.
 - Emergent mission tasking (e.g., no notice briefings) does not enable the use of short-term leases to address those periods of peak demand periods.

Attachment

Defense Procurement and Acquisition Policy Comments



ACQUISITION,
TECHNOLOGY
AND LOGISTICS

OFFICE OF THE UNDER SECRETARY OF DEFENSE
3000 DEFENSE PENTAGON
WASHINGTON, DC 20301-3000

APR 25 2013

MEMORANDUM FOR PROGRAM DIRECTOR FOR FINANCIAL MANAGEMENT AND
REPORTING, OFFICE OF THE INSPECTOR GENERAL

THROUGH: DIRECTOR, ACQUISITION RESOURCES AND ANALYSIS *728
4/25/13*

SUBJECT: Response to DoDOIG Draft Report on Enhanced Oversight Needed for Nontactical
Vehicle Fleets in the National Capital Region (Project No. D2011-DIP9AI-
0103.000)

As requested, I am providing responses to the general content and recommendations
contained in the subject report.

Recommendation B.3:

We recommend that the Director, Purchase Card Policy Office, Defense Procurement and
Acquisition Policy initiate a time-phased plan with metrics and benchmarks to monitor
improvements in the Defense Logistics Agency's oversight of its Government Purchase Card
Program.

Response:

Concur with comment.

While the acquisition practices revealed in the audit findings suggest the need for additional
Defense Logistics Agency (DLA) resources to be applied to day to day management and
oversight of the DLA Government Purchase Card (GPC) program, existing organizational
oversight and audit safeguards now appear to be operating as intended.

In November 2008, DPAP initiated a time phased plan with metrics to monitor the performance
of all DoD purchase card programs. DLA deployment of the DoD Purchase Card On-Line
System (PCOLS) provides DLA with additional tools, including a set of Department-wide GPC
program metrics and benchmarks, to monitor and manage their GPC program on an on-going
basis. PCOLS also provides the DPAP, Purchase Card Policy Office (PCPO) with the automated
capability to monitor each deployed agency's program performance for all established metrics.
Therefore, DPAP does not believe an additional DLA specific time-phased plan with metrics and
benchmarks to monitor improvements in DLA's oversight of the purchase card program are
necessary because PCOLS currently fulfills this requirement.

During the time of the violations revealed in the audit findings, the DLA GPC program was in a
state of flux due to personnel losses. Since March 2011, two consecutive DLA Level 3
Agency/Organization Program Coordinators (A/OPCs) have taken necessary and appropriate
actions to update DLA Instruction 2106, "Government Purchase Card" (dated July 18, 2012) to

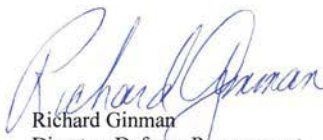
reflect current policy initiatives and ensure compliance with DoD Level Policy and Guidance, including the requirements to perform annual Managing Account reviews.

The DLA Procurement Management Review (PMR) Handbook requires conduct of PMRs every two years. The DLA Contracting Services Office's (DCSO), responsible for award and management of the procurement actions discussed in the audit, scheduled review began March 12, 2012. The FY12 DCSO PMR Report, signed October 4, 2012, includes 59 findings, 21 of which relate to GPC program operations—including several relating to the inappropriate practices also addressed in the DoD OIG Discussion Draft of the "Audit of the DoD NCR Nontactical Fleet Vehicles".

The Director, DLA, once informed about this DoDIG Non Tactical Fleet Vehicle report's findings, requested DLA OIG perform a specific review of the DLA GPC program (final report pending publication). DLA will closely monitor progress related to disposition of the findings associated with both IG reports and the PMR report.

Having completed deployment of the PCOLS, DLA now has access to five applications that meet distinct GPC program management and oversight needs addressed in the report's findings and recommendations. These applications also provide the PCPO with greater on-going visibility and insight than was previously available into DLA's program performance, thus negating the need for an additional time-phased plan with metrics and benchmarks to monitor improvements in DLA's oversight of the purchase card program.

Please contact [REDACTED] if additional information is required.


Richard Ginman
Director, Defense Procurement
and Acquisition Policy



Inspector General Department of Defense

