



Smithsonian
Institution

Motor Vehicle Fleet Operations

Smithsonian Needs to Update and Implement Vehicle-Related Policies and Procedures

**Office of the Inspector General
Report Number A-13-06
March 27, 2014**



In Brief

Smithsonian Needs to Update and Implement Vehicle-Related Policies and Procedures ***Report Number A-13-06, March 27, 2014***

Why We Did This Audit

The Smithsonian operates a vehicle fleet program to benefit the mission and functions of the Institution.

Our audit objectives were to evaluate the controls management has established to minimize the costs of motor vehicle operations, including maintenance, petroleum use, purchasing, and disposal. Additionally, we assessed whether the Smithsonian is achieving the sustainability goals outlined in Executive Order (EO) 13514, Federal Leadership in Environmental, Energy, and Economic Performance.

Background

The vehicle fleet program was established to ensure: (1) the availability of safe and reliable vehicles, (2) timely maintenance and repair of vehicles, and (3) the monitoring of the fleet size and utilization of vehicles.

During our review, the fleet consisted of 487 vehicles made up of sedans, buses, trucks, vans, and sport utility vehicles.

What We Found

We found that Smithsonian management: (1) developed policies based on best practices for fleet management; (2) invested resources in a fleet management information system (FleetWave); and (3) appeared to adhere to Executive Order 13514. However, there were internal control weaknesses in the implementation of these policies and procedures.

Management did not implement main components of its policy such as enforcing the: Vehicle Coordinator Program (VC); use of vehicle trip logs; and use of Form SI-3805, *Justification For Acquisition of a Motor Vehicle or Off-Highway Equipment*. We also determined that the policy addressing driver licenses is outdated.

In addition, we identified data discrepancies between the systems that report on the Smithsonian's fleet. We identified 37 vehicles, with a total purchase price of approximately \$797,703, that were recorded in FleetWave but were not included on the Enterprise Resource Planning (ERP) Financials vehicle asset list. Further, we identified 20 vehicles, with a total purchase price of \$253,095, that were on the ERP vehicle asset list but were not recorded in FleetWave.

We also found that there were no policies and procedures to ensure that fuel cards were assigned in FleetWave. Fourteen active cards (or 29 percent of cards sampled) were not assigned to a specific vehicle in FleetWave.

What We Recommended

To strengthen fleet management internal controls, we recommended that management: update and fully implement policies and procedures to include the VC program, trip logs, and SI-3805; develop procedures to periodically reconcile vehicle information between FleetWave and ERP; and develop and implement policies and procedures to ensure the proper control of fleet cards.

Management concurred with our findings and recommendations and has planned corrective actions to address the recommendations. We will continue to monitor management's progress towards completion of these recommendations.

For additional information or a copy of the full report, contact the Office of the Inspector General at (202) 633-7050 or visit <http://www.si.edu/oig>.



Office of the Inspector General

Date March 27, 2014

To Kendra Gastright, Director, Office of Facilities Management and Reliability,
Office of Facilities Engineering and Operations
Susan Avery, Associate Director, Personal Property Management,
Office of Contracting and Personal Property Management

cc Albert Horvath, Under Secretary for Finance and Administration/
Chief Financial Officer
Nancy Bechtol, Director, Office of Facilities Engineering and Operations
Dottie Leffler, Director, Office of Contracting and Personal Property
Management
Cargie Vaughn, Associate Director, Museum Support Services, Office of
Facilities Management and Reliability
Porter N. Wilkinson, Chief of Staff, Board of Regents
Patricia Bartlett, Chief of Staff, Office of the Secretary
Judith Leonard, General Counsel
Cindy Zarate, Executive Officer, Office of the Under Secretary for Finance
and Administration/Chief Financial Officer
Stone Kelly, Program and Budget Analyst, Office of Planning,
Management and Budget

From Epin Christensen, Acting Inspector General

A handwritten signature in blue ink, appearing to read "Epin Christensen".

Subject Audit Report on Motor Vehicle Operations, A-13-06

Attached please find a copy of our final report titled *Smithsonian Needs to Update and Implement Vehicle-Related Policies and Procedures*.

We made five recommendations to strengthen fleet management internal controls. Specifically, we recommended that management update and fully implement fleet policies and procedures and reconcile vehicle data between FleetWave and the Smithsonian's vehicle asset list found in the Enterprise Resource Planning system. We also recommended that management develop and implement policies and procedures to ensure the proper control of fleet cards including the assignment of fuel cards to vehicles in FleetWave.

We appreciate the courtesy and cooperation of all Smithsonian staff during this review.

Please call me or Joan Mockridge, Acting Assistant Inspector General for Audits at 202.633.7050 if you have any questions.

Introduction

The Smithsonian operates a vehicle fleet program to benefit the mission and functions of the Institution. This program was established to ensure: (1) the availability of safe and reliable vehicles, (2) timely maintenance and repair of vehicles, and (3) the monitoring of the fleet size and utilization of vehicles. At the time of our audit, the Smithsonian's vehicle fleet consisted of 487 vehicles made up of sedans, buses, trucks, vans, and sport utility vehicles. These vehicles use various types of fuels including gasoline, diesel, and alternative fuels such as bio-diesel, E-85, and electricity.

The objectives of this audit were to evaluate the controls management has established to minimize the costs of motor vehicle operations, including maintenance, petroleum use, purchasing, and disposal. Additionally, we assessed whether the Smithsonian is achieving the sustainability goals outlined in Executive Order (EO) 13514, *Federal Leadership in Environmental, Energy, and Economic Performance*.

A detailed description of our objectives, scope, and methodology is included in Appendix A.

Results in Brief

Smithsonian management had developed policies based on best practices for fleet management and invested resources in a fleet management information system to improve oversight. However, we found that fleet policies and procedures were never fully implemented and need to be updated. In addition, there were multiple data discrepancies between the systems that report on the Smithsonian's fleet. If management improves and enforces fleet management policies and procedures, we believe that cost savings may be realized by the reassignment of vehicles rather than new acquisitions. Set forth below are our findings in these areas and the recommended actions to address internal control¹ weaknesses.

Although comprehensive policies governing the oversight of the vehicle management program existed, management did not execute key elements of the program. Specifically, management in the Office of Facilities Maintenance and Reliability (OFMR) did not fully implement or enforce the vehicle coordinator program or the use of vehicle logs and vehicle justification forms.

¹ The Government Accountability Office *Standards for Internal Control in the Federal Government* states that internal controls should include the plan, methods, policies, and procedures used to fulfill an organization's mission, strategic plan, goals, and objectives. Internal controls serve as a defense in safeguarding assets by preventing and detecting unauthorized acquisition, use, or disposition of an entity's assets.

To strengthen fleet management controls we made one recommendation to the OFMR Director, to update and implement the vehicle management handbook and applicable forms.

We identified two systems that Smithsonian uses to capture data and provide reports on the vehicle fleet; however, the data in these systems did not align. These issues resulted in inaccurate information being reported on the vehicle fleet to Smithsonian management and other outside organizations, as well as in the financial records. We also found that not all fleet cards used for purchasing fuel were associated with a designated vehicle in the vehicle fleet information system known as FleetWave. This prevents management from being able to accurately assess expenses by vehicle.

We made two recommendations for management to reconcile the different systems that report vehicle data and one recommendation that OFMR ensure that all vehicle fleet cards are properly assigned in FleetWave. We also made two recommendations that OFMR develop and implement policies and procedures for fleet cards.

Management appears to be adhering to EO 13514 by developing a Strategic Sustainability Performance Plan, acquiring alternative fuel vehicles, and reducing petroleum usage. We based our conclusions regarding petroleum usage and alternative fuel consumption on the data reported in the Sustainability Performance Plan.

Management concurred with our findings and recommendations and has planned corrective actions to address the recommendations. Although management comments were provided by OFMR, we confirmed with the Office of Contracting and Personal Property Management (OCON&PPM) that their comments were incorporated into the response. Please refer to Appendix B for management's complete response.

Background

Smithsonian Policy

Smithsonian Directive (SD) 421, *Motor Vehicle Management*, sets forth the general policies related to Smithsonian's fleet management practices. The Smithsonian is not subject to certain laws and regulations to which federal agencies may be subject, but its motor vehicle fleet is operated in a manner generally consistent with such laws and regulations, including EO 13514 and *General Services Administration Federal Property Management Regulation*.

SD 421 has designated OFMR as the office responsible for the efficient operation and maintenance of the Smithsonian motor vehicle fleet. As a result, OFMR oversees vehicle management and should ensure that units comply with this directive.

The companion Smithsonian Staff Handbook (SSH) 421, *Vehicle Management*, provides guidance and identifies fleet management procedures. These procedures are designed to provide for the safe, economic, and efficient operation and maintenance of Smithsonian vehicles.

FleetWave

The Smithsonian uses FleetWave, a web-based fleet management information system utilized by OFMR, to manage and oversee the vehicle fleet program. This system stores acquisition, maintenance, and fuel consumption information for all vehicles in the fleet.

US Government Accountability Office (GAO) Report GAO-13-659, Federal Vehicle Fleets, Adopting Leading Practices Could Improve Management

GAO reviewed federal agencies' efforts to reduce fleet costs and issued a report in July 2013 recommending improvements to federal fleet management. GAO identified three leading practices for fleet management:

1. maintaining a well-designed fleet-management information system
2. analyzing life-cycle costs to inform investment decisions, and
3. optimizing fleet size and composition

GAO found problems related to these practices at all the agencies they reviewed. We identified similar issues with the Smithsonian's management and oversight of its vehicle fleet.

Results of Audit

We evaluated the controls management had established to minimize the costs of motor vehicle operations, including maintenance, petroleum use, purchasing, and disposal. We found that Smithsonian management had developed best practices for fleet management and invested resources in a fleet management information system to improve oversight. However, we found internal control weaknesses in the implementation of Smithsonian's policies and procedures that affect the management of maintenance, petroleum use, and purchasing. We also identified data discrepancies between the systems that report on the Smithsonian's fleet. Additionally, we assessed whether the Smithsonian was achieving sustainability goals in accordance with EO 13514.

I. Smithsonian Did Not Implement or Enforce Fleet Management Policies and Procedures

We found that OFMR did not implement, enforce, or update some of the Smithsonian policies and procedures outlined in SD 421 or its companion document, SSH 421. Specifically, management did not implement or enforce the:

- Vehicle Coordinator program,
- Use of Form SI-3867, *Smithsonian Institution Vehicle Trip Logs*, to capture utilization, and
- Use of Form SI-3805, *Justification For Acquisition of a Motor Vehicle or Off-Highway Equipment*.

Additionally, SSH 421 is outdated because it states that a separate operator's identification card (OIC) is required to operate all Smithsonian vehicles. However, we found that as long as the operator has a valid driver's license, an OIC is not necessary except for when operating specialized equipment.

A. Smithsonian Did Not Fully Implement the Vehicle Coordinator Program

OFMR did not fully implement the Vehicle Coordinator (VC) program—a program intended to serve as an important internal control for overseeing the Smithsonian's fleet. The Smithsonian's fleet management relies heavily on the VCs to implement and enforce fleet policies and procedures. VCs are the key individuals, and OFMR management's first points of contact at the units, for fleet-related matters.

According to SSH 421, VCs exercise management and control over all assigned vehicle and equipment assets at their respective locations, including periodic evaluations to determine whether these assets are warranted.

SSH 421 outlines the VC responsibilities, such as:

- Evaluating SI-3805 and providing written responses to requestor;
- Preparing an analysis that compares the lease, purchase, and reimbursement prices;
- Issuing and controlling keys and fuel cards;
- Training staff on applicable policies and procedures;
- Establishing procedures for maintaining trip logs;
- Developing utilization goals for all assigned vehicles and equipment; and
- Generating a utilization report for each vehicle.

We found that by not implementing the VC program, OFMR is unable to adequately enforce fleet management policies and procedures. We believe this program is an integral control for vehicle oversight.

Fleet Management acknowledged that its primary reason for not implementing the VC program was because the program did not take precedence over other priorities. By not fully implementing this program, OFMR cannot effectively enforce SSH 421.

B. Vehicle Utilization Data Incomplete

The Smithsonian did not capture complete data on its vehicle utilization, thereby limiting management's ability to optimize its fleet size and composition. In its report, GAO identified fleet optimization as one of three leading practices in federal fleet management; it recommends using vehicle utilization and other factors to identify underutilized vehicles and determine the optimal number of vehicles. Specifically, GAO recommends the following methodology:

- establishing specific vehicle utilization criteria to justify mission essential vehicles;
- conducting an assessment of vehicle utilization to determine how and the extent to which vehicles are used and apply the criteria to each vehicle;
- identifying underutilized vehicles and determining the optimal number and type of vehicles needed in the fleet inventory by considering utilization, mission needs, and other alternatives such as public transportation; and
- reviewing and updating this type of study annually, or sooner, as mission needs change.

In SD 421, OFMR is tasked to develop minimum utilization goals for each class of vehicle, and compare these goals to actual usage on a periodic basis. Further, in SSH 421, VCs are assigned the responsibility to develop utilization goals. VCs are also tasked with generating an annual utilization report for each vehicle. Establishing procedures for capturing utilization records in the form of trip logs are also the responsibility of VCs.

To ensure that the Smithsonian has accurate data to determine vehicle utilization, SSH 421 requires vehicle operators to record vehicle trip information on SI-3867, *Vehicle Trip Log*. At a minimum, trip logs should include the date, pickup time requested, total time, and mileage used.

Further, in the *Guide to Federal Fleet Management*, the General Services Administration (GSA) recommends that fleet managers analyze utilization data quarterly and take appropriate action when usage is falling short or excessively surpassing the guidelines.

We found that utilization reports referenced in SSH 421 did not exist and that trip logs were generally not completed. For utilization testing purposes, we requested 230 vehicle trip log entries to review; of those requested, 204 (or 89 percent) did not exist. According to Fleet Management, they are reevaluating their utilization review process as referenced in SSH 421 to ensure the vehicle purpose is taken into account and not just the mileage of the vehicle. For example, Fleet Management stated that some vehicles are used as "backshops" on job sites and serve an important purpose even though they have a low mileage rate.

Since vehicle logs were not available, we relied on data obtained from vehicle fleet card records in an attempt to analyze utilization. Using this information, we identified five vehicles—valued at approximately \$93,000 at the time of purchase—with infrequent fuel purchases that may be underutilized. Depending on the purpose and intended use of these vehicles, OFMR should consider reassigning these vehicles to other units.

We believe the main reason that utilization analyses were not completed is because OFMR has not implemented the VC program Smithsonian-wide. As stated previously, one of the VC's responsibilities is to establish goals and report on utilization.

Without management enforcing the policies in SSH 421, Fleet Management does not have all the data necessary to assess the utilization of the vehicle fleet.

C. SI-3805 Vehicle Authorization Form is not Used

We determined that units were not using SI-3805, *Vehicle Justification for Acquisition of a Smithsonian Motor Vehicle or Off-Highway Equipment* when submitting a request to purchase new vehicles.

On SI-3805, units should include descriptions of (1) what the vehicle will be used for; (2) who will be using the vehicle; and (3) why the existing fleet will not satisfy the new requirement.

Moreover, SSH 421, Section 4.2 *Vehicle Authorization Procedures* provides a more detailed requirement by stating that a user submits the SI-3805 to provide the written authorization and identify:

- Purpose for which the vehicle is needed, including type and size;
- Impact of not having a full-time vehicle or piece of equipment assigned;
- Whether the vehicle is an addition to the fleet or replacement of an existing vehicle; and
- Expected use in terms of miles, hours, or days per year, whichever is applicable.

OFMR did not enforce the use of SI-3805 when units requested acquisition of vehicles. Instead, units requested new vehicles through e-mails to OFMR. These e-mails often do not contain all the data required by SI-3805. Consequently, we could not substantiate the justification for the vehicles in the fleet.

We also determined that SI-3805, even if used by the units, does not appear to meet all the requirements outlined in SSH 421. Specifically, the form does not

require the requestor to address the impact of not acquiring the vehicle or its expected use.

D. Operator's License is No Longer Required

We determined that SSH 421, section 4.6 *Driver Licensing and Driving Records*, is outdated. Specifically, SSH 421 states that a valid SI-3803, *Motor Vehicle Operator's Identification Card*, is required for all employees, fellows, interns and volunteers who operate Smithsonian motor vehicles and equipment. However, according to fleet management, we found that this form is not used by vehicle operators as long as the operator has a valid driver's license; therefore an OIC is not necessary except for when operating specialized equipment.

* * * * *

Not implementing policies and procedures outlined in SSH 421 creates a potential risk of funding misuse and missed opportunities for cost savings. For example, by not implementing the VC program, no individual is accountable for oversight of vehicles within a unit. Consequently, mileage logs and vehicle utilization are not monitored, potentially resulting in misuse or underutilization of vehicles that could be reassigned to other units.

We believe that reassigning underutilized vehicles to other Smithsonian programs could lead to cost savings. For example, depending on a unit's vehicle requirements, instead of acquiring new vehicles, reassigning the five underutilized vehicles identified may save the Smithsonian money.

By not enforcing the use of SI-3805 to justify the purchase of a vehicle, funds could be misused or unwisely spent and vehicles could be acquired that do not meet mission requirements.

Recommendations:

To strengthen fleet management internal controls, we recommend that the Director of OFMR:

1. Update and fully implement SSH 421 including assigning VCs to each unit where applicable and enforcing the use of Forms SI-3867, *Smithsonian Institution Vehicle Trip Logs*, and SI-3805, *Justification For Acquisition of a Motor Vehicle or Off-Highway Equipment*.

II. Smithsonian's Fleet Management Computer Processed Data is Incomplete

Assessing the reliability of computer processed data is a standard part of our audit testing to ensure accuracy of the audit information. During the course of our testing we identified many data discrepancies between the various systems that manage and report on the Smithsonian's vehicle fleet operations.

GSA's *Federal Fleet Report* is the comprehensive source of information on annual inventory, cost, use, and fuel consumption of the fleet of motor vehicles operated by the federal government. This report is generated by the Federal Automated Statistical Tool (FAST), a web-based system that federal agencies are required to populate annually with their fleet-related data.

According to SD 421, the Smithsonian shall establish and maintain appropriate accounting and internal controls to ensure legality, reasonableness, and appropriateness of all vehicle fleet management and related activities, payments, and expenditures.

Enterprise Resource Planning (ERP) Financials is a Smithsonian-wide computer system that automates a majority of the financial functions including: purchasing, accounts payable, accounts receivable, asset management, and the general ledger.

In addition, SD 315, *Personal Property Management*, establishes the policies to ensure the proper management and control of Smithsonian personal property including the classification, identification, use, maintenance, care, accountability, inventory, and disposition of all personal property.

OCN&PPM is responsible for maintaining the data in the Personal Property Asset Management System of ERP. Further, the Office of Finance and Accounting (OF&A) is responsible for the internal and external financial reporting. OCN&PPM must coordinate with OF&A to ensure accurate accounting for capitalized property in the Smithsonian financial records.

A. FleetWave and ERP Do Not Reconcile

We found discrepancies between the Smithsonian's ERP and FleetWave systems. Similarly, the GAO report on federal vehicle fleets found that other agencies' fleet management information systems were not properly integrated with other key agency systems.

FleetWave is utilized by OFMR to oversee the management of the vehicle fleet. In addition, OFMR uses data from the FleetWave system to report to FAST. Further, since vehicles meet the definition of capitalized property as outlined in SD 315, they are tracked in the Asset Management System of ERP. Data in FleetWave and ERP should align to ensure the accuracy of vehicle data reported to FAST and the Smithsonian financial statements.

We identified 37 vehicles, with a total purchase price of approximately \$797,703, that were recorded in FleetWave, but were not included on the ERP vehicle asset list. We determined that these vehicle acquisitions took place between 1987 and 2011; 21 of the 37 occurred in 2010. During the course of the audit, OCN&PPM updated the asset records to include the missing 37 vehicles.

Further, we identified 20 vehicles, with a total purchase price of \$253,095, that were on the ERP vehicle asset list but were not recorded in FleetWave. Since discussing this issue with Fleet Management, the majority of these vehicles were updated in FleetWave.

We believe that communication problems existed in the past between OFMR and OCON&PPM that resulted in inaccurate vehicle information in both systems. Additionally, there was no requirement for reconciling these systems to ensure the accuracy of the data. OCON&PPM staff stated that they recognized this reconciliation issue about a year ago and were working with the Smithsonian's Office of the Chief Information Officer to add a field in ERP to include the vehicle identification number from FleetWave. The addition of this field will streamline the reconciliation process for both OCON&PPM and OFMR staff.

The various data discrepancies resulted in inaccurate information reported to Smithsonian management and GSA. Although immaterial in nature, these discrepancies also affected the Smithsonian's financial statements.

B. Management Did Not Assign Some Fleet Cards to Specific Vehicles in FleetWave

The fleet card is a government charge card used to purchase fuel and pay for authorized repairs, parts, or services for government owned or leased vehicles in support of official government business.

The Smithsonian participates in GSA's government-wide charge card program. OMB Circular A-123, Appendix B, prescribes policies and procedures to agencies regarding how to maintain internal controls that reduce the risk of fraud, waste, and error in government charge card programs. Therefore, we believe the Smithsonian should follow the best practices, as set forth in Appendix B.

According to OMB, in order to mitigate risks of misuse, charge card managers should:

- Implement strict internal controls that mitigate charge card risks to the greatest extent possible;
- Perform periodic reviews of spending and transaction limits to ensure appropriateness;
- Conduct internal charge card program reviews on a regular basis to ensure internal control mechanisms are adequate; and
- Perform periodic reviews of the numbers of charge card accounts in use for appropriateness of numbers as well as evaluating the span of control for approving officials.

SD 322, *Charge Card Program*, sets forth general policy regarding the application for, issuance, and use of government-sponsored charge cards. According to SD 322, OFMR is responsible for establishing, maintaining, and promulgating the Smithsonian-wide policies and procedures for receiving and assigning use of fleet cards and oversight of compliance with the policies and procedures. Specifically, the procedures for the management and proper use of fleet cards should be detailed in SD 322 Part 3 – *Fleet Cards*.

Based on our discussions with OFMR, it is their practice to assign fleet cards to specific vehicles in the FleetWave system. However, we found that of the 49 fleet cards we sampled, 14 active cards (or 29 percent) were not assigned to a specific vehicle in FleetWave. We identified these cards by downloading the fuel purchase transaction data from the fleet card vendor and then searching for the card information in the FleetWave system.

We found that there were no policies and procedures to ensure that fuel cards were assigned in FleetWave. In fact, SD 322 Part 3 does not exist; therefore OFMR did not fulfill its responsibilities to develop these procedures.

Fleet Management is unable to obtain accurate vehicle costing information if the fuel purchases are not tied to the vehicle in the fleet management information system. Furthermore, fleet cards not assigned to a vehicle in the FleetWave system are at risk for less oversight by management, and poor management of fuel cards can lead to abuse and misuse of the cards.

Recommendations:

To ensure accurate data is available for reporting of the fleet management program, we recommend that the:

2. Director of OFMR develop and implement procedures to periodically reconcile vehicle information from FleetWave to ERP.
3. Associate Director of the Personal Property Management Division of OCON&PPM finalize and implement procedures to periodically reconcile vehicle information from ERP to FleetWave.

To ensure fleet cards are properly maintained and controlled we recommend that the Director of OFMR:

4. Develop and implement Part 3 – *Fleet Cards* in accordance with SD 322.
5. Develop policies and procedures that ensure all vehicle fleet cards are properly assigned in FleetWave.

III. Smithsonian's Adherence to Executive Order 13514

Management appears to be adhering to EO 13514 by developing a Strategic Sustainability Performance Plan, acquiring alternative fuel vehicles, and reducing petroleum usage. We based our conclusions regarding petroleum usage and alternative fuel consumption on the data reported in the Sustainability Performance Plan. The performance plan outlines goals to reduce petroleum use and increase alternative fuel consumption. The plan also reports on the Smithsonian's progress towards meeting the targets for these goals up through fiscal year (FY) 2011. Based on the information in the plan, it appears that the Smithsonian is meeting or exceeding the stated goals regarding the reduction of petroleum usage and alternative fuel consumption. In addition, we found that between FY 2010 and 2012, 77 percent of all Smithsonian vehicle acquisitions were alternative fuel vehicles. This exceeds the goal of 75 percent required for federal agencies.

Appendix A**OBJECTIVES, SCOPE, AND METHDOLOGY**

The objectives of this audit were to (1) evaluate the controls management has established to minimize the costs of motor vehicle operations, including maintenance, petroleum use, purchase, and disposal; and (2) assess whether the Smithsonian is achieving the sustainability goals outlined in Executive Order 13514, *Federal Leadership in Environmental, Energy, and Economic Performance* and other applicable guidance.

To accomplish our objectives, we reviewed Executive Order 13514 and accompanying handbook and guidance published by the Department of Energy, as well as relevant policies from the Office of Management and Budget and the U.S. General Services Administration. We reviewed internal Smithsonian directives, manuals, and the Strategic Sustainability Performance Plan. We also reviewed several fleet audit reports from various Offices of Inspectors General (OIG), including the Smithsonian's OIG audit report, *Personal Property Accountability*, November 18, 2009; and General Accountability Office report, *Federal Vehicle Fleets, Adopting Leading Practices Could Improve Management*, published July 2013.

The Smithsonian defines motor vehicles as any personal property assets that are self-propelled, or designed to be self-propelled, such as: cars, trucks, vans, pickups, buses, boats, ships, golf-carts, mini-transport vehicles, some types of rigging apparatus, and motorcycles. For purposes of this audit, we excluded boats and ships from our review.

To obtain an understanding of the Smithsonian's fleet management controls for motor vehicle operations, we interviewed OFMR personnel as well as OCON&PPM.

To evaluate the controls that management established to minimize costs we reviewed the policies and procedures in place to manage and oversee maintenance, petroleum use, purchasing, and disposal.

- Maintenance — We met with OFMR employees responsible for acquiring and controlling the distribution of parts and reporting of maintenance costs. We reviewed purchase card data, supporting invoices, and requests for parts as well as the distribution process to determine if adequate controls were in place.

Appendix A**OBJECTIVES, SCOPE, AND METHDOLOGY (Continued)**

- **Petroleum Use** — We reviewed fleet card data to determine if purchases were appropriate based on cost, mileage, frequency of fuel purchases, and vehicle capacity.
- **Purchasing** — We reviewed the process Smithsonian uses for acquiring new vehicles and compared it to standard government practices.
- **Disposal** — We reviewed the process Smithsonian uses for disposing of vehicles and compared it to standard government practices.

We selected a judgmental sample of maintenance records and fleet card data for testing. We reviewed 30 maintenance transactions, 10 from each year between FY2010 and FY2012, valued at \$400 or greater. Fleet card data reviewed were based on cost, mileage, and frequency of fuel purchases. Forty-nine out of a total of 250 active fleet cards between FY2010 and FY2012 were reviewed. Because both samples were judgmentally selected, we cannot project the results of our findings related to these areas across the population.

In order to assess the sufficiency and appropriateness of computer-processed information, we obtained access to OFMR's FleetWave system and downloaded vehicle asset reports from the Enterprise Resource Planning system. We compared the data in the two systems.

We reviewed Smithsonian policies and procedures established to implement Executive Order 13514 and related federal guidance. Specifically, we reviewed the Smithsonian's Strategic Sustainability Performance Plan; analyzed the number of alternative fuel vehicles based on new acquisitions; and reviewed the Federal Automotive Statistical Tool reporting process between FY2010 to FY2012.

We conducted this performance audit in Washington, DC, Arlington, VA, as well as Suitland and Landover, MD from March 2013 through September 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 we obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix B

MANAGEMENT'S RESPONSE



Smithsonian Institution

Memo

Office of Facilities Engineering and Operations
Office of Facilities Management and Reliability

Date: March 14, 2014

From: Kendra Gastright, Director, Office of Facilities Management & Reliability

CC: Cargie Vaughn, Associate Director, MSSD
MacArthur Burton, Fleet Manager, Transportation Branch

To: Office of the Inspector General

Subject: Report Number A-13-06

In response to the Inspector General Report A-13-06 dated February 26, 2014, the following responses are submitted to the recommendations therein:

Recommendation No. 1:

To strengthen fleet management internal controls, we recommend that the Director of OFMR: Update and fully implement SSH 421 including assigning VCs to each unit where applicable and enforcing the use of Forms SI-3867, *Smithsonian Institution Vehicle Trip Logs*, and SI-3805, *Justification For Acquisition of a Motor Vehicle or Off-Highway Equipment*.

Comment: Concur**Planned Actions:**

- A. OFMR has begun the process of reviewing and updating SSH 421.

Target Date of Completion: July 31, 2014

- B. OFMR is updating and automating (fillable on-line) SI Forms 3867 and 3805, and placing the forms on Prism website.

Target Date of Completion: May 30, 2014

- C. In September 2013, OFMR sent a mass email to SI Unit Directors requesting appointment of VCs, and units have responded appointing of VCs for their respective unit. The official Vehicle Coordinator Training is scheduled for March 27, 2014. VCs will be briefed on their responsibilities, including the requirements of forms SI-3867 and SI-3805, and provided a continuity binder as well as introductory training on the FleetWave data base.

Target Date of Completion: March 28, 2014

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Appendix B

MANAGEMENT'S RESPONSE (Continued)

Recommendation No. 2:

To ensure accurate data is available for reporting of the fleet management program, we recommend that the Director of OFMR develop and implement procedures to periodically reconcile vehicle information from FleetWave to ERP.

Comment: Concur

Planned Actions:

- D. Staffs in the MSSD, OFMR, OFEO and the Personal Property Management Division (PPMD), OCon&PPM, have initiated processes to reconcile vehicle records in both FleetWave and ERP systems.

Target Date of Completion: June 30, 2014

Recommendation No. 3:

To ensure accurate data is available for reporting of the fleet management program, we recommend that the Associate Director of the Personal Property Management Division of OCON&PPM finalize and implement procedures to periodically reconcile vehicle information from ERP to FleetWave.

Comment: Concur

Planned Actions:

- E. Procedures for reconciliation of vehicle records from ERP to FleetWave shall be established by OCon&PPM staff with OFMR staff, then appropriately memorialized in SSH 421 by OFMR and the Personal Property Management Manual (appendix to SD 315) by OCon&PPM. Reconciliation of vehicle records from ERP to FleetWave will then occur by PPMD on a semi-annual basis following the initial procedures implementation date.

Target Date for Completion: June 30, 2014

Recommendation No. 4:

To ensure fleet cards are properly maintained and controlled we recommend that the Director of OFMR: Develop and implement Part 3 – *Fleet Cards* in accordance with SD 322.

Comment: Concur

Planned Actions:

- F. To address recommendation no. 4, OFMR shall collaborate with OCon&PPM for necessary revisions to SD 421, SSH 421, SD 322 and Part 3 of SD 322 to establish and implement policies and procedures, with responsibilities, for assignment and control of fleet cards and oversight of fleet cards use.

Target Date for Completion: June 30, 2014

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Appendix B

MANAGEMENT'S RESPONSE (Continued)

Recommendation No. 5:

Develop policies and procedures that ensure all vehicle fleet cards are properly assigned in FleetWave.

Comment: Concur

Completed Actions:

- G. OFMR has completed a review and update of charge card data in FleetWave. Moving forward, as new assets are received in the fleet, charge card data will be entered into FleetWave within 10 business days. In addition, quarterly reconciliations of JPMC data against FleetWave data will be completed and documented. A standard operation procedure document will be created to capture this process.

Target Date for Completion: April 11th, 2014

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APPENDIX C**MAJOR CONTRIBUTORS TO THIS REPORT**

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