



OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

INACCURATE DATA AND AN ABSENCE OF SPECIFIC GUIDANCE HINDERS THE U.S. DEPARTMENT OF THE INTERIOR'S ABILITY TO OPTIMIZE FLEET SIZE AND COMPOSITION




OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

Memorandum

MAR 29 2019

To: Megan Olsen
Director, Office of Acquisition and Property Management

From: Mary L. Kendall 
Deputy Inspector General

Subject: Final Evaluation Report – Inaccurate Data and an Absence of Specific Guidance
Hinders the U.S. Department of the Interior’s Ability to Optimize Fleet Size and
Composition
Report No. 2017-ER-014

The Office of Inspector General (OIG) reviewed the U.S. Department of the Interior’s (DOI’s) management of its fleet of roughly 34,000 vehicles to determine whether the DOI is maintaining accurate data to optimize it—by ensuring that vehicles’ size and composition meet the agency’s mission—and is managing its fleet in accordance with established guidance. We found inaccurate data Departmentwide and an absence of specific guidance from the DOI Office of Acquisition and Property Management (PAM) to bureaus, which are two issues that undermine the DOI’s ability to accomplish its fleet management goals. We also found that neither PAM nor Office of Financial Management (PFM) officials¹ could provide records of home-to-work² income information being collected and reported to the Internal Revenue Service (IRS). We provide our scope and methodology for this review in Attachment 1.

This report provides the findings of our review and offers four recommendations to monitor and improve the management of the DOI’s fleet. In response to our draft report, the DOI concurred with all four of our recommendations. Based on the response, we consider one recommendation unresolved and three recommendations resolved but not implemented, and we will refer them to the Assistant Secretary for Policy, Management and Budget for tracking.

Background

PAM is the office of primary responsibility for developing policy and managing the DOI’s motor vehicle fleet, 80 percent of which consists of light- and medium-duty trucks, vans, and sport-utility vehicles. For fiscal year 2016, the DOI reported that it operates approximately 34,000 vehicles, representing almost 1 vehicle for every 2 of the agency’s approximately 70,000

¹ PAM is responsible, in part, for developing and implementing fleet-related Departmentwide policies and motor vehicle fleet and transportation management. The PFM is responsible for DOI functions related to financial and accounting policy and procedures as well as financial reporting.

² Home-to-work transportation is the use of a Government vehicle, whether agency-owned or -leased, to transport an employee between his/her home and regular place of work.

employees. The DOI owns approximately 70 percent of the fleet and leases the rest commercially or through the General Services Administration (GSA).

Findings

Inaccurate Fleet Data

Data integrity is the first step in the process of determining optimal size and composition of the DOI’s fleet. We found that the fleet data in the DOI’s Financial and Business Management System (FBMS) did not match what the DOI reported to the GSA’s Federal Automotive Statistical Tool (FAST) for fiscal years 2015 and 2016, the scope of our review (see Figure 1 and Attachment 1).

Fiscal Year	Total Vehicles Reported in FBMS	Total Vehicles Reported in FAST	Reporting Difference
2015	30,026	33,508	3,482
2016	34,053	34,329	276

Figure 1. Fleet Inventory Reported in DOI’s FBMS and GSA’s FAST.

Data from the FBMS and FAST can be used by fleet managers to monitor the DOI’s fleet. For example, FAST breaks down the DOI’s vehicle inventory by quantity and class of the vehicles, such as the number of sedans, vans, SUVs, trucks, ambulances, and buses. FAST also provides such data as vehicle fuel types (e.g., gas, electric), mileage, fuel costs, and average age. This information, if accurate, would be helpful for fleet managers to determine the minimum number and best composition of the fleet.

We found data in the FBMS that not only did not match FAST, but also was incorrect. For example, we found that the FBMS listed 19 vehicles as having been purchased in 1872, and 3 model-year 2008 vehicles had an acquisition date of 1905. Because the data from FBMS flow into FAST, we questioned the reliability of both. We also found data fields, such as vehicle identification and license plate numbers, were left blank. In addition, the Federal Motor Vehicle Registration System, which GSA manages and Federal, State, and local law enforcement use to gather information on vehicle ownership, listed more than 2,000 DOI vehicles that did not have license plate information.

Home-to-Work Income Unreported to the IRS

During our review, we requested the number of home-to-work vehicles from the DOI to determine if it was optimizing use of its fleet. PAM provided us with bureau-specific information but indicated the data were not complete (see Figure 2). In addition, we later found that home-to-work vehicle use is subject to IRS rules and the use of these vehicles may be considered a taxable fringe benefit. The home-to-work vehicle information PAM provided did not break out the types of vehicles within the DOI’s home-to-work fleet or whether fringe benefits should be reported.

Bureau	Home to Work Vehicles Reported
Bureau of Indian Affairs	335
Bureau of Land Management	19
Bureau of Reclamation	8
Fish and Wildlife Service	204
National Park Service	281
TOTAL	847

Figure 2. Home-to-work vehicles by bureau.

We also found that neither PAM nor PFM officials could provide records of home-to-work income information being collected and reported to the IRS. PAM referred us to the PFM, stating that the PFM was the responsible office. The PFM said it did not receive any income reports.

The DOI's *Motor Vehicle Management Handbook* requires the PFM to implement the IRS Tax Reform Act of 1984, which established employer-provided transportation as a fringe benefit considered as income for tax purposes but does not elaborate on how this is to be accomplished. In addition, the IRS' *Fringe Benefit Guide: Office of Federal, State, Local Governments*, dated January 2014 (Publication 5137), and 41 C.F.R. § 102-5 further highlight the requirements and outline the circumstances in which employees may be exempt from being taxed when using home-to-work vehicles. For employees that do not meet one of the exemptions, the taxable fringe benefits must be reported as wages on Form W-2 and are subject to Federal income tax. Neither PAM nor the PFM provided information identifying employees that may not be subject to the IRS fringe benefit taxation requirement.

PAM told us the vehicles are exempt from the reporting because they are used for law enforcement purposes, but without records, we could not verify these statements. Therefore, we considered all 847 vehicles identified as being subject to IRS taxable fringe benefits, and calculated³ the potential annual unreported income to the IRS as \$635,250. Given the number of vehicles currently authorized—3,302 (see Attachment 2)—the annual unreported IRS income is potentially as much as 4 times higher or approximately \$2.5 million (4 times \$635,250).

Records/logs are required to substantiate the use of home-to-work transportation for official purposes and for commuting unless the vehicles are deemed qualified, nonpersonal-use vehicles⁴. According to IRS Publication 5137, if records documenting business and personal mileage separately are not provided by the employee, the value of all use of the automobile is considered wages to the employee. The DOI needs an accurate, detailed accounting of home-to-work vehicles to report appropriate taxable fringe benefits to the IRS and ensure optimization of its fleet.

³ The value of home-to-work commuting trips is calculated according to the commuting rule at \$1.50 per one-way trip or \$3 (\$1.50 multiplied by 2) for a round trip (home to work and then back home). The potential annual unreported income was determined by multiplying 250 workdays in a year times \$3 daily (for a round trip) times 847 vehicles, which totaled \$635,250.

⁴ According to 26 C.F.R. § 1.274-5(k)(2)(i), a "qualified, nonpersonal use vehicle means any vehicle which, by reason of its nature (that is, design) is not likely to be used more than a de minimis amount for personal purposes." IRS Publication 5137 states that commuting use of an employer's vehicle more than once a month does not qualify as de minimis.

Failure to report home-to-work transportation as income to the IRS occurred because of unclear guidance as well as confusion by PAM, the PFM, and the bureaus about the requirements.

Absence of Specific Guidance

Through interviews, we learned that bureau fleet managers were not taking actions to optimize the fleet because they did not have detailed guidance from PAM on how to implement the DOI's goals for fleet size and composition. The 2015 Strategic Sustainability Performance Plan (SSPP) set the DOI's reduction targets at 5 percent and the 2016 SSPP⁵ reduced it further to 3 percent, but bureau fleet managers did not believe they received enough guidance on how to accomplish the reductions. For example, the Bureau of Indian Affairs (BIA) aimed to reduce its fleet by 5 to 10 percent at some point in the future, but at the time of our audit, was still in the process of attempting to determine an optimal number. In another case, the U.S. Geological Survey acknowledged it had increased its fleet in 2016.

To attain the reductions stated in the SSPP, bureaus should have performed a vehicle allocation methodology (VAM) analysis. This analysis would have helped bureaus determine how their fleet vehicles are used and the optimal number of vehicles that the fleets should comprise, but PAM provided no guidance on how bureaus should complete the VAM analysis. As a result, bureaus created their own methods: the BIA interviewed vehicle users in all 13 regions and used that information to complete its VAM; the National Park Service, Bureau of Land Management, U.S. Geological Survey, Bureau of Reclamation, and U.S. Fish and Wildlife Service did not perform a VAM analysis and instead considered their current fleet inventories as their VAM number. The National Park Service fleet manager stated she had requested an official memo on the VAM from PAM but had not received anything. The bureaus acknowledged they were awaiting the new VAM template that was scheduled to come out in fiscal year 2018, and meanwhile, continued to replace and add vehicles to their fleets without a reduction in mind.

Conclusion and Recommendations

The DOI has not taken the steps necessary to determine, plan for, and attain its optimal fleet size and composition. Inconsistency in datasets hinders attaining an optimal fleet size as does the bureaus' failure to use tools, such as GSA's FAST, and to complete a VAM analysis, both of which would help provide more accurate fleet usage data and establish reasonable, justifiable fleet composition targets. Furthermore, the absence of guidance from PAM has led to an environment in which each bureau follows its own processes for vehicle purchase and replacement as well as home-to-work vehicle reporting, leaving the DOI unable to determine the fleet requirements to meet its mission and potentially falling short of its reporting requirements.

⁵ The Strategic Sustainability Performance Plan for fiscal years 2015 and 2016 identifies the DOI's internal efforts to adapt natural and cultural resource management activities to changing conditions. The plan presents management initiatives through mission areas and strategic goals. For additional information on the FY 2015 and 2016 plans, the reader is referred to the following webpages: https://www.doi.gov/sites/doi.gov/files/uploads/2015-Strategic-Sustainability-Performance-Plan_0.pdf, https://www.doi.gov/sites/doi.gov/files/uploads/2016_doi_sustainability_plan.pdf

We issued a draft version of this memorandum for the DOI to review and respond. In response to our draft memorandum, the DOI concurred with all of our recommendations. Based on the response, we consider one recommendation unresolved and three recommendations resolved but not implemented. We will refer these recommendations to the Assistant Secretary for Policy, Management and Budget to track implementation. See Attachment 3 for the full text of PAM's and the PFM's responses. Their responses and the DOI's replies are summarized below. Attachment 4 lists the status of each recommendation.

We recommend that:

1. PAM develop and implement a plan to periodically review data in the FBMS and reconcile with data provided to the GSA's FAST, and to check those data for errors

PAM Response: PAM concurred with this recommendation and will continue "anomaly reviews" as part of the annual data submission process, which is like the process used in fiscal year 2018. The DOI's FAST data are reported directly from the FBMS, with reconciliation occurring during that reporting process. The DOI's goal is to continuously verify and report accurate data, even as the GSA's reporting requirements regularly change. This will require the addition and collection of new data elements and reporting algorithms in the FBMS. Despite these challenges, the DOI anticipates continuous improvement as the FBMS users and business processes grow and mature. PAM provided a target completion date of December 31, 2019.

OIG Reply: Based on the response provided by PAM, we believe that the anomaly reviews are a step in the right direction; however, it remains unclear as to whether these reviews constitute a plan. Complicating the issue further is that PAM did not provide any additional support and identified a target completion date of December 31, 2019. We therefore consider Recommendation 1 unresolved and will refer it to PMB for resolution and implementation.

2. PAM clarify and expand the DOI's policy to provide a plan for reporting home-to-work benefits to the IRS and disseminate the guidance to the bureaus and offices to ensure everyone is aware of the responsibilities

PAM/PFM Response: PAM concurred with this recommendation and will collaborate with the PFM and other stakeholders to update program guidance identifying responsibilities associated with capturing and reporting home-to-work benefits. The PFM had concerns about the accuracy of the numbers of authorized taxable home-to-work use benefits identified in the report. As an example, the U.S. Fish and Wildlife Service fleet managers have stated that only law enforcement officers are authorized for home-to-work use of fleet vehicles. Since the Federal Management Regulation 102-5 and the IRS' Fringe Benefit Guide state that use by law enforcement officials is exempt from reporting as taxable home-to-work use, the 204 instances identified as potential taxable home-to-work uses in the report were nontaxable law enforcement use of fleet vehicles. PAM provided a target completion date of December 31, 2019.

OIG Reply: Based on the response, we revised the report to address the law enforcement vehicle exemption but could not verify PFM's claim that the 204 were used for law enforcement purposes. We consider Recommendation 2 resolved but not implemented.

3. The PFM implement the IRS requirement to report the fringe benefit amount provided to employees using a home-to-work vehicle and include it on the employees' W-2s

PFM Response: The PFM concurred with this recommendation and will collaborate with PAM and human resources payroll to implement procedures so that identified employees would report home-to-work fringe benefits as taxable income to the authorized recipient of the benefit. The PFM provided a target completion date of December 31, 2019.

OIG Reply: Based on the response, we consider Recommendation 3 resolved but not implemented.

4. PAM provide specific guidance to the bureaus regarding the DOI's overall goals for fleet management and how to reach them

PAM Response: PAM concurred with this recommendation and will develop an initial Departmentwide VAM framework to guide the evaluation and right-sizing of bureau fleets. Desired outcomes will be incorporated into the broader policy implementing the VAM. PAM provided an initial VAM framework target completion date of December 31, 2019, and updated policy completion date of March 31, 2020.

OIG Reply: Based on the response, we consider Recommendation 4 resolved but not implemented.

If you have any questions regarding this report, please call me at 202-208-5745.

The legislation creating the Office of Inspector General requires that we report to Congress semiannually on all audit, inspection, and evaluation reports issued; actions taken to implement our recommendations; and recommendations that have not been implemented.

Attachments (4)

Scope and Methodology

We evaluated the U.S. Department of the Interior's (DOI's) management of its fleet inventory for fiscal years 2015 and 2016 and its efforts to optimize its fleet; that is, to ensure its fleet size and composition are appropriate to the DOI mission.

We conducted our evaluation in accordance with the Quality Standards for Inspection and Evaluation as put forth by the Council of the Inspectors General on Integrity and Efficiency. We believe that the work performed provides a reasonable basis for our conclusions and recommendations.

To accomplish our objective, we:

- Reviewed relevant laws, regulations, and policy
- Reviewed and analyzed data from the DOI's Financial and Business Management System (FBMS)
- Reviewed and analyzed data from the General Services Administration's (GSA's) Federal Automotive Statistical Tool (FAST)
- Reviewed and analyzed data from the Federal Motor Vehicle Registration System
- Conducted interviews with the DOI fleet manager and with the fleet managers at each of the sites we visited
- Conducted site visits at the following six bureaus and the Office of Acquisition and Policy Management:

Bureau of Indian Affairs

12220 Sunrise Valley Drive
Reston, VA 20192

Bureau of Land Management

Denver Federal Center
Building 50, Kipling Street
Denver, CO 80225

Bureau of Reclamation

Denver Federal Center
Building 67, Kipling Street
Denver, CO 80225

National Park Service

13461 Sunrise Valley Drive
Herndon, VA 20171

Office of Acquisition and Policy Management

Stewart Lee Udall Department of the Interior Building
1849 C Street, NW
Washington, DC 20240

U.S. Fish and Wildlife Service

5275 Leesburg Pike
Falls Church, VA 22041

U.S. Geological Survey

12201 Sunrise Valley Drive, Room 6A-130
Reston, VA 20192

We used data from FAST, which was gathered from the DOI's reporting. According to the Office of Management and Budget, agencies are responsible for the accuracy of the data that they report to FAST. As a result, while the GSA helps compile the information from FAST that populates the report, the report's accuracy depends on the accuracy of the data that agencies report to FAST.

We also used data from the FBMS in conducting this evaluation. The KPMG, with oversight by the Office of Inspector General, evaluates the controls over the FBMS as part of the annual DOI financial statement audits. Consequently, we believe that the data from the system were sufficiently reliable given our evaluation objectives.

Eligible Home-to-Work Officers, by Bureau

Bureau	No. of Authorized Officers	Allowable Positions
Office of Law Enforcement, Security, and Emergency Management	13	Special Agent (GS-1811) Intelligence Research Scientist (GS-0132) Watch and Warnings Specialist (GS-0301)
Bureau of Indian Affairs	402	Police Officer (GS-0083) Special Agent (GS-1811)
Bureau of Land Management	210	Law Enforcement Ranger (GS-1801) Special Agent (GS-1811)
U.S. Fish and Wildlife Service	364	Refuge Manager (GS-0485) Refuge Law Enforcement Officer (GS-0025) Special Agent (GS-1811) Wildlife Inspector (GS-1801) Dual-Function Refuge Law Enforcement Officer †
National Park Service	2,308	Park Ranger (GS-0025) Park Ranger (GL-0025) Special Agent (GS-1811) Police Officer (SP-0083)
Bureau of Reclamation	5	Police Officer (GS-0083) Special Agent (GS-1811) General Investigator (GS-1801)
Total*	3,302	

*Currently, the DOI has the authority to approve 3,302 home-to-work vehicles through a 2008 authorization by the Secretary. Per the blanket authorization, "these totals will fluctuate as funding and staffing levels change." The blanket authorization remains in effect until it is modified or rescinded.

†The blanket authorization covers only those personnel from the following job series who have been commissioned as Dual-Function Refuge Law Enforcement Officers:

- Outdoor Recreational Planner (GS-023)
- General Biologist (GS-0401)
- Biological Technician (GS-0404)
- Agricultural Extension Specialist (GS-0406)
- Range Technician (GS-0455)
- Forester (GS-0460)
- Forestry Technician (0462)
- Refuge Manager (GS-0485)
- Wildlife Biologist (GS-0486)
- Pilot (GS-2181)
- Maintenance Mechanic (WG-4749)
- Tractor Operator (WG-5705)
- Engineering Equipment Operator (WG-5716)
- Small Craft Operator (WG-5786)

Responses to Draft Report

The responses of the Office of Acquisition and Property Management and the Office of Financial Management to our draft report follows on page 2.



United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, DC 20240

FEB 28 2019

Memorandum

To: Mary L. Kendall
Deputy Inspector General

From: Megan Olsen, Director *Megan M*
Office of Acquisition and Property Management

TH Teresa Hunter, Director (Acting) *TH*
Office of Financial Management

Subject: Response to Draft Report – Inaccurate Data and an Absence of Specific Guidance Hinders the U.S. Department of the Interior’s Ability to Optimize Fleet Size and Composition (Report No. 2017-ER-014)

Thank you for providing us the opportunity to respond to the subject draft evaluation report. The report outlines several findings and communicates four recommendations. The Department of the Interior’s (DOI) response to each of the recommendations, including any planned corrective actions, is outlined below.

Recommendation 1. The Office of Acquisition and Property Management (PAM) develop and implement a plan to periodically review data in FBMS and reconcile with data provided to GSA’s FAST, and to check those data for errors.

Response: Concur. The DOI will continue anomaly reviews as part of the annual data submission process, similar to the process used in FY 2018. The DOI’s FAST data is reported directly from FBMS, with reconciliation occurring during that reporting process. The DOI’s goal is to continuously verify and report accurate data, even as GSA’s reporting requirements regularly change, requiring the addition and collection of new data elements and reporting algorithms in FBMS. Despite these challenges, DOI anticipates continuous improvement as FBMS users and business processes continue to grow and mature; as evidenced in your report, the data quality improved significantly between 2015 and 2016.

Target Date: 12/31/2019

Responsible Official: Megan Olsen

Recommendation 2. The PAM clarify and expand the DOI’s policy to provide a plan for reporting home-to-work benefits to the IRS and disseminate the guidance to the bureaus and offices to ensure everyone is aware of the responsibilities.

Response: Concur. The PAM will collaborate with the Office of Financial Management (PFM) and other stakeholders to update program guidance identifying responsibilities associated with capturing and reporting home-to-work benefits.

Target Date: 12/31/2019

Responsible Official: Megan Olsen

Recommendation 3. The PFM implement the IRS requirement to report the fringe benefit amount provided to employees using a home-to-work vehicle and include it on the employees' W-2s.

Response: Concur. The PFM will collaborate with PAM and HR Payroll to implement procedures whereby identified stakeholders would report home-to-work fringe benefits as taxable income to the authorized recipient of the benefit.

Target Date: 12/31/2019

Responsible Official: Teresa Hunter

Recommendation 4. The PAM provide specific guidance to the bureaus regarding DOI's overall goals for fleet management and how to reach them.

Response: Concur. The DOI will develop an initial department-wide Vehicle Allocation Methodology (VAM) framework to guide the evaluation and right-sizing of bureau fleets. Desired outcomes will be incorporated into the broader policy implementing the VAM.

Target Date: Initial VAM framework 12/31/2019; Policy Updates: 3/31/2020

Responsible Official: Megan Olsen

General Comments on the Draft Report

The PFM has concerns about the accuracy of the numbers of authorized taxable home-to-work use benefits identified in the report. As an example, FWS fleet managers have stated that only law enforcement officers are authorized for home-to-work use of fleet vehicles. The FMR 102-5 and the IRS Fringe Benefit Guide state that use by law enforcement officials is exempt from reporting as taxable home-to-work use. Therefore, the 204 instances identified as potentially taxable home-to-work uses in the report are non-taxable law enforcement use of fleet vehicles.

If you have questions or require additional information, please contact me at (202) 513-0692 or megan_olsen@ios.doi.gov.

cc: Director, Office of Financial Management

Attention: Chief, Division of Internal Control and Audit Follow-up

Status of Recommendations

Recommendations	Status	Action Required
1	Unresolved	We will refer the recommendation to the Assistant Secretary for Policy, Management and Budget for resolution and implementation.
2 – 4	Resolved but not implemented	We will refer these recommendations to the Assistant Secretary for Policy, Management and Budget to track implementation.

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