



Department of Veterans Affairs Office of Inspector General

Audit of Veterans Health Administration Vehicle Fleet Management

**To Report Suspected Wrongdoing in VA Programs and Operations
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Executive Summary

Introduction

The Office of Inspector General (OIG) conducted an audit to evaluate program management of the Veterans Health Administration's (VHA) motor vehicle fleet. The three audit objectives were to determine if vehicle acquisitions were adequately justified, reasonably priced, and properly approved; fleet vehicles were adequately utilized; and fleet resources were properly controlled.

At the end of fiscal year (FY) 2006, VA's vehicle fleet consisted of 10,991 vehicles with an annual cost of about \$60.2 million. With over 9,600 vehicles, VHA's fleet represented almost 90 percent of the VA fleet. VA medical centers (VAMCs) are the primary users of vehicles in VHA. At VAMCs, fleet managers direct fleet operations and normally supervise small transportation sections that are part of VAMC Facilities Management Services. VAMCs assign vehicles to central pools, to individual employees, or to VAMC services.

In 2004, the Government Accountability Office (GAO) issued an audit report, *Increased Attention to Vehicle Fleets Could Result in Savings* (GAO-04-664, May 2004), in which it concluded that Federal agencies needed to improve fleet management. GAO recommended that agencies, including VA, establish clearly defined utilization criteria and require fleet managers to use the criteria in conducting periodic fleet assessments. In response to the GAO recommendations, VHA issued the *Vehicle Fleet Management Guidebook* in September 2005, which provided guidance to VA fleet managers on vehicle acquisition, utilization, fleet cards, and other related issues. In addition, beginning in December 2006, VHA required all fleet managers to perform annual utilization evaluations. VHA also developed and tested a VA fleet management information system to make fleet utilization, maintenance, and accident information readily available to VA program managers.

Results

VAMCs adequately justified and approved new vehicle procurements, used appropriate sources of supply, and paid fair and reasonable prices when acquiring vehicles. However, they did not have effective controls over vehicle utilization and fleet resources, including physical security of vehicles, preventive maintenance, and use of fleet purchase cards. Specifically, the audit identified four issues that required management attention:

1. VHA needed to strengthen controls over vehicle utilization. Utilization criteria and documentation of vehicle use were insufficient for fleet managers to evaluate vehicle utilization objectively. VHA also needed to provide better oversight of VAMC fleet

operations to ensure efficient use of fleet vehicles. Based on our review at 3 VAMCs, we determined that 32 (8 percent) of the 390 vehicles on hand in September 2006 were not needed. Eliminating the 32 vehicles would result in annual cost savings of \$83,496 in lease costs.

2. VAMCs needed to improve physical security of fleet vehicles. VAMCs had not established controls that ensured accountability and security for vehicles, vehicle keys, and fleet cards. At one VAMC, the lack of security controls resulted in the undetected loss of a vehicle, which had an estimated value of \$5,585.
3. VAMCs needed to implement more effective vehicle preventive maintenance programs to reduce the risk of costly unscheduled repairs, excessive downtime, and undetected safety deficiencies. Two of the three VAMCs reviewed did not have effective preventive maintenance programs for their VA-owned vehicles.
4. VAMCs needed to improve oversight of VA fleet cards to prevent misuse. VAMCs use fleet cards to purchase fuel and authorized maintenance for VA-owned and commercially-leased vehicles. At two VAMCs, VA fleet card program officials did not review purchases or reconcile invoices to ensure that drivers used fleet cards to purchase only allowable items.

Implementing the following recommendations will make VA fleet operations more efficient and strengthen controls over fleet resources.

Recommendations

1. We recommended that the Under Secretary for Health establish specific, mandatory, time-based utilization criteria for all VA fleets.
2. We recommended that the Under Secretary for Health establish controls to ensure that fleet managers receive accurate and complete monthly vehicle utilization information for all fleet vehicles.
3. We recommended that the Under Secretary for Health ensure that fleet managers identify underutilized vehicles using objective criteria and accurate vehicle use information, pool vehicles to fully utilize them whenever feasible, and eliminate unneeded fleet vehicles.
4. We recommended that the Under Secretary for Health ensure that VHA's fleet management office effectively monitors fleet utilization at field locations.

5. We recommended that the Under Secretary for Health develop and implement policies requiring VAMCs to account for fleet vehicles and to secure and regularly inventory vehicle keys and fleet cards.
6. We recommended that the Under Secretary for Health require comprehensive VAMC preventive maintenance programs that follow manufacturers' maintenance standards for all VA-owned vehicles.
7. We recommended that the Under Secretary for Health ensure oversight of the VA fleet card program at VAMCs and adequate training of approving officials and program coordinators.

Under Secretary for Health Comments

The Under Secretary for Health agreed with the findings and recommendations of the report and provided acceptable implementation plans. (See Appendix A, pages 13–17, for the full text of the Under Secretary's comments.) Furthermore, the Under Secretary for Health explained that the VA Assistant Secretary for Management had recently assumed oversight of the VA fleet as the VA senior transportation official and that VHA will share and coordinate fleet management responsibilities with his office in the future. In response to the audit recommendations, the Under Secretary agreed to establish time-based vehicle utilization standards, to ensure that facilities use accurate data when evaluating vehicle utilization, and to require fleet managers to pool vehicles when feasible and eliminate fleet vehicles that are no longer needed. He also agreed to require better accountability and control of fleet vehicles, to ensure facilities have effective preventive maintenance programs and to improve oversight of VA fleet card use. We will follow up on the implementation of the planned improvement actions.

(original signed by:)

BELINDA J. FINN
Assistant Inspector General
for Auditing

Introduction

Purpose

The purpose of the audit was to determine whether VHA effectively managed its vehicle fleet. The three audit objectives were to determine if vehicle acquisitions were adequately justified, reasonably priced, and properly approved; fleet vehicles were adequately utilized; and fleet resources were properly controlled.

Background

At the end of FY 2006, VA's vehicle fleet consisted of 10,991 vehicles with an annual cost of about \$60.2 million. The fleet had 7,930 General Services Administration (GSA) leased vehicles, 2,978 VA-owned vehicles, and 83 commercially leased vehicles, including passenger cars, trucks, ambulances, and buses. These vehicles belonged to facilities in all parts of VA, including VHA, the Veterans Benefits Administration (VBA), the National Cemetery Administration (NCA), and VA administrative and staff offices. Table 1 shows the distribution of fleet vehicles by organization.

Table 1. Distribution of VA Vehicle Fleet

VA Administration	VHA	VBA	NCA	Other	Total
Number of Vehicles	9,615	591	631	154	10,991
Percent of Total Vehicles	87.5%	5.4%	5.7%	1.4%	100%

VHA vehicles represented almost 90 percent of the VA fleet, and VAMCs are the primary users of vehicles in VHA. During our audit, VHA's Deputy Under Secretary for Health for Operations and Management had oversight responsibility for VA's vehicle fleet, including vehicles at VHA, VBA, NCA, and other VA offices. At VAMCs, fleet managers direct fleet operations and normally supervise small transportation sections that are part of VAMC Facilities Management Services. VAMCs assign vehicles to central pools, to individual employees, or to VAMC services.

VA obtains its vehicles from five sources: GSA leases, commercial leases, purchases, donations from Veterans Service Organizations, or transfers from other Federal agencies. As the primary supplier of VA fleet vehicles, GSA manages a worldwide fleet of over 190,000 vehicles and leases a wide variety of vehicles to Federal agencies. Furthermore, GSA is a mandatory source of supply for purchasing new vehicles. GSA also provides fleet management program guidance through its *Guide to Federal Fleet Management*.

In 2004, the GAO issued audit report *Increased Attention to Vehicle Fleets Could Result in Savings* (GAO-04-664, May 2004), in which it concluded that Federal agencies needed

to improve fleet management. GAO recommended that agencies, including VA, establish clearly defined utilization criteria and require fleet managers to use the criteria in conducting periodic fleet assessments.

To implement the GAO recommendations, VHA issued the *Vehicle Fleet Management Guidebook* in September 2005, which provided guidance to VA fleet managers on vehicle acquisition, utilization, fleet cards, and other related issues. In addition, beginning in December 2006, VHA required all fleet managers to perform annual utilization evaluations, and by March 2007 all VHA fleet managers had submitted their first annual vehicle utilization reviews to the national program office. In 2006, VHA also developed and tested a VA fleet management information system, the Comprehensive Automobile Reporting System (CARS), to make field activity fleet utilization, maintenance, and accident information readily available to VA program managers.

Scope and Methodology

Our audit focused on VHA fleet management activities. We did not review fleet management in VBA, NCA, or other VA offices because these fleets were much smaller and represented less risk than VHA fleets. The audit included onsite visits to the national program office in Washington, DC, and three randomly selected VAMCs: the Louis Stokes VA Medical Center in Cleveland, the James A. Haley Veterans' Hospital in Tampa, and the North Chicago VA Medical Center (referred to as VAMCs Cleveland, Tampa, and North Chicago in this report). These sites had a total of 390 leased and VA-owned vehicles as of September 2006.

To determine if vehicle acquisitions were adequately justified, reasonably priced, and properly approved, we examined procurement actions for all vehicles purchased or leased at the three VAMCs during FY 2006. To evaluate the need and the approval process for those procurements, we interviewed vehicle users, reviewed procurement justifications, and determined whether any comparable vehicles on hand were underutilized. We also interviewed VAMC procurement staff and reviewed purchase records to determine whether VAMCs used preferred sources to procure new vehicles, such as the GSA lease program, and to determine whether they paid fair and reasonable prices.

To determine if the three VAMCs had more fleet vehicles than they needed, we evaluated FY 2006 utilization of all vehicles on hand as of September 2006. We compared the total miles each vehicle was driven during FY 2006 with Federal minimum mileage standards. We also reviewed vehicle logs, interviewed fleet managers and drivers, and considered driver workload information. For each VAMC service and location, we determined the number and type of vehicles required by analyzing the nature and frequency of each vehicle's use. Next, we compared those requirements to the number of suitable vehicles at the location and identified vehicles that the VAMCs could return or reassign without negatively impacting services to veterans. We then assessed whether vehicle logs

provided sufficient information for fleet managers to accurately evaluate vehicle utilization, the criteria they used, and the results of their initial annual utilization reviews.

To assess physical security of vehicles, we examined the controls in place at each VAMC motor pool during our onsite visits. We also evaluated security of vehicles assigned to specific VAMC locations during the period September–October 2006, using a nonstatistical sample of 50 assigned vehicles. In selecting our sample, we chose vehicles from as many services and locations at the three VAMCs as feasible to obtain a broad view of vehicle control practices.

To evaluate preventive maintenance, we reviewed scheduled maintenance programs for all VA-owned vehicles at the three VAMCs. We determined if the programs ensured that VAMCs performed preventive maintenance when required and whether the maintenance performed during FY 2006 complied with manufacturer recommendations for servicing, inspection, and warranty validation.

To review VAMC controls over VA fleet card use, we interviewed fleet card program officials and analyzed FY 2006 fleet card purchases at VAMCs Cleveland and Tampa. Our review did not include VAMC North Chicago because it used an on-station fuel pump for its VA-owned vehicles and did not require VA fleet cards.

During the audit, we relied extensively on computer-processed data to determine vehicles on hand as of September 2006 and miles driven in FY 2006. To assess the reliability of this data, we confirmed the accuracy of vehicle inventory information obtained from GSA's Fleet Management System and fleet manager vehicle listings using vehicle assignment and utilization records and interviews with vehicle drivers and their supervisors. We tested the mileage reported by the fleet managers using vehicle logs and invoices that contained independent odometer readings. Based on these tests and assessments, we concluded the data were sufficiently reliable to meet the audit objectives.

We performed the audit from September 2006 to March 2007. Our assessment of internal controls focused on those controls related to our audit objectives. We conducted the audit in accordance with generally accepted government auditing standards.

Results and Conclusions

Controls Over Vehicle Utilization Needed To Be Strengthened

Finding

VAMCs Cleveland, Tampa, and North Chicago did not need 32 (8 percent) of the 390 vehicles on hand in September 2006. The VAMCs should have returned 14 of the 32 vehicles to GSA because they could have met their transportation needs by using other vehicles from the same services or from VAMC central vehicle pools. The VAMCs could have returned 18 additional vehicles if they had moved 72 vehicles assigned to individual employees or services into vehicle pools or required greater sharing of those vehicles. Eliminating the 32 vehicles would result in annual cost savings of \$83,496 in lease costs.

The following examples illustrate some fleet vehicles that the VAMCs did not need.

VAMC Cleveland. The VAMC had assigned two GSA leased vehicles to the Office of Resolution Management (ORM). ORM drove 1 vehicle only 16 times during the previous 11 months and the other vehicle only twice in the 3 months since that office had received it. Because ORM needed a vehicle only occasionally and vehicles from the VAMC's central vehicle pool were available, the VAMC could have returned both vehicles to GSA.

VAMC Tampa. The VAMC had assigned two vehicles, a sedan and a cargo van, to a community based outpatient clinic (CBOC). CBOC employees used the sedan about 12 days per month, driving 4,202 miles in FY 2006. CBOC maintenance staff used the cargo van primarily for hauling light supplies and drove it only 862 miles in FY 2006. By replacing both vehicles with a minivan, the clinic could have met its transportation needs and eliminated the second vehicle.

Four factors contributed to vehicle underutilization, as discussed below.

VHA Did Not Establish Specific Secondary Utilization Criteria. VHA had not established specific utilization criteria for vehicles that did not meet GSA minimum mileage standards, which VA had adopted. The Federal Management Regulation (FMR) provides minimum vehicle utilization mileage standards and recommends that agencies consider other objective factors, such as days used and mission, in evaluating utilization of vehicles not meeting the mileage standards. In response to the GAO audit recommendation that Federal agencies establish clearly defined vehicle utilization criteria based on the missions of their vehicles, VHA's *Vehicle Fleet Management Guidebook*

includes Federal fleet vehicle minimum annual mileage standards and requires facilities to establish secondary utilization criteria for vehicles that do not meet mileage standards. Although VHA provides a list of optional criteria (such as days used) and consideration factors (such as mission), it does not specify the criteria VAMCs should use. As a result, only one of the three VAMCs we reviewed had established any secondary utilization criteria. VAMC Tampa had adopted a minimum use standard of 15 working days per month in addition to VA's minimum mileage criteria. The other two VAMCs had no other standards to assess the utilization of vehicles that did not meet Federal minimum mileage levels.

Vehicle Use Documentation Was Not Complete. VAMC fleet managers did not have sufficient information to accurately evaluate vehicle utilization for many vehicles because assigned drivers often did not provide the required vehicle use information and supervisors did not ensure that drivers complied. VAMCs require drivers of assigned vehicles to complete vehicle logs each day they use their vehicles and to provide the logs to their fleet managers monthly. Although the format of the vehicle log varied by facility, required log information included the destinations visited and miles driven. For vehicles dispatched daily from VAMC central vehicle pools, similar information was required using daily trip tickets. Our review of monthly vehicle logs and trip tickets for FY 2006 concluded that documentation for 249 (64 percent) of the 390 vehicles was not complete enough for fleet managers to adequately evaluate vehicle utilization. Without reasonably complete and accurate information on the total miles driven and the frequency of vehicle use, fleet managers could not accurately assess vehicle utilization.

Although the three VAMCs required drivers to document vehicle use, the fleet managers stated they were often unable to obtain vehicle logs when the drivers did not submit them. Fleet managers at the three VAMCs stated they thought they did not have sufficient authority to enforce compliance by other VAMC managers.

Furthermore, although fleet managers at the VAMCs were responsible for 390 vehicles, they controlled only 66 vehicles directly in central vehicle pools. The VAMCs had assigned the other 324 vehicles to other individuals and VAMC services. For example, VAMC Cleveland had permanently assigned 179 (84 percent) of its 213 vehicles to individuals or VAMC services located at 18 different sites. Because of the large number of widely dispersed vehicles, fleet managers must rely on the supervisors of assigned drivers to ensure they receive complete vehicle log information. However, supervisors verified vehicle log information for only 8 (16 percent) of the 50 vehicles in our sample.

Utilization Reviews Were Generally Not Effective. VHA's *Vehicle Fleet Management Guidebook* established a requirement for annual vehicle utilization reviews by all VA fleet managers. In December 2006, fleet managers performed VA-wide utilization reviews for the first time. VHA required fleet managers to submit the total miles driven and days used for each vehicle; to determine whether to retain, rotate, or dispose of each

vehicle not meeting utilization standards; and to provide written justifications for retaining vehicles that did not meet Federal mileage standards.

We analyzed the utilization reviews submitted by VAMCs Cleveland, Tampa, and North Chicago and compared the results of their reviews to our analyses of vehicle utilization. Of the three utilization review submissions, only VAMC Tampa identified vehicles that were not justified and described actions needed to improve vehicle utilization.

- VAMC North Chicago planned to make no changes to the composition of its fleet. The VAMC based its justification of vehicles that did not meet VA minimum mileage standards on the number of days it used them. Yet the VAMC had no time-based utilization standard (such as minimum usage of 15 days per month) and determined that all vehicles were justified, regardless of the number of days used. In addition, vehicle logs did not support the numbers of days used reported in the VAMC's utilization review.
- VAMC Cleveland planned to dispose of 2 unserviceable VA-owned vehicles and to rotate 31 other vehicles. It based its evaluation of vehicle utilization on vehicle mileage and justified vehicles not meeting mileage standards as exempted from utilization standards because of their missions.
- VAMC Tampa identified 2 VA-owned vehicles that were no longer usable and determined it could not justify 44 other vehicles assigned to individuals. The fleet manager planned to move the 44 assigned vehicles to the central vehicle pool to gather more accurate vehicle use information, to improve vehicle utilization through pooling, and to reduce the overall size of the fleet after a suitable period of monitoring vehicle use in this new configuration.

All three fleet managers stated that their reviews considered whether to move underutilized vehicles assigned to individuals or services to VAMC central vehicle pools for greater efficiency. However, they did not evaluate whether they could manage underutilized vehicles assigned to specific services at offsite locations more efficiently by increased sharing. This is particularly important at CBOCs and other offsite locations having vehicles assigned to multiple services.

Insufficient Staff Limited VHA's Fleet Utilization Oversight. Although VHA has made significant progress in managing fleet vehicles in the past 2 years by issuing the *Vehicle Fleet Management Guidebook*, developing CARS, and requiring annual utilization reviews, VHA's Fleet Management Office did not have sufficient staff to effectively oversee fleet management at the facility level. During our audit, the office consisted of a single position that had been vacant since March 2006. Since then, other Office of Health Care Engineering staff members have managed the fleet program in addition to performing their regular duties.

To ensure VAMCs manage their fleets efficiently, VHA program management staff must evaluate VAMC vehicle utilization, identify any significant problems, and ensure that VAMCs take corrective actions. Although the December 2006 utilization review provided basic fleet utilization information for all VAMC vehicles to VHA's fleet program office, that information was not always accurate. Furthermore, fleet managers did not adequately support their justifications for retaining vehicles that did not meet VA minimum mileage standards. The problems we identified at the three VAMCs in vehicle utilization documentation and evaluation indicate that VHA needs a strong monitoring program. VHA fleet management staff expects CARS to make VAMC vehicle utilization information available to them routinely in the future. However, without an effective monitoring program that includes extensive data validation, VHA will have no assurance the information entered into CARS is reliable.

Conclusion

To determine if the number of vehicles on hand correspond to VAMC transportation needs, fleet managers should periodically assess vehicle utilization using objective criteria and adequate vehicle use information. They should also review vehicle assignments to identify cases where consolidations could reduce the number of vehicles needed. For underutilized vehicles that VAMCs will retain, the fleet managers should provide specific justifications to VHA. Oversight by VHA fleet management office is essential to ensure that VAMC fleet managers evaluate vehicle utilization objectively, control vehicle assignments, and eliminate unneeded vehicles.

Recommendations

1. We recommended that the Under Secretary for Health establish specific, mandatory, time-based utilization criteria for all VA fleets.
2. We recommended that the Under Secretary for Health establish controls to ensure that fleet managers receive accurate and complete monthly vehicle utilization information for all fleet vehicles.
3. We recommended that the Under Secretary for Health ensure that fleet managers identify underutilized vehicles using objective criteria and accurate vehicle use information, pool vehicles to fully utilize them whenever feasible, and eliminate unneeded fleet vehicles.
4. We recommended that the Under Secretary for Health ensure that VHA's fleet management office effectively monitors fleet utilization at field locations.

The Under Secretary for Health agreed with our finding and recommendations and planned to take corrective action by December 31, 2007. The Under Secretary agreed to establish time-based vehicle utilization standards and to ensure that facilities use accurate data when evaluating vehicle utilization. He also agreed to require fleet managers to pool vehicles when feasible and eliminate fleet vehicles that are no longer needed. His planned actions also included analyzing utilization reviews to identify systemic weaknesses and conducting field site inspections to assess vehicle utilization. We consider these planned actions acceptable and we will follow up on their implementation.

Physical Security of Fleet Vehicles Needed Improvement

Finding

VAMCs did not properly safeguard vehicles or establish adequate vehicle security controls, which resulted in the undetected loss of a vehicle at one VAMC. GSA's *Guide to Federal Fleet Management* states that the fleet manager is accountable for all fleet vehicles and should establish procedures to monitor and control use of vehicles at all times. It also requires vehicle users to lock stored vehicles and secure vehicle keys and corresponding fleet cards in locked safes or cabinets. The following examples illustrate the need for better physical security controls for fleet vehicles.

VAMC Cleveland. As a result of our audit, the fleet manager reported a GSA sedan missing from the VAMC's central vehicle pool in February 2007. The vehicle's last reported use was in September 2006. Because the fleet manager was not monitoring the vehicle's use and did not require routine physical inventories of vehicles or vehicle keys, it could have been missing since that time without his knowledge. The estimated value of the vehicle was \$5,585.

VAMC Tampa. The VAMC did not secure keys and fleet cards for 12 vehicles in its central vehicle pool. When transportation staff dispatched vehicles each day, they placed the vehicle keys and fleet cards on a wall next to the admissions waiting area of the main hospital. Drivers then took them without notifying transportation staff and returned them when finished. Because the VAMC kept the keys and fleet cards for the vehicles in an open area and did not designate VAMC staff to control them, any employee, patient, or visitor who passed by could have easily taken them.

Physical security of fleet vehicles assigned to other VAMC services also needed improvement. For 50 vehicles assigned to 39 different services and locations from all 3 VAMCs, the responsible services reported having consolidated key control and conducting routine inventories of vehicle keys for only 14 (28 percent) of the 50 vehicles.

The assigned drivers reported that vehicle keys were locked up when not in use for only 32 (64 percent) of the 50 vehicles.

The primary cause of these problems was that neither VHA nor the VAMCs had developed standard procedures for accounting for vehicles and vehicle keys. None of the three VAMCs had policies for accounting for fleet vehicles or physical control of vehicle keys and fleet cards. Although VHA's *Vehicle Fleet Management Guidebook* requires fleet cards to be secured, it does not specify control measures to account for and safeguard vehicles and vehicle keys.

Conclusion

The loss of a vehicle that went undetected for over 4 months demonstrates the need for more effective vehicle accountability and security controls for fleet vehicles. To minimize the risk of vehicle theft or misuse without prompt discovery, managers should routinely account for vehicles and vehicle keys. Keeping all vehicle keys at vehicle control points, securing them when not in use, and inventorying them each day will significantly reduce the risk of vehicles being lost, stolen, or misused.

Recommendation

5. We recommended that the Under Secretary for Health develop and implement policies requiring VAMCs to account for fleet vehicles and to secure and regularly inventory vehicle keys and fleet cards.

The Under Secretary for Health agreed with our finding and recommendation and reported that by December 31, 2007, VHA will develop and implement policies that require vehicle accountability and security of vehicle keys and fleet cards at field activities. We consider the action plan acceptable and will follow up on its implementation.

Preventive Maintenance Programs Needed To Be Established

Finding

VAMCs Cleveland and Tampa did not consistently perform required preventive maintenance for VA-owned vehicles. Without adequate preventive maintenance, VAMCs are at increased risk of costly unscheduled repairs, excessive downtime, and warranty invalidation. More importantly, they also risk not detecting safety-related defects that may cause accidents or injuries to VAMC staff or patients. The FMR requires VA to establish a scheduled maintenance program for each Government-owned vehicle. The program must ensure that inspections and services occur as recommended

by the vehicle's manufacturer. GSA's *Guide to Federal Fleet Management* and VHA's *Vehicle Fleet Management Guidebook* also include these requirements.

During FY 2006, the VAMCs did not perform adequate preventive maintenance for 43 (73 percent) of their 59 VA-owned vehicles. Services not consistently performed included oil and filter changes, tire rotations, transmission fluid checks and accessory drive belt inspections. Of the 43 vehicles that were not properly maintained, 30 were used for patient transport and 13 were used for operational support. The VAMCs were not completing periodic maintenance tasks and inspections in accordance with manufacturer recommendations, as illustrated in the following example.

VAMC Cleveland. A new passenger van, donated to transport patients, received its first preventive maintenance at 20,665 miles. Since the manufacturer recommends that users change engine oil and filters every 5,000 miles, the VAMC should have obtained these services four times. When the vehicle arrived at the maintenance facility for its first service, the engine oil level was low. Not changing engine oil and filters when necessary can result in premature engine wear and damage.

The primary cause for not performing preventive maintenance was that the VAMCs had not developed comprehensive maintenance programs. Although VAMC Cleveland had a vehicle repair history for each VA-owned vehicle, the VAMC fleet manager had not created preventive maintenance schedules to ensure all VA-owned vehicles received preventive maintenance at the appropriate intervals. VAMC Tampa fleet management staff had created an oil change log; however, they did not enforce compliance with the log and did not prepare any other preventive maintenance schedules.

A second cause of this problem was the use of incorrect standards to determine maintenance intervals. Even though VHA's *Vehicle Fleet Management Guidebook* specified that fleet managers should base preventive maintenance schedules on the manufacturers' recommendations, drivers and fleet managers used other sources to establish vehicle maintenance intervals. For example, several drivers used standards established by local repair shops, while others used their driving experience to create their own standards.

Conclusion

VAMCs needed to strengthen their preventive maintenance programs to reduce the risk of costly unscheduled repairs, excessive downtime, warranty invalidation, and undetected safety defects that could contribute to accidents. VAMCs should establish preventive maintenance programs for all VA-owned vehicles, base preventive maintenance intervals on manufacturers' recommendations, and monitor compliance.

Recommendation

6. We recommended that the Under Secretary for Health require comprehensive VAMC preventive maintenance programs that follow manufacturers' maintenance standards for all VA-owned vehicles.

The Under Secretary for Health agreed with our finding and recommendation. His implementation plan included ensuring that field activities establish individual vehicle preventive maintenance schedules based on manufacturers' recommendations and GSA maintenance guidelines by December 31, 2007. We consider the action plan acceptable and will follow up on its implementation.

Oversight of VA Fleet Cards Needed Improvement

Finding

VAMCs needed to improve oversight of VA fleet card programs to ensure controls over fleet card purchases were effective. VA's fleet cards may be used to purchase fuel and authorized maintenance for VA-owned and commercially-leased vehicles. VA Handbook 4080, *Government Purchase Card Procedures*, and the draft *VA Fleet Card Procedures Guide*, issued in August 2005, require VAMC fleet card program officials to review and certify purchases as legitimate expenditures and promptly reconcile fleet card invoices with supporting purchase receipts. However, at VAMCs Cleveland and Tampa, the two VAMCs in our review that used VA fleet cards, the approving officials were not reviewing fleet card purchases, and fleet managers were not reconciling monthly invoices.

Reviews of purchases and monthly reconciliations of billing statements are two important internal control measures for purchase card programs. By reviewing information on fleet card purchase receipts, such as the dates and amounts of the purchases, vehicle license numbers, vendor names and addresses, and the products purchased, approving officials and fleet managers can ensure that fleet card charges are valid and accurate before they are certified for payment. Because the VAMCs had not implemented these program controls, they had no assurance that fleet card purchases were authorized or that payments made to the fleet card credit companies were correct.

These problems occurred because fleet managers administered the fleet card program without VAMC oversight. The draft *VA Fleet Card Procedures Guide* specifies the duties of facility approving officials, program coordinators, billing offices, and fleet managers. Approving officials at both VAMCs stated they did not know it was necessary to review fleet card purchases before certifying monthly invoices. Both VAMC program coordinators were unaware of the requirement to review each fleet card account annually.

Furthermore, Fiscal Service managers were not familiar with the requirement for facility billing offices to audit fleet card payments.

Conclusion

VAMCs needed to strengthen controls over fleet card purchases. To ensure that drivers use VA fleet cards to buy only allowable items for VA-owned vehicles, fleet managers should obtain purchase receipts and reconcile fleet card invoices, approving officials should review purchases, and VAMCs should provide effective oversight.

Recommendation

7. We recommended that the Under Secretary for Health ensure oversight of the VA fleet card program at VAMCs and adequate training of approving officials and program coordinators.

The Under Secretary for Health agreed with our finding and recommendation and reported that the Healthcare Engineering Office will discuss the duties of fleet card managers, approving officials, and program coordinators with field leadership. In addition, Healthcare Engineering Office staff will assess compliance with fleet card program requirements through discussions with fleet managers and site visits, as appropriate. The target date for completing these actions is December 31, 2007. We consider these planned actions acceptable and will follow up on their implementation.

Under Secretary for Health Comments

Department of Veterans Affairs

Memorandum

Date: July 18, 2007

From: Under Secretary for Health (10)

Subj: OIG Draft Report. *Audit of Veterans Health Administration Vehicle Fleet Management*, Project No. 2006-03637-R8-0231 (WebCIMS 383350)

To: Assistant Inspector General for Audit (52A)

1. I have reviewed the draft report and concur with the recommendations. Proper vehicle fleet management is an important issue for the Veterans Health Administration (VHA) considering that VHA vehicles represent almost 90 percent of the entire VA fleet. In addition, since our fleet includes ambulances and passenger vehicles that directly enable veterans and family members to access necessary medical care, I consider proper fleet management an important responsibility in carrying out our mission. As such, I was pleased with your finding that the VA sites adequately justified and approved new vehicle procurements, used appropriate sources of supply, and paid fair and reasonable prices when purchasing vehicles. Conversely, I was concerned with your finding that VHA lacks certain effective controls over fleet utilization and fleet resources. I appreciate your recommendations to help rectify any weaknesses in our current management program.

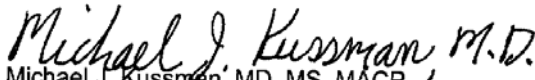
2. With regard to the context of the draft report, it is important to clarify one point. During the period under review, the report is correct in stating that VHA's Deputy Under Secretary for Health for Operations and Management had oversight responsibility for VA's vehicle fleet, including vehicles at VHA, the Veterans Benefits Administration, the National Cemetery Administration, and other VA offices. Since then, however, the VA Assistant Secretary for Management has taken over responsibility as the VA Senior Transportation Official in response to a Federal mandate that an agency's senior energy, environmental, and transportation officials must be comprised in one agency position. As such, VHA will share and coordinate all future vehicle fleet management responsibilities with the Office of the Assistant Secretary for Management.

3. Attached is VHA's complete plan for corrective action, which provides a summary of specific initiatives that appropriately addresses identified issues in the report. Thank you for the opportunity to review the draft report.

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OIG Draft Report. *Audit of Veterans Health Administration Vehicle Fleet Management*, Project No. 2006-03637-R8-0231 (WebCIMS 383350)

4. If you have any questions, please contact Margaret M. Seleski, Director, Management Review Service (10B5) at (202) 565-7638.


Michael J. Kussman, MD, MS, MACP

cc: Assistant Secretary for Management (004)

Attachment

Under Secretary for Health's Comments to Office of Inspector General's Report

Recommendations/ Actions	Status	Completion Date
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We recommend that the Under Secretary for Health:

Recommendation 1: Establish specific, mandatory, time-based utilization criteria for all VA fleets.

Concur

VHA's Office of the Deputy Under Secretary for Health for Operations and Management (DUSHOM) Healthcare Engineering Office (10NB) plans to establish specific and mandatory minimum utilization standards for vehicle retention based on the number of days and times vehicles are used. After establishing these standards, the DUSHOM will widely distribute the standards to all VHA sites, provide education to the field, and monitor how fleet managers apply those criteria during subsequent utilization reviews.

Planned	12/31/07
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Recommendation 2: Establish controls to ensure that fleet managers receive accurate and complete monthly vehicle utilization information for all fleet vehicles.

Concur

VHA's Office of the Deputy Under Secretary for Health for Operations and Management (DUSHOM) Healthcare Engineering Office (10NB) began requiring annual fleet utilization reviews in December 2006. In the future, fleet managers will input vehicle utilization data into VA's fleet management information system, the Comprehensive Automobile Reporting System (CARS). In order to effectively evaluate fleet utilization, users must populate CARS with timely, complete, and accurate data. To ensure that fleet utilization review information is reliable, the DUSHOM will require facility directors to ensure that supervisors of vehicle users provide fleet managers with accurate and complete vehicle log information each month. DUSHOM will also require fleet managers to review vehicle logs and dispatches for completeness and accuracy each month and to retain vehicle logs for audit purposes. 10NB will assess the accuracy of CARS input through discussions with fleet managers and site visits, when appropriate.

Planned	12/31/07
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Recommendation 3: Ensure that fleet managers identify underutilized vehicles using objective criteria and accurate vehicle use information, pool vehicles to fully utilize them whenever feasible, and eliminate unneeded fleet vehicles.

Concur

VHA's Office of the Deputy Under Secretary for Health for Operations and Management (DUSHOM) Healthcare Engineering Office (10NB) will establish specific and mandatory utilization criteria for days and number of times of vehicle use and will assess whether utilization data is accurate and reliable. Through utilization reviews, 10NB will analyze vehicle utilization throughout the system. 10NB will require fleet managers to provide specific explanations of why vehicles that do not meet utilization standards are needed and whether they can be pooled. If a vehicle under review does not meet utilization standards and is not otherwise justified, it must be removed from the fleet.

Planned

12/31/07

Recommendation 4: Ensure that VHA's fleet management office effectively monitors fleet utilization at field locations.

Concur

VHA's Office of the Deputy Under Secretary for Health for Operations and Management (DUSHOM) Healthcare Engineering Office (10NB) plans to implement a quarterly review process of centrally collated data from the Comprehensive Automobile Reporting System (CARS) and monthly site utilization review data. Through this in-depth process, 10NB will attempt to identify trends and weaknesses throughout the system. In addition to the quarterly reviews, 10NB will conduct field audits to oversee vehicle fleet utilization.

Planned

12/31/07

Recommendation 5: Develop and implement policies requiring VAMCs to account for fleet vehicles and to secure and regularly inventory vehicle keys and fleet cards.

Concur

VHA's Office of the Deputy Under Secretary for Health for Operations and Management (DUSHOM) Healthcare Engineering Office (10NB) plans to ensure that specific policies requiring medical centers to account for fleet vehicles and to secure and regularly inventory vehicle keys and fleet cards will be added to the next revision of the *Vehicle Fleet Management Guidebook*. In the meantime, 10NB will share findings and recommendations from the OIG's report at the National Engineering conference call in July 2007, and reiterate proper vehicle security and inventory principles.

Planned

12/31/07

Recommendation 6: Require comprehensive VAMC preventive maintenance programs that follow manufacturers' maintenance standards for all VA-owned vehicles.

Concur

The requirement for comprehensive preventive maintenance programs that follow manufacturers' maintenance standards for all VA-owned vehicles is already prescribed in *Vehicle Fleet Management Guidebook*, Section 2.7, "Maintenance," which states "Vehicles will be maintained in accordance with manufacturer's recommendations and GSA maintenance guidelines...The maintenance schedule, performance and cost of each required task will be documented on a per vehicle basis. The documentation will be maintained and retrievable upon request at the local Field Office level." Accordingly, VA considers the lack of proper preventative maintenance a matter of execution. VHA's Office of the Deputy Under Secretary for Health for Operations and Management (DUSHOM) Healthcare Engineering Office (10NB) will reinforce this requirement through an announcement on the National Engineering conference call in July 2007. 10NB will assess compliance with the preventive maintenance requirements through discussions with fleet managers and site visits, when appropriate.

Planned

12/31/07

Recommendation 7: Ensure oversight of the VA fleet card program at VAMCs and adequate training of approving officials and program coordinators.

Concur

Guidelines and responsibilities for the fleet card program are prescribed in *Vehicle Fleet Management Guidebook*, Section 7. VHA considers the lack of proper certification and reconciliation of fleet card purchases a matter of execution. VHA's Office of the Deputy Under Secretary for Health for Operations and Management (DUSHOM) Healthcare Engineering Office (10NB) will reinforce the requirements for Fleet Managers to reconcile monthly invoices with fleet card receipts and for Approving Officials to review and properly certify fleet card purchases through an announcement on the National Engineering conference call in July 2007. 10NB will also prepare announcements for upcoming conference calls with field leadership discussing the duties of fleet card program approving officials and program coordinators. 10NB will assess compliance with fleet card program requirements through discussions with fleet managers and site visits, when appropriate.

Planned

12/31/07

Monetary Benefits in Accordance with IG Act Amendments

<u>Recommendations</u>	<u>Explanation of Benefits</u>	<u>Better Use of Funds</u>
1-4	Strengthening controls over utilization of fleet vehicles would reduce GSA lease costs for vehicles that are not needed.	\$83,496
5	Improving controls over vehicle accountability and security would save VA the cost of lost or stolen vehicles.	\$5,585
	Total	\$89,081

OIG Contact and Staff Acknowledgments

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