

DISTRICT OF COLUMBIA OFFICE OF THE INSPECTOR GENERAL

OIG Project No. 14-1-25KT

March 2017



DEPARTMENT OF PUBLIC WORKS:

OVERSIGHT OF DISTRICT FLEET VEHICLE USAGE AND INVENTORY IS NOT ADEQUATE



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Why the OIG Did This Audit

The Office of the Inspector General (OIG) conducted a re-audit of the *District of Columbia Department of Public Works (DPW) Inventory, Usage, and Maintenance of District Vehicles* (OIG No. 04-1-21KT) to evaluate whether the District is operating its fleet vehicle program in a manner that is beneficial to taxpayers. As such, the audit objectives were to assess DPW's: (1) oversight of agencies' compliance with vehicle usage requirements; and (2) vehicle inventory process.

Complying with vehicle usage requirements and having an effective vehicle inventory process are important internal control components necessary to administer a successful fleet vehicle program.

What the OIG Recommends

The OIG made four recommendations to strengthen DPW's oversight and management of the District's fleet program.

DEPARTMENT OF PUBLIC WORKS:

Oversight of District Fleet Vehicle Usage and Inventory Is Not Adequate

What the OIG Found

DPW and user agencies maintained vehicle operators' acknowledgement forms and copies of valid driver's licenses, but did not fully comply with vehicle usage log requirements for the District fleet as required by Mayor's Orders, D.C. laws, and DPW's own fleet policies and procedures. Specifically, in the past 5 years, DPW has not conducted annual vehicle utilization reviews for all District vehicles – a process that is essential for determining which vehicles to retain. In addition, user agencies did not comply with requirements to maintain daily vehicle usage logs, which is a condition we also identified in our 2006 audit report. DPW officials claim they did not have the authority to enforce compliance with the daily vehicle usage requirement, but we believe DPW's Director has such authority under D.C. Law 19-223. Without accurate records of vehicle usage, DPW and user agencies cannot detect and prevent unauthorized use and abuse of District fleet vehicles.

DPW performed physical inventories, but did not adequately implement its inventory process by documenting procedures for vehicle disposal and maintaining required documentation in the fleet master files. For example, we reviewed the list of vehicles pending disposal and found some vehicles that were not reclassified and removed from the inventory after they were sold through public auction. In addition, DPW created fleet master files to store important documents related to each fleet vehicle, but did not maintain all required documentation in the files. Without properly maintaining vehicle files, DPW cannot readily produce documents needed to determine a vehicle's operational status and to account for fleet vehicles.

ACRONYMS AND ABBREVIATIONS

CFO	Chief Financial Officer
DC	District of Columbia
DPW	Department of Public Works
FMA	Fleet Management Administration
FY	Fiscal Year
OCP	Office of Contracting and Procurement
OIG	Office of the Inspector General
VCO	Vehicle Control Officer

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General



Inspector General

March 31, 2017

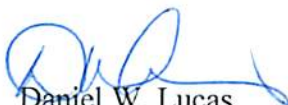
Christopher Shorter
Director
Department of Public Works
2000 14th Street, N.W.
Washington, D.C. 20009

Dear Director Shorter:

Enclosed is our final audit report *Department of Public Works: Oversight of District Fleet Vehicle Usage and Inventory Is Not Adequate* (OIG Project No. 14-1-25KT). DPW concurred with three of our four recommendations and outlined actions and target completion timeframes that it believes meet the intent of our recommendations. DPW's response and planned actions meet the intent of recommendations 1, 2 and 3; therefore, we consider these recommendations resolved and open pending completion of planned actions. DPW did not concur with recommendation 4, but proposed actions sufficient to meet the intent of the recommendation. We consider this recommendation resolved and open pending completion of planned actions. We conducted this audit from October 2014 through December 2016 in accordance with generally accepted government auditing standards.

We appreciate the cooperation and courtesies extended to our staff during this audit. If you have any questions concerning this report, please contact me or Toayoa Aldridge, Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,



Daniel W. Lucas
Inspector General

DWL/mo

Enclosure

cc: See Distribution List

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BACKGROUND

The mission of the District of Columbia's Department of Public Works (DPW) is to “provide environmentally healthy municipal services that are both ecologically sound and cost effective.”¹ The services include solid waste management and other environmental services; parking enforcement; and fleet management administration support services. Mayor's Order 2000-75 designated the Director of DPW as the sole authority to establish specifications for and to procure, acquire, maintain, repair, and dispose of non-emergency motor vehicles and heavy equipment, such as buses and dump trucks, used by agencies under the direct control of the Mayor.

Within DPW, the Fleet Management Administration (FMA) administrator is responsible for repairing and maintaining approximately 3,000 vehicles used for city services, except police, fire, corrections, and school vehicles. District government agencies rely on FMA's expertise when acquiring new vehicles to meet program needs. In addition, FMA facilitates transfer of vehicles between agencies.

The mayoral order also authorized and directed the Director of DPW to develop policies and standards for all phases of motor equipment management from initial procurement to ultimate vehicle disposal. The order requires agency heads subject to the order to submit to FMA an inventory of all vehicles.

A subsequent mayoral order, Mayor's Order 2009-210, requires each agency head to implement and maintain a system of internal controls for managing the use of vehicles for authorized government business that ensures:

- safe operation of government vehicles;
- compliance with laws and regulations;
- accountability of operators for notices of infraction;
- knowledge of the nature of vehicle assignments and custody; and
- appropriate operator qualification and training.

Additionally, to signify the importance of fleet management, the D.C. Council codified the fleet program into law, effective March 5, 2013, via the Employee Transportation Amendment Act of 2012, (D.C. Law 19-223, codified at D.C. Code §§ 50-211.01 - .07, 50-201, 50-202, & 50-204).²

¹ We obtained this information from DPW's website at <http://dpw.dc.gov/page/who-we-are-dpw> (last visited January 3, 2017)

² D.C. Law 19-223, Sections 103(c)(4)-(5) state that:

(c) For vehicles under the Director's authority, the Director shall develop, implement, and maintain:

...

(4) A comprehensive fleet management program that ensures centralized control, accountability, uniform procedures, and consistent fleet data for all vehicles under its authority; and

(5) Guidance and regulations for each agency, department, or other District entity to adhere to in the daily use and management of passenger vehicles that address:

(A) The safe operation of government passenger vehicles;

(B) Compliance with laws and regulations governing the operation of a vehicle while on official business;

DPW established the FMA Fleet Policies and Procedures (FMA Manual) to govern management and administration of the District fleet, including vehicle acquisition, utilization, and disposal, as directed by the mayoral orders. FMA is responsible for conducting an annual vehicle utilization review, which considers vehicle usage and checks for miles or hours driven, maintenance cost, and environmental compliance to support replacement or retention decisions for each vehicle.

FMA uses an automated fleet management system (FASTER) to manage the District fleet, including vehicle inventories. The FASTER system is a web-based database that consists of modules for asset management, work order process, fuel management, parts management, and reports. Our audit focused on the asset management module, which provides a timeline of each vehicle's history by agency assignment, acquisition costs, current vehicle maintenance and repair expenses, and fuel costs.

OBJECTIVES, SCOPE, AND METHODOLOGY

We conducted this performance audit from October 2014 through December 2016 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit objectives were to assess DPW's: 1) oversight of agencies' compliance with vehicle usage requirements; and 2) vehicle inventory process. Our scope covered District fleet vehicles on record as of fiscal years (FY) 2014 and 2015.

We planned to conduct a review of DPW's Purchase Card Program (P-Card) to determine whether DPW: (1) complied with requirements of applicable laws, regulations, policies, and procedures; and (2) implemented adequate internal controls to safeguard against, fraud, waste, and abuse. Subsequently, we canceled our P-Card objective due to similar audit objectives contained within the 2015 Comprehensive Annual Financial Report audit.

To accomplish the audit objectives we: (1) reviewed applicable mayoral orders, District laws, and the FMA Manual; (2) conducted interviews and held meetings with responsible DPW and

-
- (C) Accountability of operators for notices of infraction received and violations of the District's policies for use of government vehicles as a result of operating a vehicle while on District government business or having assigned custody of a District government vehicle;
 - (D) Cost-effective use of government resources;
 - (E) Knowledge of the nature of vehicle assignments and custody;
 - (F) Fitness requirements for employees authorized to operate District government vehicles;
 - (G) Appropriate vehicle operator qualification and training; and
 - (H) Consent of employees authorized to drive government vehicles to abide by policies and requirements established by the Director.

District user-agency officials to obtain a general understanding of the processes for managing fleet vehicles and heavy equipment; (3) reviewed relevant prior audit reports from our Office and other government entities; and (4) reviewed information maintained in the FASTER database.

To test compliance with vehicle usage requirements, we interviewed FMA and user agencies about: (1) annual utilization reviews; (2) daily vehicle usage logs; (3) current vehicle operator's acknowledgement forms;³ and (4) driver's licenses. We also tested a sample of user agencies for completion and maintenance of: (1) daily vehicle usage logs; (2) current vehicle operator's acknowledgement forms; and (3) valid driver's licenses in compliance with the Mayor's Order and the FMA Manual.

To assess the adequacy of inventory controls, we reviewed the results of the physical inventories for FYs 2014 and 2015 against requirements in the FMA Manual. We also sampled 135 fleet vehicles from 10 District agencies and visited the vehicle location to verify their existence. Additionally, we reviewed fleet master files to verify whether FMA maintained vehicle documents.

To assess the adequacy of controls surrounding vehicle disposal, we selected a sample of 20 vehicles pending disposal and traced them to the auction sites and storage, and reviewed bills of sale to verify vehicles sold.

For detailed information on fleet vehicles during FY 2014, we relied on computer-processed data from DPW's FASTER database. While we did not perform a formal reliability assessment of the computer-processed data, we performed necessary audit procedures to verify the accuracy and completeness of the data.

FINDINGS

DPW AND USER AGENCIES MAINTAINED VEHICLE OPERATORS' ACKNOWLEDGEMENT FORMS AND COPIES OF VALID DRIVER'S LICENSES, BUT DID NOT COMPLY WITH ANNUAL UTILIZATION REVIEW AND DAILY USAGE LOG REQUIREMENTS

DPW and user agencies maintained vehicle operators' acknowledgement forms and copies of valid driver's licenses, but did not perform annual vehicle utilization reviews for all District fleet vehicles. Further, user agencies did not comply with requirements to maintain daily vehicle usage logs.

³ An employee authorized to operate a vehicle while on government business is required to sign an acknowledgement form consenting to follow District of Columbia traffic regulations and assume responsibility for traffic violations.

DPW and User Agencies Maintained Acknowledgement Forms and Copies of Valid Driver's Licenses for Vehicle Operators

Mayor's Order 2009-210 §§ V(D) & (F) directs agencies to require each employee who is authorized to operate a vehicle on District government business to execute a Vehicle Operator's Acknowledgement Form and maintain a valid driver's license. Section V (G) requires employees operating government vehicles to provide a copy of their respective driver's license to their employing agency. Based on our review, we found that DPW and user agencies maintained acknowledgment forms and copies of valid driver's licenses for vehicle operators.

DPW Did Not Conduct Annual Vehicle Utilization Reviews

Although the FMA administrator told us that a utilization review of District fleet vehicles and heavy equipment was last performed 5 years ago, he was unable to provide us with a copy of the review. The FMA Manual (effective February 2004) requires FMA to:

1. Perform a utilization review of all District vehicles and heavy equipment each year prior to the budget submission.
2. Give user departments a list of vehicles that have reached their life expectancy and a list of vehicles considered under-utilized.
3. Receive from user-department vehicle coordinators a report of vehicles designated for salvage/disposal and under-utilized vehicles for redistribution. User-department vehicle coordinators must justify retention of vehicles and heavy equipment that do not meet retention criteria.
4. Remove from the fleet equipment that has met its life expectancy.

The FMA administrator provided no specific reason for not performing an annual utilization review of the entire District fleet vehicles as required by the FMA Manual. However, we attribute this condition to DPW's lack of management oversight to ensure that the administration conducts the required annual utilization review procedures. As a result, DPW and user agencies do not have useful information to determine which vehicles to retain.

To improve performance in this area, DPW should establish mechanisms to ensure annual utilization reviews are performed in compliance with Mayor's Orders 2000-75 and 2009-210, and the FMA Manual.

User Agencies Did Not Prepare and Maintain Complete Daily Vehicle Usage Logs

Although Mayor’s Order 2009-210 and the FMA Manual require user agencies to prepare and maintain daily usage logs of all individuals with custody of District vehicles, we found 8 of 10 agencies in our sample did not comply. Mayor’s Order 2009-210 § V(B) requires that each agency maintain “a daily record of who has custody of each agency-controlled government vehicle at all times, miles driven, purpose of the custody or use, physical condition before and after assignment, and reported accidents, incidents, citations or summons occurring during assignment.” The FMA Manual, Procedure 3-1(20) generally includes the same requirements, but adds that daily vehicle usage logs are to be kept on file for 3 years after disposal of the vehicle. Despite these specific requirements, 8 of the 10 agencies we examined did not prepare or correctly prepare usage logs for 90 (67 percent) out of 135 vehicles we sampled (see Table 1).

Table 1: Daily Vehicle Usage Logs Not Prepared or Prepared Incorrectly

Agency / Department	Number of Sampled Fleet Vehicles	Number of Vehicles With Usage Logs Not Prepared or Prepared Incorrectly
DDOE	5	0
DDOT IPMA	28	27
DDOT Trans	11	7
DGS	12	4
DOH	13	11
DPW	5	5
OCTO	20	20
CME	13	13
OIG	7	0
UDC	21	3
Total	135	90

Source: OIG Analysis of Daily Vehicle Usage Logs for District Vehicles

We also noted inconsistencies in the preparation and maintenance of daily vehicle usage logs. For example, some agencies recorded ending mileage and not starting mileage and did not calculate and record actual miles driven; and others recorded a monthly total of miles driven

without a breakdown of daily total, purpose of the trips, and the physical condition of the vehicle before and after use. We also found that some agencies did not prepare and maintain daily usage logs at all; others used a Global Positioning System for tracking fleet drivers instead of logs. This condition occurred because DPW did not monitor and enforce the vehicle usage log requirement. As a result, there is risk of unauthorized use and abuse of District fleet vehicles.

Our 2006 audit report also identified the lack of proper preparation and maintenance of daily vehicle usage logs. In its response to the 2006 audit, DPW said it would “re-emphasize” the requirements for daily vehicle usage logs, but “suggest[ed] that the Mayor’s Order [4] be modified to include enforcement” mechanisms to ensure compliance with those requirements. The FMA administrator we spoke with during this current audit also maintained that DPW did not have the authority to make user agencies comply with daily vehicle usage log requirements. The D.C. Council granted the Director of DPW such authority when it codified the fleet management program into law in 2013. Specifically, D.C. Law 19-223, Sections 103(c)(4) & (5)(E), states (in part) that DPW’s Director shall develop, implement, and maintain:

- (4) A comprehensive fleet management program that ensures centralized control, accountability, uniform procedures, and consistent fleet data for all vehicles under its authority; and
- (5) Guidance and regulations for each agency, department, or other District entity to adhere to in the daily use and management of passenger vehicles that address . . . [k]nowledge of the nature of vehicle assignments and custody. . . .

However, this specific provision of the law will not apply until the District’s Chief Financial Officer (CFO) certifies its fiscal effect in an approved budget and financial plan. Notwithstanding this issue, DPW can still seek modification of Mayor’s Order 2009-210 to include an enforcement mechanism. We believe that consistent fleet data in the daily vehicle usage logs is integral to meeting the requirement of the law (*See Appendix A for the status of our prior audit recommendation #18*).

To improve performance in this area, DPW should establish a standard method for recording usage of all District fleet vehicles and a mechanism to monitor user agencies for compliance with usage requirements.

DPW PERFORMED PHYSICAL INVENTORY OF DISTRICT FLEET, BUT DID NOT DOCUMENT AND FORMALIZE PROCEDURES FOR VEHICLE DISPOSAL AND MAINTAIN REQUIRED VEHICLE DOCUMENTS

DPW conducted physical inventories of District fleet vehicles, but did not adequately document and formalize procedures for vehicle disposal and did not maintain required documentation in all fleet vehicle master files.

⁴ At the time of the 2006 audit, Mayor’s Order 2001-85 was in effect. However, on September 23, 2009, it was superseded by Mayor’s Order 2009-160, which was later superseded by Mayor’s Order 2009-210, which is currently in effect as of December 7, 2009.

DPW Performed Physical Inventory of Fleet Vehicles

Mayor's Order 2000-75 authorized and directed the Director of DPW to "establish policies and standards for all phases of motor equipment management from initial procurement to ultimate vehicle disposal" We believe that physical and periodic inventory is necessary for effective management of the District's fleet. Based on our review, we found that DPW performed annual physical inventories of fleet vehicles under its authority in FYs 2014 and 2015. FMA officials responsible for performing the inventory told us that they conducted an annual physical inventory and updated counts directly into the FASTER database. We validated FMA's claim by tracing a sample of vehicles from the FYs 2014 and 2015 physical inventory reconciliation lists and comparing them to the recorded FASTER inventory.

DPW Procedures for Fleet Vehicle Disposal Are Not Documented and Formalized

DPW developed fleet policies and procedures to ensure an accurate fleet inventory, but it did not specify detailed steps for disposing of vehicles in a consistent manner. Mayor's Order 2000-75 designated DPW as the sole authority to dispose of non-emergency vehicles for agencies under the authority of the Mayor. In addition, Mayor's Order 2000-75 requires that DPW establish policies and standards for all phases of motor equipment management from initial procurement to ultimate vehicle disposal. DPW officials discussed the agency's vehicle disposal procedures with us, but they have yet to formally document them.

DPW's lack of formalized policies and procedures created inaccuracies in its vehicle inventory. For example, we reviewed the listing of agency vehicles pending disposal and found some were not reclassified and removed from the inventory after being sold through public auction. DPW's equipment specialist responsible for reclassifying the status of disposed vehicles told us that a notice of sale is not always received from the auctioneer. Upon reviewing the auction process, we found that the auctioneer is required by contract to provide a notice of all sales to the Contract Administrator, who is an employee of another agency (the D.C. Office of Contracting and Procurement (OCP)). However, the specialist was not aware of a procedure for obtaining the notice of sale from OCP because FMA did not document the necessary steps in the disposal process (*see Appendix A for the status of our prior audit recommendations # 21 and #22*). As a result of DPW's failure to reconcile and reclassify the status of disposed vehicles, the agency did not have an accurate inventory of the District's fleet.

To improve performance in this area, DPW should document specific procedures in the FMA Manual for vehicle disposal, including a mechanism to ensure timely reclassification of disposed vehicles.

DPW Did Not Maintain Required Documentation in the Fleet Master Files

DPW created fleet master files for all vehicles to store important documentation related to each vehicle, but it did not maintain all required documents in those master files. The FMA Manual, Procedure 7-2-3 requires each fleet master file to contain:

- a. Equipment Data Form/Vehicle Birth Certificate (Exhibit 4-2A); Vehicle/Equipment Status Report & Vehicle Return Form (Exhibit 4-2B);
- b. Relinquishment Form (4-2C);
- c. Conformance Inspection Report (4-3A);
- d. Copies of all work orders;
- e. All warranties;
- f. Registration;
- g. Information from the manufacturer;
- h. Information regarding any optional equipment not covered by the original manufacturer; and
- i. Any other pertinent information regarding the vehicle/equipment.

We selected 29 vehicles and reviewed the respective fleet master files for 3 types of documentation that we believe establish the link between a vehicle to its owner/user and for ensuring vehicles are safe to operate: 1) equipment data form/vehicle birth certificate; 2) registration; and 3) inspection conformance report. Based on our review we found:

- 29 files did not have conformance inspection reports;
- 11 files did not have equipment data forms/vehicle birth certificates; and
- 10 files did not have vehicle registrations.

A number of divisions within FMA must coordinate efforts in order to manage the District fleet inventory effectively. For example, DPW's designated Vehicle Control Officer (VCO), who works in the Fleet Control division, serves as the custodian of the fleet master files. The VCO told us that the Fleet Control division did not have inspection documents to place in the fleet master files because the Maintenance division, which is responsible for vehicle inspections, did not provide the documents. Due to DPW's lack of coordination within FMA divisions to maintain all relevant documents for the fleet master file, the agency was unable to readily produce documents needed to determine a vehicle's operational status and to account for fleet vehicles.

To improve performance in this area, DPW should establish procedures for divisions to coordinate in order to retain and update all required vehicle master file documents

CONCLUSION

DPW has a critical role in the acquisition, maintenance, and disposal of the 3,000 plus vehicles in the District's fleet. Although DPW has established a number of controls to effectively carry out its responsibilities, it has not established: mechanisms for conducting annual utilization reviews; standard methods to properly annotate daily vehicle usage logs; procedures for vehicle disposal; and coordination protocols for departments to retain and update documents in vehicle master files. Annual utilization reviews and accurate vehicle inventories are important in administering an efficient and cost-effective fleet program. Without addressing these issues,

DPW cannot provide assurance that District-owned vehicles are operated, maintained, and disposed of properly.

RECOMMENDATIONS

We recommend that the Director, DPW:

1. Establish mechanisms to ensure annual utilization reviews are performed in compliance with Mayor's Orders 2000-75 and 2009-210, and the FMA Manual.
2. Establish a standard method for recording usage of all District fleet vehicles and a mechanism to monitor user agencies for compliance with usage requirements.
3. Document specific procedures in the FMA Manual for vehicle disposal, including a mechanism to ensure timely reclassification of disposed vehicles.
4. Establish procedures for divisions to coordinate in order to retain and update all required vehicle master file documents.

AGENCY COMMENTS AND OFFICE OF THE INSPECTOR GENERAL RESPONSE

We provided DPW our draft report on January 12, 2017 and received its response on February 17, 2017, which is included as Appendix B to this report. DPW concurred with three of our four recommendations and outlined actions and target completion timeframes that it believes meet the intent of our recommendations. DPW's response and planned actions meet the intent of recommendations 1, 2 and 3; therefore, we consider these recommendations resolved and open pending completion of planned actions. DPW did not concur with recommendation 4, but proposed actions sufficient to meet the intent of the recommendation. We consider this recommendation resolved and open pending completion of planned actions.

APPENDIX A. STATUS OF PRIOR AUDIT RECOMMENDATIONS

Our audit found that 19 of 22 prior audit recommendations have been closed or overtaken by events, while 3 recommendations (18, 21, and 22) remain open.

Agency Comment: In its response to our draft report, DPW provided planned actions that are sufficient to meet the intent of the 3 remaining recommendations from our prior audit. We consider these recommendations resolved and will track evidence of planned actions as part of the current 2017 audit recommendations.

A summary of the status of the prior audit recommendations is included below.

Recommendations	Status Based on Re-audit	Brief Synopsis of Current Audit Results
1. In coordination with agency fleet coordinators, conduct an annual physical inventory and periodic testing (e.g., inventory database update) of assigned vehicles.	Closed	DPW informed us that a physical inventory is performed annually and that the results of the physical inventory are updated directly into the FASTER database. During our visit to verify a sample of fleet vehicles, Agency fleet coordinators confirmed that FMA performed a physical inventory of fleet vehicles in FYs 2014 and 2015. We also observed green tags on vehicles indicating that they indeed were counted and included in the last physical inventory. In addition, we obtained and reviewed the FYs 2014 and 2015 FMA Physical Inventory Reconciliation or Master Control Lists and determined that they validated DPW's assertion that a physical inventory was performed in FYs 2014 and 2015.
2. Review and compare data obtained from the annual physical inventory and periodic test to data contained in FASTER, identify and resolve discrepancies, and update information in FASTER as necessary.	Closed	DPW stated that annual physical inventory results or data were compared to FASTER and necessary adjustments were made. We reviewed the FYs 2014 and 2015 Physical Inventory Reconciliation Lists, selected and traced a sample of vehicles per the reconciliation sheet to inventory records, and found no exceptions.

APPENDIX A. STATUS OF PRIOR AUDIT RECOMMENDATIONS

Recommendations	Status Based on Re-audit	Brief Synopsis of Current Audit Results
3. Coordinate with District agency heads and fleet coordinators to facilitate the submission of accurate and timely information regarding assigned vehicles.	Closed	DPW purchases and maintains District fleet vehicles and retains the necessary documents. Both DPW and user agencies' fleet coordinators communicate on fleet-related issues. For instance, DPW stresses adherence to policy during its annual meeting with user agencies. Agencies notify DPW about vehicle transfers and disposals.
4. Conduct a physical inventory to find the 13 unaccounted for vehicles assigned to Dept. of Human Services and the 1 unaccounted for vehicle assigned to FMA.	Closed	DPW stated that it conducted a physical inventory on March 24, 2006 to locate the unaccounted for vehicles noted in the prior audit report. DPW accounted for the missing vehicles and reported the status of the vehicles to the OIG on July 10, 2008. <i>See relevant excerpt of DPW's 2008 Status Update to Prior Audit Recommendation #4 in Appendix C.</i>
5. Coordinate with the Office of Finance and Treasury and the Office of Tax and Revenue to determine the status of the four leased vehicles, obtain supporting documentation, and update FASTER accordingly.	Closed	DPW was unable to provide information regarding actions taken or the results of its coordination effort with the Office of Finance and Treasury and the Office of Tax and Revenue to determine the status of four leased vehicles cited in the prior audit. DPW stated that it performed annual physical inventories and accounted for all vehicles assigned to agencies that report to the Executive Office of the Mayor, and that FASTER inventory records were reviewed and updated accordingly in FYs 2014 and 2015.
6. Coordinate with MPD and other District agencies to establish standard and consistent procedures for recording vehicles loaned between agencies to limit duplicate reporting.	Closed	DPW stated that it has a long-term arrangement with agencies to loan them specialized vehicles from DPW's motor pool. DPW is currently providing a vehicle to MPD under the loan arrangement. DPW maintains the paperwork to track the vehicle and document the loan arrangement. We reviewed documentation for the loaned vehicle without exception.

APPENDIX A. STATUS OF PRIOR AUDIT RECOMMENDATIONS

Recommendations	Status Based on Re-audit	Brief Synopsis of Current Audit Results
<p>7. Revise and clarify FMA policies and procedures to adequately address completion of an annual physical inventory, resolution of discrepancies identified by the physical inventory, security of vehicle keys, and a training program.</p>	<p>Closed</p>	<p>During our review, DPW verbally described its physical inventory procedures, which include training of its staff. We also noted that the FMA Manual included resolution of discrepancies identified by the physical inventory, and security of vehicle keys.</p>
<p>8. Secure vehicle keys in accordance with the newly clarified policy.</p>	<p>Closed</p>	<p>We reviewed security controls over DPW's vehicle ignition keys and observed that access to the keys are adequately restricted to authorized personnel.</p>
<p>9. Comply with FMA policies and procedures to maintain a fleet master file for each vehicle in the District fleet and require agency fleet coordinators to do the same for assigned vehicles.</p>	<p>Closed</p>	<p>DPW has created a fleet master file system or folder for vehicles under its control. DPW uses a checklist to determine what is in each file and is currently working with a vendor to create a document control system by scanning in all the documents that will be accessible by authorized staff.</p>
<p>10. Designate an official responsible for maintaining and managing the fleet master files.</p>	<p>Closed</p>	<p>DPW has designated the Document Control Officer as the custodian responsible for the fleet master files and reports directly to the VCO.</p>
<p>11. Create a database tracking system to monitor the location of all fleet master files and require that the database be updated each time a file is removed or moved to a new location.</p>	<p>Closed</p>	<p>DPW has created a fleet master file or folder and is currently working on creating the database or document control center. The process involved scanning in all hard copies of the fleet master files into the new database.</p>

APPENDIX A. STATUS OF PRIOR AUDIT RECOMMENDATIONS

Recommendations	Status Based on Re-audit	Brief Synopsis of Current Audit Results
<p>12. Plan and manage a training program tailored to the specific needs of FMA employees.</p>	<p>Closed</p>	<p>DPW has established a specialized training program for FMA through its Training Academy, which includes fuel handling HAZMAT training, fuel truckers, and wrecker drivers. The training also allows FMA staff to become certified in Automotive Service Excellence and qualify for a commercial driver’s license.</p>
<p>13. As part of the annual policy review, develop a coordinated approach, involving FMA management officials and employees, as well as agency fleet coordinators, to evaluate needed improvements in FMA policies and procedures.</p>	<p>Closed</p>	<p>DPW receives updates and suggestions from its staff and agency fleet coordinators during its annual training sessions. FMA has meetings with Fleet Coordinating Officials annually where discussion topics include suggestions for improvement.</p>
<p>14. Assess the reliability of computer-generated data and implement procedures for generating and compiling reliable data.</p>	<p>Closed</p>	<p>DPW stated that it ensures the reliability of data through FMA’s ongoing comprehensive reviews, consistent monitoring, and timely reporting efforts of its internal processes, which ultimately reveal discrepancies. For example, to validate data, FMA verifies vehicle location (some vehicles have bar codes and Lo Jack equipment). DPW staff meets with the CFO on a monthly basis. Vehicle fuel usage is reviewed to see whether the agency has used fuel in a given period. When discrepancies are detected, additional analysis and testing are performed to ensure proper reconciliation and updates, as needed. We verified that access to the FASTER database is restricted to authorize FMA personnel. Logical access requires approval and the use of passwords.</p>

APPENDIX A. STATUS OF PRIOR AUDIT RECOMMENDATIONS

Recommendations	Status Based on Re-audit	Brief Synopsis of Current Audit Results
15. Resolve data reliability problems identified in this report, as well as review FASTER data periodically to identify and resolve reliability issues, especially prior to providing the inventory to the CFO for submission to Congress.	Closed	<i>See status of Recommendation #14.</i> FMA now publishes annual inventory data on its website and no longer provides inventory reports to the CFO. We also confirmed that annual submission of fleet inventory to Congress is no longer required.
16. Evaluate the data conversion from the Maximus (M4) information system to FASTER to identify any anomalies that may have occurred and create a formal plan for correcting those issues.	Closed	FMA stated that current personnel had no knowledge of the 2003 conversion from Maximus (M4) to the Windows-based FASTER system. Subsequent to our prior audit, FMA upgraded its Windows-based FASTER system to a web-based version without significant issue. We concluded that this issue has been overtaken by events and should be closed.
17. Implement the necessary management controls to ensure that supporting documentation is prepared, accurate, and properly maintained.	Closed	<i>See status of Recommendation #16.</i> We noted that FMA has begun performing physical inventory of the district fleet vehicles, updating FASTER inventory records, and maintaining supporting documentation.

APPENDIX A. STATUS OF PRIOR AUDIT RECOMMENDATIONS

Recommendations	Status Based on Re-audit	Brief Synopsis of Current Audit Results
<p>18. Enforce compliance with Mayor's Order 2001-85, which require[d] vehicle operators to prepare and maintain daily usage logs for all assigned vehicles, and periodically review FMA and District agency daily usage logs.</p>	<p>Closed</p>	<p>This issue remains open. We reviewed a judgmental sample of 135 fleet vehicles across 10 District agencies/departments and found that 90 vehicles did not have daily usage logs or the logs were not completed properly as required by Mayor's Order 2001-85, which has been superseded. Mayor's Order 2009-210 § V(B) states that "[t]he agency shall maintain a daily record of who has custody of each agency-controlled government vehicle at all times, miles driven, purpose of the custody or use, physical condition before and after assignment, and reported accidents, incidents, citations or summons occurring during assignment."</p> <p>Agency Comment: DPW concurred and stated that it will distribute a daily usage log template that user agencies can adapt to ensure compliance. DPW will begin conducting random audits of user agencies by October 2017. We consider this recommendation resolved and will track evidence of planned actions as part of recommendation 2 of our 2017 audit.</p>
<p>19. Revise FMA policies and procedures to include the use of daily usage logs, and clarify that the requirement to maintain vehicle files for 3 years after disposal applies to daily usage logs.</p>	<p>Closed</p>	<p>The revised FMA Manual includes the use of daily usage logs. The FMA Manual, Procedure 3-1(20) states: "<u>[e]nsure that drivers maintain[] a daily vehicle usage log, which record[s] who has custody of each vehicle at all times, miles driven, purpose of the trip, physical condition before and after assignment.</u> The requirement to maintain the daily vehicle usage log must be kept on file for three (3) years after the disposal of the vehicle." (Emphasis in original.)</p>

APPENDIX A. STATUS OF PRIOR AUDIT RECOMMENDATIONS

Recommendations	Status Based on Re-audit	Brief Synopsis of Current Audit Results
<p>20. Revise the FMA website used by District agencies to reserve motor pool vehicles, to include reference to Mayor’s Order 2001-85 and language related to preparing and maintaining daily usage logs.</p>	<p>Closed</p>	<p>The DPW website did not include references to Mayor’s Order 2001-85, which has been rescinded. However, the FMA Manual attached to the website addressed the requirement to prepare and maintain daily usage logs.</p>
<p>21. Establish formal policies and procedures for the disposal of District vehicles, specifically including a process to account for parts removed from vehicles awaiting disposal action.</p>	<p>Closed</p>	<p>The FMA administrator stated that DPW has established policies and procedures for the disposal of fleet vehicles. OIG obtained and reviewed Procedure 4-6 in the FMA Manual and concluded that the vehicle disposal process did not specify detailed steps for disposing vehicles.</p> <p>Agency Comment: DPW partially concurred and stated that it is in the process of revising the FMA Manual to include specific disposal procedures that will be approved and implemented by December 2017. We consider this recommendation resolved and will track evidence of planned actions as part of recommendation 3 of our 2017 audit.</p>

APPENDIX A. STATUS OF PRIOR AUDIT RECOMMENDATIONS

Recommendations	Status Based on Re-audit	Brief Synopsis of Current Audit Results
<p>22. Reconcile the list of vehicles located at the auction site to vehicles sold at future public auctions and make the appropriate adjustments to FASTER.</p>	<p>Closed</p>	<p>We reviewed the list of vehicle awaiting disposal and found that FMA did not reconcile the pending disposal account to remove items that had been auctioned. On March 26, 2015, we discussed the issue with FMA personnel who informed us that FMA does not always receive the disposed notification from OCP on a timely basis. FMA subsequently performed the reconciliation by moving the disposed items from company 6 (active list) to company 7 (inactive list).</p> <p>Agency Comment: DPW concurred and stated that FMA will perform quarterly checks with the OCP to update the status of vehicles that are sold or remain in the bid process. We consider this recommendation resolved and will track evidence of planned actions as part of recommendation 2 of our 2017 audit.</p>

Source: OIG Analysis

APPENDIX B. AGENCY'S RESPONSE TO THE DRAFT REPORT

GOVERNMENT OF THE DISTRICT OF COLUMBIA
DEPARTMENT OF PUBLIC WORKS



Office of the Director

February 17, 2017

VIA ELECTRONIC MAIL

Daniel W. Lucas
Inspector General
Office of the Inspector General
717 14th Street NW
Washington, D.C. 20005

Re: OIG Project No. 14-1-25KT

Dear Inspector General Lucas:

Attached please find the Department of Public Works' (DPW) response to the above referenced draft audit report. Should you have any questions, please feel free to contact me.

Sincerely,


Christopher J. Shorter
Director

2000 14th Street, N.W., 6th Floor, Washington, D.C. 20009
Phone (202) 671-2030 Fax (202) 673-4555

APPENDIX B. AGENCY'S RESPONSE TO THE DRAFT REPORT

DPW Response to DC Office of Inspector General Report on DPW Fleet Vehicle Usage and Inventory

2006 OIG Recommendation #4:

Conduct a physical inventory to find the 13 unaccounted for vehicles assigned to Dept. of Human Services and the 1 unaccounted for vehicle assigned to FMA.

DPW Response:

DPW disagrees with the recommendation to do another physical inventory for these vehicles. DPW's records indicate that on July 10, 2008, it submitted a response to OIG Senior Auditor [REDACTED] addressing this recommendation. (Report No. 04-1-21KT 03/20/06, No. 02, Rec #4) In that response, DPW outlined the actions it had taken to conduct a physical audit and documented those results. In brief, the response states that six of the vehicles were either sold or returned to the lease company. Because the transactions for those vehicles occurred more than six years prior to the 2008 response, the fleet records were no longer available, as records were only being retained pursuant to the agency's document retention policy. Two other vehicles were sold and transaction records were produced. One vehicle number provided by OIG was not recognized as a valid DC Government vehicle identification number, and the five remaining vehicles in question were either assigned to the Department of Human Services or the Department of Parks and Recreation. DPW's 2008 response is attached.

2006 OIG Recommendation #18:

Enforce compliance with Mayor's Order 2001-85, which require[d] vehicle operators to prepare and maintain daily usage logs for all assigned vehicles, and periodically review FMA and District agency daily usage logs.

DPW Response:

DPW agrees that it should periodically review Fleet Management Administration ("FMA") and District agency daily usage logs and will begin random sampling audits by October 2017. However, Mayor's Order 2009-210, which was issued after the 2006 OIG No. 04-1-21KT audit report was published, states each individual agency is now responsible for maintaining daily usage logs rather than DPW, and each agency - through its Fleet Coordinating Official ("FCO") - determines which particular employees may use vehicles and manages how vehicles are assigned. This Mayor's Order enhances each agency's ability to enforce this requirement in a manner most effective for that particular agency. Accordingly, by March 1, 2017, DPW will re-distribute the Mayor's Order to remind all affected agencies of the requirements for vehicle usage. DPW will also distribute a daily usage log template that agencies can adapt to suit their operations. Finally, DPW will notify agency directors if its audit findings reveal that daily usage logs are not being kept as required, so directors may implement the most effective corrective measures for their particular agency.

APPENDIX B. AGENCY'S RESPONSE TO THE DRAFT REPORT

DPW Response to DC Office of Inspector General Report on DPW Fleet Vehicle Usage and Inventory

APPENDIX B. AGENCY'S RESPONSE TO THE DRAFT REPORT

DPW Response to DC Office of Inspector General Report on DPW Fleet Vehicle Usage and Inventory

2006 OIG Recommendation #21:

Establish formal policies and procedures for the disposal of District vehicles, specifically including a process to account for parts removed from vehicles awaiting disposal action.

DPW Response:

DPW agrees in part with this recommendation. DPW's March 20, 2006 response indicates that the agency established such policies and it would revisit them to determine whether revisions were needed. The 2008 response indicated the policies were updated online, addressing the prohibition of removal of parts. (Report No. 04-1-21KT 03/20/06, No. 02, Rec #4)DPW's new FMA team is in the process of revising the FMA policies and procedures to include specific disposal workflow process charts and procedures. FMA anticipates the new procedures will be approved and implemented by December 2017.

2006 OIG Recommendation #22:

Reconcile the list of vehicles located at the auction site to vehicles sold at future public auctions and make the appropriate adjustments to FASTER.

DPW Response:

DPW agrees with this recommendation. As part of its new procedures, FMA will perform quarterly checks with the Office of Contracting and Procurement ("OCP") to update the status of vehicles that are sold or that remain in the bid process.

2017 Recommendation #1

Establish mechanisms to ensure annual utilization reviews are performed in compliance with Mayor's Orders 2000-75 and 2009-210, and the FMA Manual.

DPW Response:

DPW agrees with this recommendation. As stated in response to the 2006 OIG Recommendation #21, DPW's new FMA team is in the process of revising the FMA policies and procedures, which will address annual utilization review, and anticipates these will be approved and implemented by December 2017.

APPENDIX B. AGENCY'S RESPONSE TO THE DRAFT REPORT

DPW Response to DC Office of Inspector General Report on DPW Fleet Vehicle Usage and Inventory

2017 Recommendation #2

Establish a standard method for recording usage of all District fleet vehicles and a mechanism to monitor user agencies for compliance with usage requirements.

DPW Response:

As stated in DPW's response to 2006 OIG Recommendation #18, DPW will re-distribute Mayor's Order 2009-210 to remind all affected agencies of the requirements for vehicle usage tracking. DPW will also distribute a daily usage log template that agencies can adapt to suit their operations and will notify agency directors of audit findings for those agencies not in compliance.

2017 Recommendation #3

Document specific procedures in the FMA Manual for vehicle disposal, including a mechanism to ensure timely reclassification of disposed vehicles.

DPW Response:

DPW agrees with this recommendation. As stated above in response to 2006 OIG Recommendation #22 and 2017 Recommendation #1, DPW's new FMA team is in the process of revising the FMA policies and procedures and anticipates the new procedures will be approved and implemented by December 2017.

2017 Recommendation #4

Establish procedures for divisions to coordinate in order to retain and update all required vehicle master file documents.

DPW Response:

DPW disagrees with this recommendation, as it appears there may have been a misunderstanding during the audit process regarding maintenance and fleet control divisions communications. It is not clear which of the 29 vehicles were sampled; however, vehicles transferred to DPW from agencies that formally had purchasing authority may not have provided all documents through their maintenance employees that were later deemed required under the FMA policy. Further, not all documents listed in the FMA manual will appear in every file. For example, relinquishment control forms will only be included in a file if a vehicle has been relinquished. Similarly, conformance inspection reports are not required, as the acquisitions division began to utilize the vehicle specification sheet to inspect production and delivery of procured vehicles. Work order information is now maintained in the FASTER system. As stated above, DPW is in the process of revising the FMA policies and procedures, which will include updated requirements for vehicle master files.

APPENDIX C. STATUS UPDATE TO PRIOR AUDIT RECOMMENDATION *EXCERPT*

GOVERNMENT OF THE DISTRICT OF COLUMBIA
DEPARTMENT OF PUBLIC WORKS

Office of the Director



July 10, 2008

████████████████████
Senior Auditor
717 14th Street, NW, Suite 800
Washington, DC 20005

Dear ██████████

The goal of this follow-up correspondence is to respond to the District's Office of Inspector General's (OIG) Report No. 04-1-21KT 03/20/06, No. 02, Rec #4, No. 21, Rec # 21 and OIG's Report No. 06-2-11KT 09/18/07, No. 8, Rec #5:

Report No. 04-1-21KT 03/20/06, No. 02, Rec #4: On March 24, 2006, at 12:30 p.m., Fleet Management Administration (FMA) employees, ██████████ conducted a physical audit of the unaccounted vehicles listed in the above referenced Report. The physical audit was conducted at the following sites:
 (a) 4 DC Village Lane, Washington, DC.
 (b) 8300 Riverton Court, Laurel, MD and
 (c) 1325 S Street, NW, Washington, DC.

The following summarizes the findings of the physical audit and our resolution for the unaccounted vehicles:

Summary	Vehicle #
Six (6) vehicles (model year ranging from 1984-1991) are no longer in the active fleet system. They were either sold or returned to the lease company. Since these transactions are greater than six years old, fleet records are not retained as mandated by the Government of the District of Columbia Record Retention Schedule. (See Appendix A: Government of the District of Columbia Record Retention Schedule, pages 25-26).	1) 522632* 2) 521964* 3) 521965 4) 522616 5) 522620 6) 950089
For the record: * These vehicles were initially reported as leased vehicles, but they were actually DC Government owned vehicles.	
Two (2) vehicles are no longer in the active fleet system; they were sold within the last two years (See Appendix B: Paid Vehicle Transaction Sheet).	1) 521369 2) 527742

APPENDIX C. STATUS UPDATE TO PRIOR AUDIT RECOMMENDATION *EXCERPT*

GOVERNMENT OF THE DISTRICT OF COLUMBIA
DEPARTMENT OF PUBLIC WORKS



Office of the Director

One (1) of the numbers (the number was provided by the OIG) in question is not a recognized DC Government Vehicle Equipment numbers; thus, a physical audit could not be performed.	1) 6910403
Five (5) vehicles are in the active fleet system and they are assigned to either the Department of Human Services (DHS) or the Department of Parks and Recreation Services (DPRS). See Appendix C to view pictures of the vehicles.	<u>DHS</u>
	1) 521968
	2) 527053
	3) 528338
	4) 527054
	<u>DPRS</u>
	1) 702102

As indicated above, please see the supporting documentation in the Appendix.

Report No. 04-1-21KT 03/20/06, No. 21, Rec #21: The on-line District of Columbia City-Wide Fleet Policies and Procedure manual, located online at <http://www.dpw.in.dc.gov/fam/site/default.asp> has been updated to reflect the prohibition of removal of parts from vehicles/equipment deemed for disposal (see page 44, subject title: Salvage/Surplus). Violators are subject to disciplinary action under the District Personnel Manual (DPM), Chapter 16.

Report NO 06-2-11KT 09/18/07, No 8, Rec #5: We are continuing to use the Fleet Counselor Software System to record our expenditures. For FY2008, DPW Fleet is entering our actual expenditures and that will be used as a gauge to compare our established labor rates to the software generated labor rates for our shops. Afterwards, the need to modify the labor rate will be determined. We have also requested the Office of Chief Financial Officer (OCFO) enter into a contract with a Certified Public Accountant (CPA) firm to certify our rates annually. Please see Appendix D: FMA Statement of Work for Review of Labor Rates.

If you have any questions, please feel free to contact me at (202) 671-2007 or [REDACTED] at (202) 576-6799.



Deputy Director for Operations

Attachments