
TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION

Office of Inspections and Evaluations



*Inspection of the Agency-Wide Shared
Services Fleet Program*

June 6, 2011

Reference Number: 2011-IE-R005

This report has cleared the Treasury Inspector General for Tax Administration disclosure review process and information determined to be restricted from public release has been redacted from this document.

Phone Number | 202-622-6500

Email Address | TIGTACommunications@tigta.treas.gov

Web Site | <http://www.tigta.gov>



TREASURY INSPECTOR GENERAL
FOR TAX ADMINISTRATION

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

June 6, 2011

MEMORANDUM FOR CHIEF, AGENCY-WIDE SHARED SERVICES

FROM: R. David Holmgren *R. David Holmgren*
Deputy Inspector General for Inspections and Evaluations

SUBJECT: Final Inspection Report – Inspection of the Agency-Wide Shared
Services Fleet Program (# IE-10-018)

This report presents the results of our inspection of the Internal Revenue Service's (IRS's) fleet vehicle program operated by the Agency-Wide Shared Services (AWSS). We reviewed the AWSS fleet program as part of our recent inspection of the IRS's Vehicle Home-to-Work Programs.¹ The issues presented in this report are unique to the AWSS program and are not directly related to the home-to-work issues we previously reviewed; as such, we are reporting them separately.

Synopsis

During our review we found that monthly bills from the General Services Administration (GSA) were not always verified against receipts for repairs. We also found that justifications were not always prepared as required to substantiate the need for vehicles used less than the minimum miles recommended by GSA. In addition, the requirement for certification of a valid driver's license is not included in AWSS guidance, as required by the Department of the Treasury.

Recommendations

We recommend that the Director, Real Estate and Facilities Management (REFM), ensure that justifications are provided for vehicles used for fewer miles than recommended in GSA's guidelines; and that the Internal Revenue Manual is revised to require drivers to certify that they are properly licensed to drive AWSS fleet vehicles.

¹ *Inspection of the Internal Revenue Service's Home-to-Work Programs* (# IE-10-018).



*Inspection of the Agency-Wide Shared Services
Fleet Program*

Response

IRS management provided an adequate, detailed response to our memorandum, and agreed with our recommendations. The AWSS fleet program manager will request that REFM territory managers ensure that the business units provide appropriate written justifications for vehicles driven less than GSA's mileage requirement. REFM will require each driver to self-certify that they possess a valid driver's license on the mileage log. The AWSS vehicle coordinators will review logs monthly. Management's complete response to the memorandum is included in Appendix IV.

Please contact me at (202) 927-7048 if you have any questions, or Kevin P. Riley, Director, Office of Inspections and Evaluations at (972) 249-8355.



*Inspection of the Agency-Wide Shared Services
Fleet Program*

Table of Contents

BackgroundPage 1

Results of ReviewPage 2

 Agency-Wide Shared Services Could Improve Oversight of the Fleet
 Program.....Page 2

Recommendations 1 and 2:Page 6

Appendices

 Appendix I – Detailed Objective, Scope, and MethodologyPage 7

 Appendix II – Major Contributors to This ReportPage 8

 Appendix III – Report Distribution ListPage 9

 Appendix IV – Management’s Response to the Draft ReportPage 10



*Inspection of the Agency-Wide Shared Services
Fleet Program*

Abbreviations

AWSS	Agency-Wide Shared Services
FY	Fiscal Year
GSA	General Services Administration
IRS	Internal Revenue Service



Inspection of the Agency-Wide Shared Services Fleet Program

Background

We reviewed the Agency-Wide Shared Services (AWSS) fleet program as part of our recent inspection of the Internal Revenue Service's (IRS's) Vehicle Home-to-Work Programs.¹ The AWSS oversees the IRS fleet program for vehicles other than those in Criminal Investigation or the Small Business/Self-Employed Division's Fuel Compliance Program. At the close of Fiscal Year (FY) 2010, AWSS had 322 vehicles available for official use through a lease agreement with the General Services Administration (GSA).

For each vehicle, GSA bills the IRS for a monthly lease amount plus a fixed cost per mile (depending on the vehicle type), and for repairs that are not considered normal wear and tear. Each month, AWSS reports the ending mileage for each vehicle to GSA for billing and maintenance purposes. AWSS does this online through the GSA *Fleet Drive-Thru* application, which captures data related to vehicle identification, acquisition, use, repairs and servicing, accident reporting, disposal, and financial management. The *Fleet Drive-Thru* application also provides analytical tools and query capabilities to support data analysis.

A credit card is provided for each vehicle so drivers can purchase fuel and pay for maintenance and repairs that cost up to \$100. Service is scheduled based on the vehicle's age, mileage, and maintenance history. GSA's Maintenance Control Center maintains complete computerized vehicle history records on GSA Fleet vehicles. Vehicle repairs totaling over \$100, or any tire and battery replacement, regardless of cost, must be authorized by the Maintenance Control Center. If the employee is involved in an accident or vehicle incident, GSA must be contacted.

This review was performed at the AWSS offices in Chicago, Illinois; New York, New York; and Philadelphia, Pennsylvania, in addition to various business unit sites in the New York, New York area during the period of September through December 2010. This review was performed in accordance with the Council of the Inspectors General for Integrity and Efficiency Quality Standards for Inspections. Detailed information on our objective, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II.

¹ *Inspection of the Internal Revenue Service's Home-to-Work Programs* (# IE-10-018).



Inspection of the Agency-Wide Shared Services Fleet Program

Results of Review

Agency-Wide Shared Services Could Improve Oversight of the Fleet Program

The AWSS's Real Estate and Facilities Management staff oversees the IRS fleet program for vehicles used by IRS employees other than special agents in the Criminal Investigation or the Small Business/Self-Employed Division's Fuel Compliance officers and agents. Real Estate and Facilities Management is also responsible for guidance provided in the Internal Revenue Manual² for Motor Vehicle Management and Occupational Safety and Health.

Recordkeeping improvements to provide assurance of proper billing are planned

Vehicles in the AWSS fleet are assigned to groups or functions in the business units. Individuals in the business units sign a mileage log for the day(s) they use the vehicles, and include their destination(s) and the mileage they incurred while using the vehicle. We noted that some mileage logs provided columns for expenses while others did not. Vehicle expenses are budgeted by and charged to the IRS business units that use the vehicles, such as Small Business/Self-Employed Collections, Modernization and Information Technology Services, and the Physical Security and Emergency Preparedness function within AWSS.

Contacts in those business units make certain that mileage logs are complete and that vehicles are properly maintained. These contacts send the monthly logs to designated vehicle coordinators in AWSS, who input the ending mileage for each vehicle in the *GSA Fleet Drive-Thru*. Mileage documentation can also be sent to GSA electronically when the employee uses the fleet charge card assigned to the vehicle and enters the mileage when purchasing fuel.

GSA bills the business units monthly using the Intra-Governmental Payment and Collection system. Budget analysts in the business units certify that the accounting information is correct, and forward the Intra-Governmental Payment and Collection bills to the appropriate vehicle coordinators in AWSS. Vehicle coordinators are required to certify that the billing is correct, which includes checking the billing against the records and reports, ensuring that the calculations based on mileage are accurate, and that services, including repairs for accidents, have been delivered appropriately. At one site we visited, the vehicle coordinator used receipts to determine that GSA charged the IRS twice for an expense in excess of \$1,700. However, we

² The Internal Revenue Manual provides the procedures, guidelines, policies, delegations of authority, and other instructional materials related to the administration and operation of the IRS to its employees.



Inspection of the Agency-Wide Shared Services Fleet Program

found that not all vehicle coordinators verified repair charges against the bills because they were unaware of tasks to be performed or did not have all the receipts. Without receipts, vehicle coordinators cannot effectively certify Intra-Governmental Payment and Collection bills or detect billing errors.

Additionally, the vehicle coordinators did not always notify the budget analysts in the business units of upcoming repair bills. Budget analysts ensure that expenses are funded and budgeted for based on the previous year. However, they do not know about actual expenses to be funded, which may exceed budgeted amounts, until they receive the Intra-Governmental Payment and Collection bill from GSA.

Vehicle coordinators attended training in August 2010, and are now expected to re-compute vehicle monthly charges based on mileage, and reconcile charges against receipts. They will also be given access to the Web Request Tracking System³ to verify that sufficient funding balances exist to satisfy bills. These procedures became effective on October 1, 2010, and should eliminate the possibility of paying duplicate or erroneous repair bills.

Justifications were not provided

The GSA utilization guidelines for fleet passenger vehicles are a minimum of 3,000 miles per quarter or 12,000 miles per year. According to GSA's *Guide to Federal Fleet Management*, a justification process should be implemented and enforced when utilization guidelines are not met. The IRS justification process is documented in the AWSS's *Motor Vehicle Program Desk Guide*.

According to the AWSS guidance, a business unit should provide an initial justification to the Territory Manager for each request for a new GSA motor vehicle and for retention for the following years. This justification must include the use of the vehicle, an explanation of the day-to-day activities of the vehicle, the number of miles expected to be driven each month, and the availability and approval of funds. The Territory Manager must complete an annual certification to justify the continued need for those vehicles in their specific area that were not driven approximately 1,000 miles per month or 12,000 miles per year. Figure 1 documents the average monthly mileage for AWSS fleet vehicles at the end of FY 2010.

³ The Web Request Tracking System is used to request approval for the funding of goods or services.



*Inspection of the Agency-Wide Shared Services
Fleet Program*

Figure 1: Average Monthly Mileage of AWSS Fleet Vehicles

Number of Vehicles by Average Monthly Mileage Category					
Mileage	0-249 ⁴	250-499	500-749	750-999	≥1,000
Number of Vehicles	56	51	71	72	72
Percentage of Total 322 ⁵	17%	16%	22%	22%	22%

Source: AWSS from GSA Fleet Drive-Thru as of the end of FY 2010.

Based on the figures above, nearly 78 percent of vehicles in the AWSS fleet nationwide required justifications, because the average monthly mileage did not exceed 1,000 miles per month. However, based on our findings, we question whether Territory Managers prepared justifications as required.

Specifically, at one site we visited, the manager advised us that one of the two vehicles assigned to the group had a dead battery and had not been driven in months. The combined mileage of both vehicles was less than 2,000 miles for the year. In fact, we found that for other than vehicles purchased in the last month of FY 2010, 23 of the 34 vehicles (68 percent) in this Territory⁶ were used an average of less than 250 miles per month. In October 2010, we requested annual justifications from the Real Estate and Facilities Management Logistics Management Chief for the Territory. The Chief had been in the position since February 2010 and was not able to provide certifications for previous years. Since that time, the Chief and his staff have been working to obtain current justifications, and based on their analysis of vehicle use, they plan to return three of 34 vehicles.

Accidents are declining

The AWSS provided data on accidents involving Government vehicles, available from the GSA Collision Repair Accident and System History website. We found that accidents declined by 57.4 percent from FY 2006 to FY 2010. The figure below documents the number of accidents reported from FY 2006 through FY 2010 and the steady decline in accidents over that period.

⁴ Nine of the 322 vehicles were purchased during the last month of FY 2010, eight of which showed an average below 250 miles.

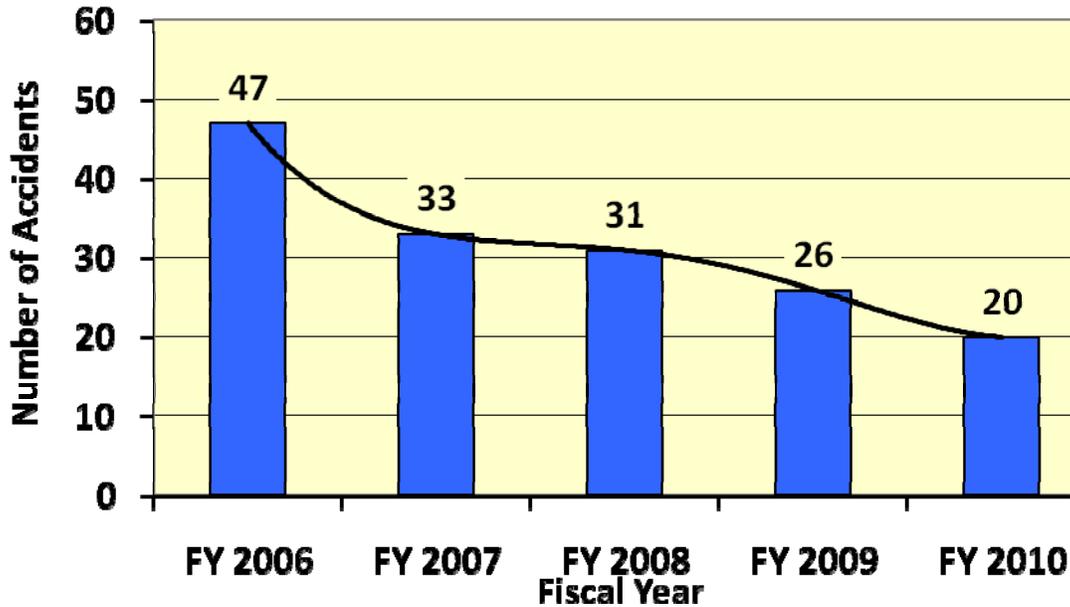
⁵ The total of percentages does not equal 100 percent due to rounding.

⁶ There are 14 Real Estate and Facilities Management Territories. We determined the Territory by the ZIP Code of the garaged address.



*Inspection of the Agency-Wide Shared Services
Fleet Program*

**Figure 2: Analysis of Accidents Involving AWSS
Vehicles**



Source: AWSS.

Guidance for driver licensing does not meet the Department of the Treasury's requirements

The IRS needs to take steps to ensure that all employees possess the appropriate driver's license for the Government vehicle being operated. The Motor Vehicle Management Internal Revenue Manual⁷ requires supervisors to ascertain whether employees who operate motor vehicles are properly licensed; however, the Internal Revenue Manual does not specify the need to obtain semi-annual self-certifications from drivers, as required by Treasury Directive 74-01, *Motor Vehicle Fleet Management*. While AWSS provides guidance for the use of Government vehicles and oversees the program, managers in the business units are responsible for ensuring that the requirements are met.

We found that only three of 11 groups we reviewed determined if drivers were properly licensed. At one site (Territory), employees certified that they held a valid state driver's license and that they would notify their supervisor if it was suspended or revoked. At two other groups we were told that managers ask to see the employee's driver's license. In the other eight groups, managers simply assumed their employees possessed the required state driver's license. Semi-

⁷ Internal Revenue Manual 1.14.7.2.6(1) (dated July 25, 2008).



Inspection of the Agency-Wide Shared Services Fleet Program

annual self-certifications would provide documentation for new managers and provide notification by employees whose licenses have been suspended or revoked.

Recommendations

We recommend that the Director, Real Estate and Facilities Management:

Recommendation 1: Ensure that annual certifications of vehicle justifications are prepared and evaluated for passenger vehicles driven fewer than 12,000 miles per year.

Management's Response: Management agreed with this recommendation. The AWSS fleet program manager will request that REFM territory managers ensure that business units provide appropriate written justifications for vehicles driven less than the GSA mileage requirement.

Recommendation 2: Revise the Motor Vehicle Management Internal Revenue Manual to require drivers to self-certify that they possess a valid state driver's license before they are permitted to use a fleet vehicle.

Management's Response: Management agreed with this recommendation. REFM will require each driver to self-certify that they possess a valid driver's license on the mileage log. The AWSS vehicle coordinators will review logs monthly.



*Inspection of the Agency-Wide Shared Services
Fleet Program*

Appendix I

Detailed Objective, Scope, and Methodology

We reviewed the AWSS fleet program as part of our recent inspection of the IRS Vehicle Home-to-Work Programs.¹ The overall objective of this AWSS inspection was to determine the adequacy of management controls and procedures for the organization's use of government-leased vehicles. To accomplish this we:

- I. Determined whether the use of the Government vehicles is being properly administered.
 - A. Interviewed the responsible executives to determine the management and internal controls developed to detect and prevent abuse of the transportation program.
 - B. Determined that GSA uses a computerized system, *Fleet Drive-Thru*, to monitor the use of AWSS leased vehicles.
 - C. Obtained a list of vehicles that have been involved in accidents.

¹ *Inspection of the Internal Revenue Service's Home-to-Work Programs (IE-10-018).*



*Inspection of the Agency-Wide Shared Services
Fleet Program*

Appendix II

Major Contributors to This Report

Kevin P. Riley, Director
James Douglas, Supervisory Evaluator
Michelle Griffin, Lead Program Analyst
Dolores Castoro, Senior Auditor
Mark Anderson, Program Analyst



*Inspection of the Agency-Wide Shared Services
Fleet Program*

Appendix III

Report Distribution List

Commissioner C
Office of the Commissioner – Attn: Chief of Staff C
Deputy Commissioner for Operations Support OS
Chief, Agency-Wide Shared Services OS:A
Chief Counsel CC
National Taxpayer Advocate TA
Director, Office of Legislative Affairs CL:LA
Director, Office of Program Evaluation and Risk Analysis RAS:O
Office of Internal Control OS:CFO:CPIC:IC
Audit Liaison:
 Agency-Wide Shared Services OS:A



*Inspection of the Agency-Wide Shared Services
Fleet Program*

Appendix IV

Management's Response to the Draft Report



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

April 22, 2011

MEMORANDUM FOR R. DAVID HOLMGREN
DEPUTY INSPECTOR GENERAL FOR INSPECTIONS AND
EVALUATIONS

FROM: David A. Grant 
Chief, Agency-Wide Shared Services

SUBJECT: Draft Inspection Report – Inspection of the Agency-Wide Shared
Services Fleet Program (IE-10-018)

Thank you for the opportunity to comment on the subject report. We agree with the recommendations and attached are our corrective actions.

We are pleased the Treasury Inspector General for Tax Administration, Office of Inspections and Evaluations recognized the work done by the AWSS fleet program to improve record-keeping and reduce the number of motor vehicle accidents.

We recognize there is potential for further improvement in our fleet program. We will work with our territory managers and relevant business unit supervisors to ensure that we meet the GSA requirement to provide written justifications to retain vehicles driven less than 12,000 miles per year. We will also revise the Motor Vehicle Management Internal Revenue Manual to document the requirement that drivers self-certify they possess a valid state driver's license before they use a fleet vehicle.

Thank you for your guidance in this effort. If you have any questions, please contact me at (202) 622-7500, or a member of your staff may contact J. Stuart Burns, Director, Real Estate and Facilities Management, at (202) 435-6300. For matters concerning evaluation follow-up, please contact Larry Pugh, Office of Strategy and Finance, Agency-Wide Shared Services, at (202) 622-4541.

Attachment



Inspection of the Agency-Wide Shared Services Fleet Program

RECOMMENDATION 1:

The Director, Real Estate and Facilities Management should ensure that annual certifications of vehicle justifications are prepared and evaluated for passenger vehicles driven fewer than 12,000 miles per year.

CORRECTIVE ACTION:

To ensure justifications are prepared, reviewed and documented for all vehicles driven less than 12,000 miles per year, the AWSS fleet program manager will issue an annual control to the REFM territory managers. The control will request that the territory managers ensure that the business units provide written justifications to the territory manager to retain vehicles not meeting the GSA mileage requirement.

IMPLEMENTATION DATE:

June 30, 2011 and annually thereafter.

RESPONSIBLE OFFICIAL:

Director, Real Estate and Facilities Management, Agency-Wide Shared Services

CORRECTIVE ACTION MONITORING PLAN:

The corrective action will be monitored via operational reviews.

RECOMMENDATION 2:

The Director, Real Estate and Facilities Management, should revise the Motor Vehicle Management Internal Revenue Manual to require that drivers self-certify they possess a valid state driver's license before they use a fleet vehicle.

CORRECTIVE ACTION:

REFM will revise the Motor Vehicle Internal Revenue Manual to state that employees who operate a government owned or leased vehicle must self-certify that they possess a valid driver's license on the vehicle mileage log. The vehicle mileage logs will be revised to provide for this self-certification. AWSS motor vehicle coordinators will review the logs monthly. This change will be communicated to all REFM territory managers, motor vehicle coordinators and relevant business unit supervisors.

IMPLEMENTATION DATES:

October 1, 2011

RESPONSIBLE OFFICIAL:

Director, Real Estate and Facilities Management, Agency-Wide Shared Services

CORRECTIVE ACTION MONITORING PLAN:

The corrective action will be monitored via operational reviews.