



U.S. Department of Energy  
Office of Inspector General  
Office of Audit Services

# Audit Report

## The Department's Utilization of Fleet Vehicles

DOE/IG-0728

May 2006




## Department of Energy

Washington, DC 20585

May 17, 2006

### MEMORANDUM FOR THE SECRETARY

FROM:

  
Gregory H. Friedman  
Inspector General

SUBJECT:

INFORMATION: Audit Report on "The Department's  
Utilization of Fleet Vehicles"

### BACKGROUND

The Department of Energy (Department) and its contractors maintain a fleet of about 14,000 light, medium, and heavy vehicles, at an annual cost of nearly \$100 million. These vehicles are either purchased or leased, and are to be used in support of the Department's programmatic missions. The Department has established overall utilization standards for each class of vehicle. However, Departmental field organizations are permitted to adopt local use standards based on factors such as geographical conditions and special operating requirements. Many field activities have exercised this option and have adopted a range of unique usage standards.

The Office of Inspector General has addressed fleet utilization in several prior audits. Our audit on *Richland Operations Office Fleet Management* (WR-B-01-01, January 2001), found that a significant percentage of the vehicles reviewed were underutilized. Since that time, internal National Nuclear Security Administration (NNSA) studies have demonstrated that problems with underutilization continue to exist at the Department. Because of continuing concerns in this area and the potential for savings in Departmental operating costs, we initiated this audit to determine whether the Department was effectively managing its fleet vehicles.

### RESULTS OF AUDIT

Our review revealed a number of opportunities to improve the efficiency of Department fleet vehicle management. Based on a statistical test of Fiscal Year (FY) 2004 and 2005 utilization and operational information for 1,700 vehicles from 18 separate field organizations, we found that:

- About 28 percent of the vehicles were underutilized;
- Rates of underutilization varied between sites, with the two highest being Lawrence Berkeley National Laboratory at 62 percent and the Oak Ridge Reservation at 34 percent; and,
- Across the locations we tested, 69 vehicles were virtually unused, traveling less than 1000 miles each during FY 2004.



Problems with fleet vehicle management occurred, in large part, because:

- Fleet managers seldom took action to reassign, dispose of, or seek Federal approval to retain underutilized vehicles, despite specific requirements to do so;
- Certain contractors were permitted to purchase and utilize alternative vehicles such as small motorized carts, trucks and vans not licensed for use on public roads to perform cargo and passenger carrying tasks without making a corresponding reduction in fleet vehicles; and,
- Federal fleet managers did not require their local counterparts to provide detailed fleet utilization statistics - information that would have permitted the identification of underutilized assets.

Despite its pressing budget situation, the Department was expending funds on the acquisition, maintenance and management of fleet vehicles that may not be essential for mission accomplishment. While an immediate disposal of all underutilized vehicles may not be practical due to logistical constraints, we concluded that significant savings in fleet management are possible. For example, at the sites tested, if the contractors disposed of only those vehicles whose utilization rates were less than 50 percent of the local use standard, savings of \$2.9 million per year are possible. Projected to the entire Department of Energy fleet, using the same assumptions, savings of as much as \$9.1 million per year are possible. Without prompt action to address fleet management issues, the Department is likely to continue its wasteful practice of expending funds that could be redirected to higher priority, mission critical activities.

We noted that, to its credit, the NNSA initiated a comprehensive complex-wide inventory of fleet vehicles in August 2005. This inventory, augmented by internal reviews by the Albuquerque Service Center identified underutilization at many locations. While these and other actions were good first steps, our findings demonstrate that more remains to be done to improve the Department's utilization of fleet vehicles. Therefore, we made several recommendations designed to improve the Department's management of fleet vehicles and to help resolve the particular issues identified in this report.

#### MANAGEMENT REACTION

Management concurred with our recommendation and generally agreed with our findings. Management identified a number of positive actions taken since we completed our field work and agreed to take steps to improve the utilization of fleet vehicles in the future. Management's verbatim comments are included in Appendix 4 and specific comments are addressed in the body of our report.

Attachment

cc: Deputy Secretary  
Administrator, National Nuclear Security Administration  
Chief of Staff  
Assistant Secretary for Environmental Management  
Principal Deputy Director, Office of Civilian Radioactive Waste Management  
Director, Office of Management  
Director, Office of Science  
Director, Office of Procurement and Assistance Management  
Director, Policy and Internal Controls Management

# **REPORT ON THE DEPARTMENT'S UTILIZATION OF FLEET VEHICLES**

## **TABLE OF CONTENTS**

### **Fleet Vehicle Utilization**

Details of Finding .....	1
Recommendations and Comments .....	6

### **Appendices**

1. Objective, Scope, and Methodology .....	9
2. Detailed Site Results .....	11
3. Prior Reports .....	12
4. Management Comments .....	13

## FLEET VEHICLE UTILIZATION

---

### Fleet Management Requirements and Utilization

The Department of Energy's (Department) Property Management Regulations require fleets of vehicles to be kept at the minimum necessary to meet programmatic needs. To that end, they require that organizations establish controls to help ensure the most economical utilization of vehicles. While fleet managers are allowed to establish local utilization standards that are less than those specified by the Department, they are also required to maintain utilization records, review utilization at least annually and identify all vehicles failing to meet local use objectives. Once underused vehicles are identified, fleet managers must take prompt action to reassign them to higher use areas, dispose of them, or justify the continued need for the vehicles. All requests to retain underutilized vehicles must be approved by the Department. Despite these requirements, we found that a significant percentage of the Department's fleet vehicles were underutilized.

#### Underutilized Vehicles

Our review disclosed that fleet managers at the sites we reviewed were not always adequately managing fleet vehicles. Based on our comparison of local use standards – all of which were significantly lower than Department standards, we determined that many of the fleet vehicles maintained by 18 separate organizations were underused. Specifically, we discovered that, on average, about 28 percent of the over 1,700 vehicles in our sample did not meet local use standards for Fiscal Years (FY) 2004 and 2005.

The extent of underutilization during FYs 2004 and 2005 at the sites we visited, more fully described in Appendix 2, is illustrated by the following table:

Location Visited	Vehicles Tested	Average # Underutilized	Average % Underutilized
Lawrence Berkeley National Laboratory	122	76	62%
Oak Ridge Reservation	644	216	34%
Richland	487	114	23%
Nevada	191	48	25%
Yucca Mountain	75	13	17%
Lawrence Livermore National Laboratory	198	13	7%
<b>Total</b>	<b>1,717</b>	<b>480</b>	<b>28%</b>

---

Underutilization rates varied between sites and organizations and in some instances were particularly severe. For example, at Lawrence Berkeley National Laboratory (Berkeley) we noted that about 27 percent of the vehicles we reviewed were driven less than half the miles necessary to meet local use standards in FY 2004. About 10 percent of the vehicles reviewed at the Oak Ridge Reservation (Oak Ridge) fell into that same category. We also identified 69 vehicles scattered across organizations that went virtually unused, traveling less than 1000 miles during FY 2004 – 19 of which were driven less than 500 miles.

#### Utilization Standards and Recordkeeping

While underutilization rates at Lawrence Livermore National Laboratory (Livermore) were the lowest of the sites we visited, we identified standards and recordkeeping issues that most likely skewed the results of our testing. Specifically, we noted that utilization of most vehicles at the site was measured in either hours or trips. However, Livermore's method of recording hours and trips did not appear to reflect actual use. For those vehicles with an hour-based utilization standard, officials told us that utilization was recorded based on the time the vehicle was not parked in its assigned space. Hour reports indicated that the majority of these vehicles were used the same number of hours each month but did not show where they were used or for what purpose. We also noted several instances where a vehicle recorded a significant number of hours of use with no change in the odometer readings from the prior month. For example, use records for one particular vehicle noted that it had been used for 160 hours in February 2004; however, no mileage was incurred as a result of the "use."

Furthermore, Livermore does not keep detailed trip records as required by the Department's Property Management Regulations for many of their fleet vehicles. Even though they employ a standard of 9.2 trips per day, they do not maintain "by trip" records. Instead, their electronic recordkeeping system records mileage and assumes that 0.8 mile is equal to one trip. As we noted in our previous report, *Vehicle Use at Lawrence Livermore National Laboratory* (WR-B-00-07, September 2000), it was found that one vehicle was used for a trip to Walnut Creek, California, a round trip of 62 miles. Using

---

Livermore's mileage-to-trips method for reporting vehicle use made this one trip count as 77 trips. Thus, vehicles could be used and standards met with only one or two days of operation per month.

## **Fleet Management**

We noted several issues that adversely affected the management of fleet vehicles across the complex. Even though specifically required by the Department's Property Management Regulations, our review disclosed that fleet managers seldom took action to reassign, dispose of, or seek Federal approval to retain underutilized vehicles. We also noted that fleet utilization rates may have declined at certain contractors because they were permitted to acquire and use small motorized carts, trucks and vans not licensed for use on public roads to perform cargo and passenger carrying tasks without making a corresponding reduction in fleet vehicles. Finally, we observed that Federal Fleet Managers did not require detailed vehicle utilization reports to be submitted. Such information could have allowed them to identify and correct underutilization.

### Reassignment or Disposition of Vehicles

Despite high underutilization rates, fleet managers at the majority of the sites did not always take steps to identify vehicles failing to meet their local use objectives, and either reassign them to higher use areas or dispose of them. During our review we noted that fleet managers had ample opportunity to identify underutilized vehicles. For example, organizations that leased vehicles through the General Services Administration are required to submit mileage information monthly for billing purposes. In spite of detailed knowledge regarding use, organizations seldom took the next step to reassign or dispose of underused vehicles. After being notified of the results of our test work, fleet managers at Oak Ridge and Richland indicated that action either had been or would be taken on a number of those vehicles we identified as being underutilized.

In addition to a lack of affirmative management action within organizations, we found that virtually all of the vehicles we identified as being underutilized were retained without required Federal approval. Although specifically required by the Department's Property Management Regulations, organizations did not prepare or submit



---

written justifications documenting the continued need for underused vehicles. None of the organizations we reviewed were able to supply us with documentation to support the justification and approval by the Department to retain vehicles we identified as underused. While one site provided us with justifications for many of their underutilized vehicles, the justifications were dated after our test work and, according to a Federal official, had never been provided to or approved by the Department.

While some fleet managers told us that they attempted to take action to improve utilization rates, they were ultimately unsuccessful. For example, fleet managers at some Richland sites told us that they reviewed vehicle utilization each quarter. When they found underutilization in two consecutive quarters, they indicated that they notified users that their vehicles were underutilized. However, our analysis demonstrated that they were not successful in increasing vehicle utilization for many of their underutilized vehicles. A former contractor fleet manager at Oak Ridge also indicated that attempts to reassign several underused vehicles were unsuccessful.

#### Other Vehicles

We also noted that the Federal Fleet Managers allowed sites to purchase at least 488 additional "other" vehicles which can be used in place of a fleet vehicle for certain applications. For example, at Oak Ridge, Bechtel Jacobs currently maintains 169 "utility vehicles," some of which are Tiger trucks and vans for carrying passengers and cargo. These vehicles are similar in appearance to conventional vans and trucks, but are smaller and are not licensed for use on public roads. One organization we reviewed told us that they purchased these vehicles for a variety of reasons, including meeting fuel economy goals. We found, however, that organizations did not evaluate the impact of these vehicles on fleet utilization and did not reduce their fleet vehicles to account for the additional capacity provided by them.

#### Fleet Utilization Reports

Federal Fleet Managers did not take action to obtain sufficiently detailed information on vehicle usage to permit them to effectively monitor fleet management. Currently,

---

fleet managers are required to submit Agency Reports of Motor Vehicle Data that show the total number of miles driven by vehicle class – data that permits reviewers to determine only the average use of all vehicles in the fleet. Absent utilization information on each vehicle, Federal Fleet Managers lacked the tools necessary to permit them to identify vehicles that should have been reassigned, disposed of, or justified for retention. The Federal Fleet Manager at Oak Ridge acknowledged that receiving information on individual vehicle utilization from each site would be beneficial. He also told us that he could not compel such information because the Department does not currently require it. However, according to the Headquarters Director of Personal Property Division, existing contract clauses permit Federal Fleet Managers to request any report they deem necessary to properly monitor the contractors.

Problems with evaluating fleet use based only on average use statistics is readily demonstrated by issues we encountered when performing our testing at Berkeley. For example, Berkeley's local use standard is based on an average for the entire fleet rather than on an individual vehicle use. Use data for shuttle buses that were in constant use and traveled a significant number of miles were combined with information on other fleet vehicles – a practice that permitted the organization to meet usage standards even though a significant number of individual vehicles were underused. A Berkeley official stated that the site's standard was established in coordination with a Federal property manager. We noted, however, that a May 2001 memorandum from Headquarters Procurement required that local use objectives be established on a per vehicle basis and not as an average. Despite that direction, Berkeley continued to employ average usage standards.

## **Fleet Efficiency**

If the Department is unable to ensure that fleet vehicles are being utilized in an efficient manner, then there is a risk that constrained funds will be spent on unnecessary costs. A memo from the Oak Ridge National Laboratory Director, Facilities and Operations Directorate, acknowledged that "underutilized vehicles tax site resources because they require the same level of scheduled maintenance, tracking, and reporting as fully utilized vehicles." Thus, there are potential savings associated with the cost of operating underutilized and unnecessary vehicles. For example, were

---

contractors to dispose of only those vehicles whose utilization rates were less than 50 percent of the local use standard and appropriately reassign or justify retention of the remainder of underutilized vehicles, savings of \$2.9 million per year are possible for just the sites and contractors we tested. If the results of our statistical sample were projected to the entire fleet using the same assumptions outlined above, savings of as much as \$9.1 million per year might be possible. There is also the potential that underutilized vehicles may be replaced in the future even though, as evidenced by their underutilization, they may be unnecessary. Additionally, the Department has paid the cost of purchasing the "other" vehicles, some of which currently sell for almost \$15,000 each. These vehicles may be unnecessary if they serve the same purpose as the site's fleet vehicles and the fleet vehicles are not sufficiently utilized.

## **RECOMMENDATIONS**

To address the issues identified in this report, we recommend that the Administrator, National Nuclear Security Administration; the Assistant Secretary for Environmental Management; the Director, Office of Science; and the Director, Office of Civilian Radioactive Waste Management require:

1. Federal Fleet Managers to ensure that:
  - a) Sites comply with existing requirements to reassign or dispose of underutilized vehicles, or obtain Departmental approval to retain them in accordance with existing requirements; and,
  - b) Complete utilization records are maintained which accurately record utilization of each vehicle based on the current standards in place, and that such records are retained for a reasonable period of time.
2. Site fleet managers to:
  - a) Identify each underutilized vehicle in their fleets and submit adequately detailed vehicle utilization reports to Federal Fleet Managers at least annually; and,

- 
- b) Either reduce their fleets to account for the increased capacity provided by the purchase of "other" vehicles or justify the need for the additional capacity.

**MANAGEMENT  
REACTION AND  
AUDITOR COMMENTS**

Management concurred with our recommendations and generally agreed with our findings. Management's comments are responsive to our recommendations and its actions, when fully implemented, should improve the Department's utilization of fleet vehicles. With the exception of the Office of Science, management comments, in their entirety, are included in Appendix 4. Office of Science comments included detailed management assertions about specific statements in the report which are addressed below.

We are encouraged by the actions taken since the completion of our field work including:

- (1) The Office of Civilian Radioactive Waste Management reduced its fleet by 19 vehicles in FY 2005;
- (2) Oak Ridge is working vigorously to improve vehicle rotation and has required that reviews be done on a semi-annual basis;
- (3) BWXT Y-12 has identified a number of vehicles that are excess to their needs, is taking action to reduce their fleet and is more consistently using trip logs; and,
- (4) Oak Ridge National Laboratory had turned in six vehicles due to underutilization.

Management Comment:

The Office of Science, through its Oak Ridge office, acknowledged its fleet was underutilized but believed that after considering seasonal adjustments and other usage statistics, the site's underutilization amounted to 26 percent rather than the 34 percent we reported. Management indicated our report contained errors regarding statements attributed to a former fleet manager, the number of other vehicles in use at a particular contractor, and the

---

requirement or ability of contractors to provide Federal Fleet Managers with detailed vehicle utilization reports. Finally, Oak Ridge management stated that limited utilization data on "new" vehicles could have skewed our results and that it would not, as the report suggests, permit the replacement of underutilized vehicles with new models.

Auditor Response:

Because Oak Ridge's analysis of utilization was based on data not available to us at the time of the audit, we cannot validate it. We are encouraged, however, that the site has acknowledged underutilization and is taking action to address the issue. With regard to management's statement on reporting errors, we re-confirmed information in our report and adjusted the number of other vehicles in use from 150 to 169 to reflect current data. We also modified our report and clarified that the fleet manager quoted in our report was a contractor employee. Our point with regard to detailed vehicle utilization reports was that the Department's property management regulation did not require the submission of such information and fleet managers did not regularly request it.

Our review at Oak Ridge did include some new vehicles that were received as replacements. To account for the fact that the vehicles were new and to help eliminate sample evaluation bias, we pro-rated the local utilization standard to reflect the amount of time which they were in service. However, most of the vehicles we tested at Oak Ridge had been in use for a significant period of time. Additionally, our statement regarding underutilized vehicles being replaced was meant to provide a general statement of potential harm that could apply to any site; not to Oak Ridge in particular.

## **Appendix 1**

---

### **OBJECTIVE**

To determine whether the Department was effectively managing its fleet vehicles.

### **SCOPE**

The audit was performed between April 2005 and May 2006. We assessed vehicle utilization at the Nevada Site Office, the Nevada Test Site, Yucca Mountain; Lawrence Livermore National Laboratory, and Lawrence Berkeley National Laboratory, CA. We also assessed utilization at Oak Ridge, TN, for each of the eight prime contractors (including Bechtel Jacobs Corp., BWXT Y-12, East Tennessee Mechanical Contractors, Oak Ridge Associated Universities, Oak Ridge National Laboratory, Oak Ridge Office, Office of Scientific and Technical Information, and Wackenhut). Additionally, at Richland, Washington, we assessed utilization at each of the five prime contractors (including CH2M Hill, Bechtel Hanford, Inc., Bechtel National, Inc., Fluor Hanford, Inc., and Pacific Northwest National Laboratory). The universe of our audit samples consisted of those vehicles active at the time of our visit and excluded all special purpose vehicles and those vehicles not subject to utilization standards.

### **METHODOLOGY**

To accomplish our audit objective, we:

- Reviewed applicable laws and regulations pertaining to the utilization of fleet vehicles;
- Reviewed prior reports issued by the Office of Inspector General;
- Requested lists of all vehicles active as of the date of our site visit from each prime contractor at the sites visited;
- Used the U.S. Army Audit Agency Statistical Sampling Software to randomly select a sample of vehicles to review at each site using the following parameters: confidence level – 95 percent, precision rate – 5.0, and expected error rate – 20 percent;
- Reviewed applicable local utilization standards that were in place;

- Reviewed supporting documentation for our samples of vehicles reviewed;
- Interviewed site fleet managers to gain an understanding of roles, responsibilities and procedures for determining the utilization of fleet vehicles;
- Evaluated the Department's implementation of the Government Performance and Results Act of 1993 related to the utilization of fleet vehicles;
- Calculated the average number of underutilized vehicles by adding the number of underutilized vehicles in FY 2004 and the number in FY 2005 and dividing by two;
- Calculated the average percentage of underutilized vehicles by dividing the average number of underutilized vehicles by the number of vehicles in our sample; and,
- Calculated the estimated potential savings at each site by multiplying the average total cost associated with operating the fleet by the average percentage of vehicles driven less than 50 percent of the local use standard.

The audit was conducted in accordance with generally accepted Government auditing standards for performance audits and included tests of internal controls and compliance with laws and regulations to the extent necessary to satisfy the audit objective. Because our review was limited, it would not necessarily have disclosed all internal control deficiencies that may have existed at the time of our audit. We also assessed performance measures in accordance with the *Government Performance and Results Act of 1993* regarding the utilization of fleet vehicles. We found that the sites visited had established measures specific to the utilization of fleet vehicles. We relied on computer-processed data to accomplish our audit objective. We performed limited test work of data reliability during our audit and determined that we could rely on the computer-processed data. An exit conference was held with representatives from the Office of Science, and the Office of Civilian Radioactive Waste Management at Headquarters on May 10, 2006.

## Appendix 2

---

### DETAILED RESULTS

The table below details the data analysis results at each site visited:

Location/Site	Vehicles Tested	Underused FY 2004	Estimated FY 2005 Underused	Average Number Underused	Average Percent Underused
Lawrence Berkeley	122	68	85	76	62%
Oak Ridge					
ORNL	165	95	81	88	53%
BWXT, Y-12	152	42	25	33	22%
Bechtel Jacobs	139	60	55	57	41%
Oak Ridge Office	78	15	7	11	14%
Wackenhut – NNSA	42	12	11	11	26%
ORISE	21	1	9	5	24%
ETMC	25	7	5	6	24%
Wackenhut – DOE	15	4	1	2	13%
OSTI	7	1	1	1	14%
Richland					
Fluor Hanford	178	35	40	37	21%
CH2M Hill	88	22	30	26	30%
Bechtel National	72	18	32	25	35%
PNNL	81	11	13	12	15%
Bechtel Hanford	68	11	17	14	21%
Nevada	191	39	57	48	25%
Yucca Mountain	75	15	12	13	17%
Lawrence Livermore	198	9	17	13	7%
<b>Total</b>	<b>1,717</b>	<b>465</b>	<b>498</b>	<b>481</b>	<b>28%</b>



### PRIOR REPORTS

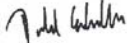
- *Richland Operations Office Fleet Management* (WR-B-01-01, January 2001). The audit identified that 85 percent of the vehicles were used less than Department of Energy (Department) mileage standards and 27 percent of the vehicles were used less than the local mileage standards. This audit concluded that Richland had too many fleet vehicles and could save approximately \$1.7 million annually if they reduced their fleet by 559 vehicles. The audit recommended that Richland measure vehicle use against Department standards.
- *Vehicle Use at Lawrence Livermore National Laboratory* (WR-B-00-07, September 2000). The audit identified that the allotment of 516 on-site discretionary vehicles at Livermore site was too large. The audit concluded that Livermore could reduce the on-site discretionary vehicles by 363 to meet its established usage standard. This could reduce its vehicle lease costs by at least \$690,000 per year by returning vehicles that did not meet the local use standards. Therefore, the audit recommended that vehicles not meeting the use standards be returned to GSA. It also recommended changes to the methodology for measuring vehicle use.
- *Vehicle Fleet Management at the Idaho National Engineering and Environmental Laboratory* (WR-B-99-02, March 1999). The audit identified that 45 percent of the light vehicles (excluding special purpose vehicles) were used significantly less than the mileage standards. As a result, the audit concluded that the light vehicle fleet was still larger than necessary. This finding was disturbing in light of Idaho and Department Headquarters agreement with prior recommendations. The report recommended that Idaho annually review individual vehicle use against mileage standards and promptly dispose of or reassign vehicles not meeting the standards. It also recommended that the Idaho Deputy Manager be provided a vehicle assignment report for review and approval.
- *Audit of Light Vehicle Fleet Management in the Department of Energy* (DOE/IG-0362, December 1994). The report identified that about 46 percent of the vehicles reviewed did not meet the Department operations offices' established local use standards, which were substantially below suggested Department guidelines. The audit estimated that a reduction of 10 percent would result in potential savings of approximately \$7 million in vehicle acquisition costs and \$3 million annually through reduced operating and maintenance costs. This audit also disclosed that some Department-owned fleets could be operated more economically by leasing the vehicles from GSA.



**Department of Energy**  
Washington, DC 20585

APR 07 2006

MEMORANDUM FOR RICKEY R. HASS  
ASSISTANT INSPECTOR GENERAL

FROM: DONALD R. ERBSCHLOE   
ACTING CHIEF OPERATING OFFICER

SUBJECT: Office of Science Comments on IG Draft Report, "The Department's Utilization of Fleet Vehicles"

In response to your March 16, 2006, memo, the Office of Science (SC) has reviewed the subject draft report and concurs with the recommendations. Our response to the recommendations and detailed comments on the report from the Oak Ridge Office and the Pacific Northwest Site Office are attached.

As the Acting Chief Operating Officer, once the report is issued, I will direct each of our Site Office Managers and Field Office Managers for Chicago and Oak Ridge to implement the recommendations contained in the report for Federal and Laboratory Fleet Managers under their purview.

The assessment of contractor fleet utilization will be included as part of our Federal oversight role and, as appropriate, fee based contract performance measures will be developed by our Site Offices under our Performance Evaluation Management Plan (PEMP) process which includes annual reviews of performance. Site Office and Field Office Managers will ensure that the management of our Federal fleet is in compliance with 41 CFR 109-38 and other appropriate requirements.

If you have any questions, please contact John Alleva at either 202-586-6834 or 301-903-3064. Thank you for the opportunity to comment on this draft report.

Attachment

cc:  
M. Gunn, Manager, Chicago Office  
G. Boyd, Manager, Oak Ridge Office  
G. Malosh, Deputy Manager for Laboratory Operations, Oak Ridge Office  
A. Richards, Manager, Berkeley Site Office  
P. Kruger, Pacific Northwest Site Office  
J. Miller, Oak Ridge Office  
P. Sibal, Berkeley Site Office  
J. Cramer, Chicago Office  
R. Michael Angulo, Pacific Northwest Site Office




Department of Energy  
National Nuclear Security Administration  
Washington, DC 20585



APR 10 2006

MEMORANDUM FOR Rickey R. Hass  
Assistant Inspector General  
for Financial, Technology and Corporate Audits

FROM: Michael C. Kane   
Associate Administrator  
for Management and Administration

SUBJECT: Comments to Draft Report on Fleet Vehicle  
Utilization; A05FF009/2005-10374

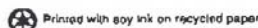
The National Nuclear Security Administration (NNSA) appreciates the opportunity to have reviewed the Inspector General's (IG) draft report, "The Department's Utilization of Fleet Vehicles." We understand that, because of continuing concerns in this audit area and because of the potential for savings, the IG wanted to determine whether the Department was effectively managing its fleet vehicles.

The management of NNSA's vehicle fleet is an item of specific interest to NNSA's senior management. We have only recently completed a comprehensive inventory of assets and, in part because of this audit, we are querying each site office as to the utilization factors that are being applied at their respective sites. This information will be portrayed along with the inventory data and local policies and procedures that exist for dealing with underutilization at each respective site. All data will be analyzed and discussed at the NNSA Vehicle Fleet Workshop and the Property Council meetings the week of April 10.

NNSA will monitor the appropriate reduction or increased vehicle capacity based on each site's approved utilization standard and a review of the information contained in the vehicles' approved recording keeping system. We believe that these actions, as they are implemented, will address the intent of the IG's recommendations.

Should you have any questions regarding this response, please contact Richard Speidel, Director, Policy and Internal Controls Management.

cc: Robert Braden, Senior Procurement Executive  
Karen Boardman, Director, Service Center





Department of Energy

Washington, DC 20585

APR 20 2006

MEMORANDUM FOR RICKEY R. HASS  
ASSISTANT INSPECTOR GENERAL FOR  
FINANCIAL, TECHNOLOGY AND CORPORATE AUDITS  
OFFICE OF INSPECTOR GENERAL

FROM: DR. INÉS R. TRIAY *Inés Triay*  
CHIEF OPERATING OFFICER FOR  
ENVIRONMENTAL MANAGEMENT

SUBJECT: The Office of Inspector General's Draft Audit Report Entitled  
"The Department's Utilization of Fleet Vehicles"

This is in response to the draft audit report entitled "The Department's Utilization of Fleet Vehicles" which we received on March 16, 2006. Thank you for the opportunity to comment on the subject draft report. The Office of Environmental Management (EM) confined its review to the sites where we have landlord responsibility, the Richland Operations Office (RL) and the Office of River Protection (ORP). EM concurs with the recommendations provided in your draft audit report and has initiated actions to address the issues of concern. Specific comments regarding the recommendations are presented below.

RECOMMENDATION 1 (a) - CONCUR - RL corrective actions will include:

- \* RL site contractors will submit documentation supporting retention of currently identified underutilized vehicle(s).
- \* RL and RL site contractors will commence an effort to review and define: (i) Hanford's local usage standards; and (ii) "General and Special Purpose" vehicles at Hanford.
- \* RL and RL site contractors will implement any subsequent changes.

The expected completion date for these actions is June 30, 2006.

RECOMMENDATION 1 (b) - CONCUR - RL will continue working with RL site contractors to track individual vehicle mileage and compare it to the revised local standards. Reassignments and rotations of vehicles between high and low mileage assignment situations, where practicable, will be completed, in order to maintain the fleet in the best overall replacement age, mileage balance, and operating economy as prescribed by 41CFR109-38.5102.d. RL will ensure that utilization records are maintained and retained for a reasonable period of time.



Printed with soy ink on recycled paper

RECOMMENDATION 2 (a) - CONCUR- RL will continue to monitor vehicle utilizations of all contractors to assure the revised standards are being met and adjust allocations accordingly. RL site contractors will also continue to monitor vehicle utilization in their fleets and submit adequately detailed vehicle utilization reports to Federal Fleet managers at least annually.

RECOMMENDATION 2 (b) - CONCUR - RL will continue to monitor the purchase of "other" vehicles to assure existing requirements are being met. Site fleet managers will be required to submit justification for the purchase of "other" vehicles or justify the need for the additional capacity.

ORP also concurs with these recommendations and has begun the process of hiring a Property Officer to institute parallel actions such as outlined for RL.

If you have any questions, please call me at (202) 586-7709 or Mr. Mark Gilbertson, Deputy Assistant Secretary for Environmental Cleanup and Acceleration, at (202) 586-0755.

cc: J. Rispoli, EM-1  
K. Klein, RL  
R. Schepens, ORP




**Department of Energy**

Washington, DC 20585

QA: N/A

April 12, 2006

MEMORANDUM FOR RICKEY R. HASS  
ASSISTANT INSPECTOR GENERAL  
FINANCIAL, TECHNOLOGY AND CORPORATE AUDITS  
OFFICE OF AUDIT SERVICES  
OFFICE OF INSPECTOR GENERAL

FROM: PAUL M. GOLAN, ACTING DIRECTOR  
OFFICE OF CIVILIAN RADIOACTIVE  
WASTE MANAGEMENT 

SUBJECT: Comments on Inspector General Draft Audit Report on  
"The Department's Utilization of Fleet Vehicles"

The purpose of this memorandum is to provide the Office of Civilian Radioactive Waste Management's (OCRWM) concurrence with the recommendations identified in the draft subject report. We have attached our corrective action plan for ensuring better documentation of our fleet decisions in the future.

While OCRWM agrees that a number of fleet vehicles identified within this report are underutilized, we reduced our fleet by 19 vehicles, or approximately 15 percent, in FY 2005.

We appreciate the opportunity to comment on this draft report. If you have questions on this response, please contact Scott A. Wade of my staff at 702-794-5459.

Attachment



Printed with soy ink on recycled paper

## CUSTOMER RESPONSE FORM

The Office of Inspector General has a continuing interest in improving the usefulness of its products. We wish to make our reports as responsive as possible to our customers' requirements, and, therefore, ask that you consider sharing your thoughts with us. On the back of this form, you may suggest improvements to enhance the effectiveness of future reports. Please include answers to the following questions if they are applicable to you:

1. What additional background information about the selection, scheduling, scope, or procedures of the inspection would have been helpful to the reader in understanding this report?
2. What additional information related to findings and recommendations could have been included in the report to assist management in implementing corrective actions?
3. What format, stylistic, or organizational changes might have made this report's overall message more clear to the reader?
4. What additional actions could the Office of Inspector General have taken on the issues discussed in this report which would have been helpful?
5. Please include your name and telephone number so that we may contact you should we have any questions about your comments.

Name \_\_\_\_\_ Date \_\_\_\_\_

Telephone \_\_\_\_\_ Organization \_\_\_\_\_

When you have completed this form, you may telefax it to the Office of Inspector General at (202) 586-0948, or you may mail it to:

Office of Inspector General (IG-1)  
Department of Energy  
Washington, DC 20585

ATTN: Customer Relations

If you wish to discuss this report or your comments with a staff member of the Office of Inspector General, please contact Judy Garland-Smith (202) 586-7828.

The Office of Inspector General wants to make the distribution of its reports as customer friendly and cost effective as possible. Therefore, this report will be available electronically through the Internet at the following address:

U.S. Department of Energy Office of Inspector General Home Page  
<http://www.ig.doe.gov>

Your comments would be appreciated and can be provided on the Customer Response Form.