PRESIDENT'S COUNCIL ON INTEGRITY AND EFFICIENCY COMBINED REPORT ON THE FEDERAL CIVILIAN AGENCIES' AIRCRAFT MANAGEMENT PROGRAMS

REPORT NUMBER A43006/O/W/F97011

DECEMBER 16, 1996

President's Council on Integrity and Efficiency
Combined Report on the Federal Civilian Agencies' Aircraft Management Programs
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APPENDIX

Date: December 16, 1996

Reply to
Attn of: Assistant Inspector General for Auditing (JA)

Subject: President's Council on Integrity and Efficiency Combined Report on the Federal Civilian Agencies' Aircraft Management Programs
Report Number A43006/O/W/F97011

To: Acting Administrator (A)

This report presents the results of the "President's Council on Integrity and Efficiency Combined Report on the Federal Civilian Agencies' Aircraft Management Programs." It is being presented to you in conjunction with your responsibilities for maintaining a single coordinating office for agency aircraft management as stated in the Office of Management and Budget Circular A-126, "Improving the Management and Use of Government Aircraft." The report will be distributed to all agencies who are members of the President's Council on Integrity and Efficiency, and oversight committees of the Congress.

Thank you for the cooperation and assistance that you and your staff have extended to us during this audit. If you have any questions or wish to discuss this matter further, please contact me on (202) 501-0374.

William E. Whyte, Jr.
Assistant Inspector General for Auditing (JA)

President's Council on Integrity and Efficiency
Combined Report on the Federal Civilian
Agencies' Aircraft Management Programs
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EXECUTIVE SUMMARY

Purpose

Over the course of the past few years, 11 member offices of the President's Council on Integrity and Efficiency (PCIE) have engaged in a multitask project designed to define the current state of management of the Federal civilian agencies' (agencies) aircraft operations, and to report on opportunities to improve current conditions. The participating Offices of Inspectors General (OIGs), whose agencies collectively manage 99 percent of the Federal civilian aircraft fleet, have issued 20 separate audit reports in furtherance of the review objectives. The purpose of this report is to provide an overview of the PCIE's work and to present our assessment of the current management of the Federal civilian airfleet.

Background

Ever since the passage of legislation governing Federal aviation in 1926, the aircraft fleets of Federal, state and local governments, referred to as "public aircraft," have generally been exempted from coverage and not obligated to comply with many of the regulatory and safety requirements which evolved from the statutes. Each Government entity was left largely on its own to develop its aviation program. In the Federal Government, individual Departments managed their respective fleets with little or no external oversight. Over the past several years, agencies' aircraft fleets have increased significantly in both size and importance. For example, in fiscal year 1985, agencies reported owning 981 aircraft and incurring operating costs of $522 million. During fiscal year 1994, they reported owning 1,596 aircraft and program operating costs in excess of $1 billion. The agencies' aircraft missions currently encompass diverse functions such as fire suppression, drug interdiction, search and rescue, prisoner transport, research and development, and wildlife management.

During the past two decades, the General Accounting Office (GAO) and individual OIGs issued several reports citing weaknesses in the safety, operations, and administration of agencies' aircraft programs. In response, the Office of Management and Budget (OMB)

issued Circular A-126 prescribing guidance for agencies to follow in managing their aircraft programs. The 1989 revision of the Circular directed the General Services Administration's (GSA) Administrator to establish a program to provide general oversight of agencies' aircraft operations and to create an interagency working group to advise him on policy and procedural matters that could enhance the efficiency and effectiveness of aviation activities.

In November 1991, Senator Jim Sasser, then the Chairman of the Senate Subcommittee on General Services, Federalism and the District of Columbia, wrote to the GSA Inspector General to express his concerns that inadequate progress had been made by agencies toward developing safe and efficient aircraft programs, and accordingly, he requested that the Inspector General undertake a comprehensive review to define the state of management of civilian aircraft and to report on ways it could be improved. To meet this request, the GSA Inspector General enlisted the support and assistance of the PCIE to undertake the review. As a result, over the past few years, 11 PCIE member offices have engaged in a comprehensive multi-task review of their aircraft operations, conducted audit survey and detailed fieldwork at various locations within their respective agencies, and issued numerous audit reports.

Results in Brief

During fiscal year 1994, the Federal civilian aircraft fleet had grown in size to 1,596 aircraft. While the aircraft fleet had significantly expanded, audit work performed by the participating OIGs confirmed that many of the safety related, operational, and administrative shortcomings that Senator Sasser had expressed concerns about in 1991, remained in existence and progress in overcoming them for most agencies was unacceptably slow. [See Appendix III for a matrix identifying the major shortcomings at each agency. The checkmarks in Appendix III do not necessarily indicate that the shortcomings identified are agency-wide, they may apply to only one or more components within the agency.]

Federal aircraft, exempt from most Federal Aviation Administration (FAA) regulations, are operated following guidelines and standards established by the individual Federal agencies' aircraft management organizations. Although most agencies' standards are generally less stringent than requirements imposed by FAA on commercial and general aviation operators, the OIGs found frequent and significant instances where even those lesser standards were not being met.

Safety. Of all of the auditors' findings, the most unsettling is that eight of the ten agency aircraft operations reviewed had safety program deficiencies in one or more key aspects. The problems varied among agencies but all were significant. At some agencies, pilot flight certifications were out of date, at others pilots did not have adequate flight experience to qualify them to operate in some more common circumstances such as night flying. Maintenance of aircraft was another weak point for some agencies. Some aircraft were not being serviced at proper intervals, and at other agencies, pilots without adequate training in the subject were tasked to schedule maintenance work. At other agencies, medical certifications for pilots were not properly maintained and a few agencies had not even established alcohol and drug testing programs to screen pilots.

In summary, for the most part Federal aircraft managers were aware of the need for comprehensive safety programs, but their performance in carrying out those responsibilities was found all too often lacking. The individual OIGs made recommendations to their agencies regarding specific safety issues which needed to be addressed. All indications point to the fact that the agencies are working to correct these conditions. Another positive step forward in the realm of safety was the passage of legislation which requires that, from April 1995 forward, Federal aircraft used for carriage of passengers or cargo are now subject to FAA regulations, inspection and oversight.

Operations. The latest available Government-wide statistics report that it costs in excess of $1 billion annually to operate the aircraft programs. Information developed by the OIGs documented that operating costs are understated. Several agencies omitted reporting costs of certain aspects of their operations and some did not report on the operating costs for several of their individual aircraft. Because many of these costs are commingled with general agency program costs it was not possible to establish how large the understatement is, although it is certainly in the multi-million dollar range.

Even though Federal policies are in place to guide operations and acquisition of aircraft, the OIGs found that most agencies were not applying these approaches. Aircraft were added to individual fleets without adequate cost-benefit studies or assessing whether acquiring the services commercially would be a better approach. Once a part of the fleet, several aircraft were used only on an infrequent basis. Many agencies had not made an effort to examine whether they still needed all the aircraft they were maintaining.

The OIGs made recommendations to their agencies to enhance operational efficiencies that when implemented could result in savings of $56.2 million. [See Appendix IV for the total potential savings identified by agency.] Additional studies of operational efficiencies, commissioned by GSA, reported opportunities to reduce costs by about $84 million if agencies sold excess aircraft and by $92 million annually if most agencies consolidated their operations and entered into sharing arrangements.

Agencies are reported to be taking action on many of these proposals. How successful these efforts will be is directly related to how assertively agencies' management pursue these issues.

Management and Administrative Information Systems. Federal agencies owning or operating aircraft are required to report statistical data to GSA regarding their aircraft, aircraft operations and associated costs. This information is to be compiled for GSA to conduct trend and operational analyses, and to prepare consolidated information for OMB, the Congress and other decision makers.

The work of the OIGs concluded that much of the existing information was inaccurate, incomplete and dated. Causes for these shortcomings rest with the individual reporting agencies as well as with GSA as the coordinator for the centralized information. Poor property records, cost systems unable to properly compile complete data, and the general withholding of reportable information were some of the more common deficiencies found. Without sound information, management decision making and general oversight activities are impaired.

The individual agencies and GSA are taking steps to address many of these shortcomings. Progress to date has been positive, but continued efforts are needed.

President's Council on Integrity and Efficiency
Combined Report on the Federal Civilian Agencies'
Aircraft Management Programs
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INTRODUCTION

Background

In November 1991, Senator Jim Sasser, then the Chairman of the Senate Subcommittee on General Services, Federalism and the District of Columbia, wrote to the General Services Administration (GSA) Inspector General to express his concerns that inadequate progress has been made toward developing a safe, efficient and effective Federal civilian aircraft program. In response, the GSA Office of Inspector General (OIG) performed preliminary work and issued an interim audit report on March 26, 1992 entitled "Interim Audit of Government Civilian Aircraft" disclosing that problem areas continue to exist. These concerns were brought to the forefront again in the May 21, 1992 hearing before Senator Sasser. The Senator expressed concern that the estimated $2 billion investment which the Government had in its civilian aircraft fleet and the $750 million which it spent annually on aircraft activities might encompass duplications of effort, inefficient or costly operations, and lack a coordinated approach to ensure that a sound system of regulations and standards governed the Federal fleet.

In response to these concerns, the President's Council on Integrity and Efficiency (PCIE) undertook this review of the agencies' aircraft management programs. The GSA OIG was designated as the lead agency for the combined review which was conducted at ten agencies that own and operate Government aircraft. Participating in this review were Offices of Inspectors General (OIGs) from the Departments of Agriculture, Commerce, Energy, Interior, Justice, State, Transportation, Treasury, the National Aeronautics and Space Administration, and the Tennessee Valley Authority. This report presents a summary of the results and major issues identified during their audits. During the course of this review, the OIGs issued a total of 20 reports. See Appendix I for a listing of these reports. A glossary is also included as Appendix VI to clarify certain terms used throughout this report.

Description of the Aircraft Fleet

During fiscal year 1994, all Federal civilian agencies (agencies) reported 1,596 aircraft in their inventories and annual program operating costs of $1.088 billion. The agencies reported 1,044 of

these aircraft as operational with the remaining aircraft classified as non-operational primarily because they were on loan to state agencies, under major repair or modification, awaiting disposal, or placed in storage. The agencies' inventories were composed of 1,057 fixed wing airplanes and 539 helicopters. The overall fleet is a diverse mixture of aircraft ranging from older single piston-engine propeller to modern highly advanced aircraft, and vary in size from small two-seat single engine airplanes and surplus military helicopters to executive type aircraft and jumbo jet airliners. [See Appendix II for the aircraft inventories and operating costs reported by the individual agencies during fiscal years 1992 through 1994.] In addition, most of the individual agencies participating in this review operate multiple independent aircraft fleets.

Multiple Entities Impact the Aircraft Programs

There are several Federal organizations which directly impact the agencies' management of their individual aircraft programs. The roles and responsibilities of these entities and their impact on this program area are discussed in further detail below.

OMB Prescribes Policies. Under Circular A-126, revised May 22, 1992, the Office of Management and Budget (OMB) prescribes policies to be followed by agencies in acquiring, managing, using, accounting for the costs of, and disposing of aircraft. This circular also requires GSA to maintain a single coordinating office for agency aircraft management and an interagency working group to advise it in developing or changing aircraft policies and information requirements. OMB, under Circular A-126, also reminds agencies they must comply with Circular A-76, "Performance of Commercial Activities" revised date August 1983, before purchasing, leasing, or otherwise acquiring aircraft to assure that these services cannot be obtained from and operated by the private sector more cost effectively.

GSA Provides Oversight and Guidance. The Aircraft Management Policy Division, within the Office of Governmentwide Policy, is charged with meeting GSA's responsibilities under OMB Circular A-126. Its responsibilities include, but are not limited to, the:

- coordination of the development of effectiveness measures and standards, policy recommendations, and guidance for the procurement, operation, safety, and disposal of civilian agency aircraft;

- identification, for agencies and OMB, of opportunities to share, transfer, or dispose of underutilized aircraft, reduce excessive aircraft operations and maintenance costs, and replace obsolete aircraft; and
- operation of a Government-wide aircraft management information system.

The Aircraft Management Policy Division prescribes policies and procedures under Title 41 of the Code of Federal Regulations (CFR), Chapter 101-37, "Government Aviation Administration and Coordination."

GSA has also established the Interagency Committee for Aviation Policy (ICAP) as a working group to advise it on developing and changing aircraft policies and information requirements. GSA oversees and directs ICAP's operations, which is currently composed of a steering group and subcommittees comprised of representatives from GSA and agencies which own, operate, and/or charter/rent aircraft. The steering group advises GSA on aviation management issues, develops ICAP's strategic plans and tactical objectives, and tasks the subcommittees with carrying out specific initiatives.

Agencies Manage Programs. Responsibility for aircraft acquisition, management, use, cost accounting, disposal, and reporting vests with the agencies who own and operate the aircraft. Agencies are required to comply with the policies prescribed by OMB for aircraft under Circular A-126. Under this Circular, agencies are required to ensure that:

- their internal policies and procedures for procuring aircraft and related services are consistent with the requirements of OMB Circular A-76;
- their aircraft programs comply with the internal control requirements of OMB Circular A-123 "Management Accountability and Control," revised June 21, 1995;
- they cooperate with GSA in developing aircraft management policies and standards and in the collection of aircraft information; and
- their aircraft information system conforms to the generic data and reporting standards developed by GSA.

Under OMB Circular A-76, agencies are also required to conduct cost comparisons of any activities performed by the Government which could be obtained commercially. The comparison is required to determine if the activity can be procured more economically from a commercial source.

FAA Issues and Enforces Regulations. The Federal Aviation Administration (FAA) is responsible for oversight and enforcement of the Federal Aviation Regulations. FAA issues and enforces rules, regulations and minimum standards relating to the manufacture, operation, and maintenance of aircraft, as well as the rating and certification of pilots and other crew members. As a result of recent legislation, agencies are now subject to a broader range of FAA regulations, including FAA oversight and enforcement, when using their aircraft to transport passengers and cargo. The impact of recent legislation on agencies' aircraft operations is discussed in more detail beginning on page 15 of this report.

NTSB Investigates Safety Matters. The National Transportation Safety Board (NTSB) is responsible for investigating, determining the probable cause, reporting the facts and circumstances of all civil aviation accidents occurring in the Continental United States, and making safety recommendations. By law, agencies are responsible for (1) notifying NTSB of all aircraft accidents and reportable incidents when they occur and (2) submitting a written report to NTSB within ten days after the occurrence of an aircraft accident or reportable incident. Recent legislation now provides NTSB with the authority to investigate all Federal civilian aircraft accidents.

Objectives, Scope, and Methodology

For the individual audits of the OIGs, the audit objectives were to assess the agencies':

- efforts to operate their aircraft in a safe, efficient, and effective manner; and

- ability to gather and report accurate, complete, and timely aircraft data.

The objective of the overall PCIE audit was to capture sufficient information from the individual audits to draw conclusions regarding the general state of aircraft management in the Federal Government. To accomplish these objectives, the GSA OIG developed a standardized audit guide which was used by each OIG in reviewing its agency's aircraft program. The individual OIGs' reviews focused primarily on aircraft program operations and data reporting during fiscal years 1991, 1992, and 1993. Audit field work was performed by the OIGs at various locations and sites within their agencies between the April 1993 and December 1995 timeframe. The length of time individual OIGs spent on fieldwork varied primarily based on the number of activities, locations, and aircraft reviewed. In addition, the OIGs reviewed OMB Circulars A-126 and

A-76, Federal regulations and related guidelines, applicable policies and procedures, and pertinent General Accounting Office (GAO) and OIG reports. GSA's OIG also performed an internal review to assess its own agency's ability to meet its responsibilities under OMB Circular A-126 and issued a report in March 1996. The audits were conducted in accordance with generally accepted government auditing standards.

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RESULTS OF AUDIT

The state of the Federal civilian aircraft fleet in recent years has not been at an acceptable level. The fleet was exposed to needlessly high safety risks, its operational costs were too high, and its asset management practices were inefficient. Nevertheless, meaningful progress is being made toward improving operational and management activities. Most of the individual agencies have accepted for implementation the majority of the recommendations of their OIGs. GSA and ICAP are working on projects designed to help aircraft operators strengthen existing safety and operation programs.

Perhaps of greatest significance is the implementation of Public Law 103-411 (49 U.S.C. 101) which requires that portion of the aircraft fleet used for carriage of passengers or cargo to comply with FAA standards and subjects operations to FAA inspection. We trust that the need for upgrading operations for the aircraft now subject to FAA regulation will have a positive spill over effect on the remaining portion of the individual agencies' fleets.

Careful consideration was given to whether as part of this report we should make additional recommendations. We have decided not to do so. Our decision was reached based on a number of factors. First, because most of the weaknesses identified were unique to specific agencies, or often even to one local operation of an agency, we concluded it would be difficult to make recommendations that could address all the variable conditions identified and to make a more global type recommendation for general categories of weaknesses would not add anything toward fixing the problems. The recommendations made by the OIGs in their agency specific reports are more suited for this purpose. Secondly, we believe that the Federal aircraft managers currently are tasked with numerous priorities to implement program enhancements. In addition to taking actions to implement the recommendations of the OIGs, they are also working to implement changes to comply with FAA standards.

Given this environment, and the initiatives that are already underway, we are not making additional recommendations for change. We do believe that progress should be monitored carefully, and that a comprehensive reassessment of the Federal Government's management of the civilian aircraft program be undertaken after the agencies have had a reasonable period of time to implement their plans. The key now is for all the agencies involved to continue to strive to make progress in all aspects of the program. We believe the legislative, regulatory and oversight functions are now in place to ensure that progress continues.

AIRCRAFT SAFETY

Eight of the ten individual OIGs reported one or more safety related shortcomings and made recommendations to their respective agencies for improving overall safety programs. The weaknesses and recommendations addressed different aspects of the agencies' safety programs including aircraft operations, maintenance, certification, and accident reporting. In addition, GSA and ICAP have developed aircraft safety and maintenance manuals, as well as training and inspections programs, that will assist the agencies in improving their programs. Further, recent legislation requires Government-owned aircraft used for cargo and passenger carrying purposes to comply with FAA regulations and provides NTSB with the authority to investigate all public aircraft accidents. We believe these recent actions go a long way towards addressing the concerns relating to aircraft safety.

Public Aircraft Generally Exempted from Federal Regulation

Ever since Congress enacted the "Air Commerce Act of 1926," most agencies have operated "public" aircraft under substantially fewer Federal safety regulations than those imposed on civil aircraft operators. For instance, under FAA regulations, public aircraft operators are not:

- required to have private pilot licenses;
- required to meet training and testing requirements;
- required to have medical certificates; or
- prohibited from flying while under the influence of drugs or alcohol.

In addition, public aircraft operators are not required to:

- have maintenance programs in place;
- adhere to maximum aircraft weight restrictions; or
- obtain airworthiness certificates.

While Federal agencies are not subject to these regulatory requirements, they do have policies and procedures in place to address these various aspects of their operations.

FAA aircraft safety regulations can be divided into three main categories - crew, maintenance, and operations. Crew regulations cover licensing, training, and testing of pilots and other crew members. Maintenance regulations cover maintenance and inspection programs, and operations regulations include air traffic rules, aircraft registration, and necessary equipment. Regardless of aircraft size or type of operation all commercial and general aviation aircraft must meet certain minimum crew, maintenance, and operation regulations. They are also subject to FAA surveillance

inspections that are made to help ensure operator compliance with regulations. However, public aircraft operators are not required to meet any crew or maintenance regulations and only some operation regulations.

PCIE Review Confirms Safety Problems Exist

Eight of the ten OIGs participating in this review identified safety problems in one or more aspects of aircraft maintenance, pilot certifications and ratings, and accident investigation and reporting activities. The weaknesses identified during the review include the following.

- Overall Safety Program. Four agencies had major shortcomings in aircraft safety programs. Specifically, these agencies' overall safety programs lacked adequate hazard reporting systems, did not employ appropriate aircraft accident investigation procedures, administered inadequate pilot or crew aviation qualification or certification programs, or had inadequate safety manuals.

- Aircraft Maintenance. Two agencies were not maintaining some of their aircraft on appropriate maintenance schedules. In other cases, maintenance for some aircraft, although performed on a timely basis, had not been properly documented. FAA inspectors who performed airworthiness checks at some agencies during this review raised concerns when they found that pilots with minimal knowledge of aircraft maintenance requirements were responsible for scheduling maintenance. At one agency, the OIG and FAA inspectors determined that the aircraft at one of the agency's major components were not being maintained in accordance with FAA regulations although the agency was paying a contractor approximately $15 million a year to do so.

- Alcohol and Drug Testing. Two agencies lacked adequate drug testing or alcohol abuse programs for their in-house or contractor aviation personnel. When questioned, one agency's officials stated that it did not subject its pilots to drug or substance abuse testing simply because its aircraft did not routinely transport passengers.

- Pilot Certifications. Three agencies had some pilots who lacked proper certifications, recency of flight experience, and/or folders which did not contain pilot certifications. For instance, one OIG reported that some pilots possessed inadequate medical certificates and lacked recent flight experience in the areas of takeoffs and landings, night takeoffs and landings, and/or instrument competency. Further, this OIG found that 60 percent of the pilots within one of its

major components were not in compliance with an internal regulation for proficiency flight checks, albeit the regulation was more stringent than Federal Aviation Regulations requirements.

- Accident Reporting. Two agencies had not established procedures to ensure that aircraft accidents were reported to NTSB in accordance with Federal regulations. One agency stated that they were unaware of the requirement to report aircraft accidents to NTSB, although this reporting requirement has been in force since December 30, 1987.

The findings above denote instances where aircraft safety problems existed within many agencies' programs and, although these findings did not cause the grounding of any of the agencies' aircraft fleets, they raise concerns as to the adequacy of certain agencies' existing safety programs. The lack of adequate pilot certification and recency of flight experience coupled with aircraft which are not properly maintained increases the risk of aircraft accidents and the personal injuries and financial liabilities that may result.

Based on the results of their reviews, the OIGs made recommendations to their respective agencies to address the problem areas identified above for aircraft safety. Sample recommendations included: establishing comprehensive safety programs; implementing adequate maintenance systems; ensuring compliance with applicable pilot certifications; ensuring that pilots obtain appropriate flight experience and fulfill training requirements; and establishing procedures to ensure that aircraft accidents are reported to, and written reports are filed with, NTSB on a timely basis.

Agencies' Responses to Safety Issues

The affected agencies concurred with most of their respective OIGs' findings and recommendations and have taken or plan to take corrective actions. These agencies either have or plan to:

- designate aviation safety officers with expertise in ground and flight safety;
- develop comprehensive safety manuals to adequately address safety policies and procedures;
- develop suitable training programs for their aircraft program staff;
- develop aviation maintenance manuals;

- implement maintenance scheduling systems to ensure that maintenance is performed as scheduled and documented as necessary; and
- ensure that all pilots are current with all applicable FAA and internal regulations.

In the few cases where agencies disagreed with some of the findings and/or recommendations, their management officials believed that the safety measures which were in place at their respective agencies were adequate.

Our review also disclosed that some agencies had already taken a positive stance toward improving aircraft safety. These agencies were voluntarily complying with most FAA regulations imposed upon civil aircraft operations prior to either the initiation of this review or the passage of Public Law 103-411. Some agencies had already: established comprehensive maintenance programs, including record keeping systems, to better ensure aircraft airworthiness; increased emphasis on pilot proficiency reporting and management oversight through periodic internal reviews; and modified their safety manuals to include procedures for aircraft weight and balance, emergency and hazardous material handling situations, etc. A few agencies also required their aircraft operations to comply with the requirements set forth under Title 14 CFR Part 91 "General Operating and Flight Rules," commonly referred to as FAA's "General Aviation" regulations. In other cases, agencies, through internal regulations and procedures, were actually exceeding FAA regulatory standards applicable to civil operations. The goal now is to bring all fleet safety programs up to full standards and ensure that programs are properly administered to maintain compliance.

New Legislation Focuses on Public Aircraft Safety

Since 1987, public aircraft operators were only required to notify the NTSB of accidents and aviation incidents involving public aircraft. On October 25, 1994, Public Law 103-411 was enacted and provided NTSB with the authority to investigate public aircraft accidents. The Law also redefined "public aircraft" and required Government-owned aircraft operators when transporting passengers or property for commercial-like purposes to comply with FAA certification, maintenance, and operations regulations applicable to civil aircraft operations. These additional safety provisions for public aircraft were primarily sponsored by Senator Larry Pressler (State of South Dakota) in an effort to advance the safety of public use aircraft and bridge the gap between public and civil aircraft operations moving toward achieving "one level of safety." In fact, the Senator's original provision mandated that all agencies' aircraft operations comply with FAA safety regulations applicable to civil aircraft operations. The provision was modified after operational concerns were raised by agencies

regarding the potential grounding of essential Governmental aircraft used in unique operations (such as fire fighting and law enforcement) because the aircraft use specialized equipment and are configured in ways which preclude them from complying with all FAA regulations.

In October 1986, GAO reported that FAA did not know how public aircraft were maintained or operated since it had no responsibilities for inspecting or otherwise overseeing their operations. However, in response to the passage of Public Law 103-411, FAA issued Advisory Circular (AC) 00-1.1, "Government Aircraft Operations," to assist operators of Government-owned aircraft in determining whether or not their former public aircraft operations remain public aircraft operations under the new definition of public aircraft. FAA also issued a handbook bulletin, entitled "Government Aircraft Operations; Public Aircraft Operations Versus Civil Aircraft Operations," to provide guidance to its aviation safety inspectors when reviewing Government-owned aircraft operations.

Further, FAA officials recently reviewed agencies' aircraft operations to determine those agencies whose operations would be considered civil and therefore subject to applicable FAA regulations and surveillance inspections. As a result of its review, FAA determined that the Departments of Agriculture, Energy, Interior, Transportation, and Treasury, and the National Aeronautics and Space Administration were conducting "civil aircraft" operations. These agencies must either comply with FAA regulations or obtain an exemption from the Administrator of FAA in order to continue conducting such operations without complying with FAA regulations. As of April 1996, two agencies had requested exemptions; however, neither request has been granted by FAA. In addition, under Public Law 103-411, Government-owned aircraft operations holding any type FAA certifications will be included in FAA's surveillance activities, including spot inspections of the aircraft and aircraft records.

Further strengthening of safety requirements was established on December 20, 1995, when FAA published the "Commuter Operations and General Certification and Operations Requirements" final rule in the Federal Register. Effective January 19, 1996, this rule essentially requires commercial operators of small aircraft, who previously operated under Title 14 CFR Part 135 regulations, to comply with the more restrictive certification and operations requirements under Title 14 CFR Part 121 for commercial operators of large air carriers. The primary objective of the rule was to increase safety in commuter air operations and establish "one level of safety" for both large air carriers and small commuter air operations. Because many of the Federal agencies' aircraft are small "commuter type" aircraft, this rule increases the safety

requirements placed upon agencies' operations which perform civil aircraft activities, fostering one more step toward "one level of safety" for all aircraft operations.

GSA and ICAP take Positive Stance on Safety

GSA and ICAP, primarily through its Safety Standards and Training Subcommittee, have recently provided additional guidance to agencies on aircraft safety operations. For instance, GSA and ICAP issued general guidance manuals to agencies for: making appraisals of their overall aviation operations, training, and facilities; assessing and improving aircraft program operations; and conducting aircraft maintenance operation inspections. GSA and ICAP also provided support for the passage and implementation of Public Law 103-411 which requires the Federal fleet to adhere to more of FAA's regulations. They also provided Airworthiness Workshops to guide Government agencies on developing enhanced maintenance and operations programs in order to meet new requirements imposed by Public Law 103-411.

GSA and ICAP, through its Joint Airworthiness and Operations Task Force Subcommittee, have also taken action to draft a "Federal Aviation Regulation for Government Aircraft" proposed as Title 14 CFR Part 92. The purposes of the proposed regulation are to: establish an equivalent level of safety for public aircraft as compared to existing civil standards; enable agencies to share costs of operations; allow agencies to address unique operational requirements in their operations specifications in lieu of a formal application for waiver; and protect against unfair Governmental encroachment into civil markets.

Concurrently, this subcommittee is also developing a proposed rule to allow surplus military aircraft to hold "Government" airworthiness certificates. This proposal would allow the Administrator of FAA to issue a Government airworthiness certificate for surplus military aircraft provided: the aircraft conforms to the original military specifications; the military documents to determine usage for the aircraft's major components are available; the aircraft's major components are maintained under a FAA approved inspection program or applicable military program; and the aircraft is operated under the provisions of the proposed Title 14 CFR Part 92 regulation. The Subcommittee is also developing inspection guides to assist agency operators of surplus UH-1, OH-58, and OH-6 helicopters. We consider these endeavors on the part of GSA and ICAP to be positive undertakings because of the unique issues related to operating surplus military aircraft and because approximately thirty-five percent of the agencies' aircraft are military surplus or bailed aircraft.

Conclusions

The recent passage of the laws, rules, and regulations discussed above should improve safety for agencies' aircraft program operations. In particular, Public Law 103-411 now requires public aircraft operators conducting civil operations to comply with FAA regulations applicable to civil operations. And while this Public Law does not address safety issues regarding Government-owned aircraft that do not perform civil type operations, it clearly signifies a movement toward "one level of safety" for all aircraft and bridges the gap which has long existed between Governmental and civil aircraft operations. Agencies are now required to report all aircraft accidents to NTSB, which has the authority to investigate them. As a result, these changes should also provide NTSB with the opportunity to establish a data base to more conclusively assess public aircraft safety standards and procedures.

We believe that the work of the OIGs, GSA, ICAP, and agencies' program officials, coupled with the new legislative efforts, have all contributed to markedly improve the overall safety of Federal aircraft. In addition, GSA and ICAP need to continue to work closely with FAA on safety initiatives to ensure that FAA is apprised of the policies and procedures being developed for Governmental aircraft. We further believe that agency oversight by the OIGs, GSA and ICAP, along with congressional and media attention will continue to ensure that progress continues to increase the level of safety within the agencies' respective aircraft programs.

AIRCRAFT OPERATIONS

The most current data on the costs to operate the Federal aircraft programs places the amount at over $1 billion for fiscal year 1994. The work conducted by the individual OIGs identified several opportunities to increase efficiencies and lower these costs. Most common of the underlying causes for the inefficiencies were that agencies acquired aircraft without first performing required cost benefit analyses, and that aircraft in their inventories were used infrequently or used for purposes more economically fulfilled through commercial means. Numerous OIG recommendations were made to the affected agencies which, if adopted, could result in savings of $56.2 million. In addition, GSA and ICAP have undertaken initiatives to promote aircraft program efficiencies. Agencies have pledged to make significant improvements. They now need some time to implement these changes.

Guidance For Efficient Operations

OMB Circular A-126 prescribes policies to be followed by agencies in acquiring, managing, using, and disposing of aircraft. Its over-arching principles are that "the number and size of aircraft acquired by an agency shall not exceed the level necessary to meet the agency's mission requirements" and further directs agencies to comply with OMB Circular A-76 which requires agencies "before purchasing, leasing or otherwise acquiring aircraft and related services to assure that these services cannot be obtained from and operated by the private sector more cost effectively" unless it involves inherently Governmental activities that are so intimately related to the exercise of the public interest as to mandate performance by the agencies. OMB Circular A-126 also requires agencies to periodically review the continuing need for each of their aircraft and the cost-effectiveness of their operations.

In May 1992, OMB concluded that the Government-wide policy guidance with respect to the use of Government aircraft should be clarified. Therefore OMB Circular A-126 was modified to restrict the operation of Government aircraft to defined official purposes and requires review and reporting of aircraft travel by senior Federal officials and non-Federal travelers.

Under OMB Circular A-126, GSA is responsible for coordinating (1) the development of effectiveness measures and standards, policy recommendations, and guidance for the procurement, operation, and disposal of agencies' aircraft and (2) identification of opportunities for agencies to share, transfer, or dispose of

underutilized aircraft, reduce excessive aircraft operations and maintenance costs, and replace obsolete aircraft. GSA issues regulations for agencies to follow for: accounting for aircraft costs; conducting the cost comparisons for acquiring and retaining aircraft; and using Government-owned and operated aircraft. ICAP advises the GSA Administrator on developing and changing aircraft policies and information requirements.

PCIE Review Identifies Inefficient Operations

Seven of the ten OIGs participating in this review identified operational inefficiencies at their respective agencies. The weaknesses identified during the review include the following.

- Aircraft Acquisition Decisions. When acquiring aircraft, seven agencies frequently did not complete the cost comparison studies required by OMB Circular A-76. In other cases, although cost comparisons were performed, they were either incomplete or inaccurate. For example, one OIG reported its agency had acquired 31 aircraft (valued at over $20 million) but only 12 of these aircraft (valued at $11 million) were supported by OMB Circular A-76 reviews. Further, the OIG's review of 9 of the 12 aircraft (valued at $8 million) for which cost comparisons were performed indicated that the Government could have saved at least $3.5 million had these studies fully complied with the provisions of OMB Circular A-76. Another OIG found that its agency overstated its aircraft mission needs in its cost comparison study in order to acquire a jet for executive transport.

- Aircraft Utilization and Continuing Need. Seven agencies had not periodically reviewed the continuing need for each of their aircraft and the cost-effectiveness of their operations. One OIG reported that its agency continued to retain four aircraft (with a market value of $8.7 million) that were flown a total of only 185 hours in fiscal year 1992 and 268 hours in fiscal year 1993. One of these aircraft, valued at almost $6.5 million, was flown less than four hours during the two-year period because operational funds were not available for the aircraft. Our internal audit report, entitled "Audit of GSA's Aircraft Management Program" and issued as part of this review, reported that a number of the agencies' operational aircraft were underutilized. In fiscal year 1992, 268 operational aircraft were reported as being flown less than 200 hours each, and in fiscal year 1993, 220 aircraft were reported as having similar low usage.

- Administrative Use of Aircraft. Five agencies did not comply with the February 10, 1993 Presidential Memorandum on "Restricted Use of Government Aircraft" that required agencies to report to GSA and OMB on a semi-annual basis all travel for senior executive branch officials which the President appointed with the advice and consent of the Senate. A few agencies that reported did not comply with OMB Bulletin 93-11,

"Fiscal Responsibility and Reducing Perquisites," which contains the specific reporting requirements for agencies to follow in responding to the Presidential Memorandum. Further, four OIGs reported that their agencies purported using aircraft for "mission-related" purposes when in fact they were using the aircraft for general transport of passengers. One OIG reported that six of thirteen aircraft reviewed at its agency were used more than 60 percent of the time for carrying passengers.

As a result of the OIGs' work, numerous recommendations were made to the affected agencies to address the problems identified above for aircraft operational efficiency and collectively identified $56.2 million in potential cost savings. These recommendations included:

- implementing adequate controls to ensure OMB Circular A-76 reviews are conducted prior to aircraft acquisitions;
- monitoring aircraft usage to ensure that retention of the aircraft is justified in accordance with OMB Circulars A-126 and A-76 requirements; and
- ensuring their policies and procedures for approving administrative travel on agency aircraft are consistent with and strictly adhere to OMB Circular A-126, OMB Bulletin 93-11, and GSA regulations.

Corrective Actions Pledged

While our review found that most OIGs identified numerous shortcomings in operational efficiency, we believe that the OIGs' report recommendations, the affected agencies' subsequent actions, GSA and ICAP operational efficiency initiatives, and recent attention being focused on program management and administrative travel will enhance agencies' aircraft operations. The affected agencies concurred with most of their OIGs' findings and recommendations and have taken or plan to take actions to improve on the conditions identified. For instance, some agencies are developing internal policies and procedures for complying with OMB Circulars A-126 and A-76, OMB Bulletin 93-11, and the February 10, 1993 Presidential Memorandum. The affected agencies also indicated in their responses that they will perform continuing need analyses on agency aircraft to ensure the minimum number and types of aircraft needed to accomplish the mission and dispose of aircraft identified as underutilized.

In addition, GSA and ICAP are undertaking initiatives directed toward promoting efficiency and economy in the acquisition, use, and disposal of agency aircraft. GSA and ICAP, through its various subcommittees, have initiatives underway to assist agencies in improving operational efficiency for their aircraft programs, including:

- the study of an interagency flight logistics management system;
- analyzing the cost effectiveness of the agencies' aircraft programs to determine the potential for intra-agency and inter-agency aircraft sharing, joint agency acquisitions, and/or fleet modernization;
- developing uniform standards, policies, and guidelines for agencies' aircraft maintenance programs; and
- developing a standardized, on-line management information system capable of supporting agencies' aircraft operational requirements.

Flight Logistics Systems and Sharing Aircraft

Senator Sasser, in his May 1992 hearing, inquired about the possible usage of a flight coordination system. GSA and ICAP, through its Management Data and Systems Subcommittee, have pursued the development of the Demand Logistics Management System (DLMS), a flight logistics and scheduling system. Some agencies have already purchased and implemented their own flight logistics and scheduling systems. The agencies, though supportive of flight coordination and scheduling efforts, voiced concerns regarding the possible implementation of a Government-wide flight scheduling and logistics system, such as the DLMS, in a questionnaire recently conducted as part of this review. Their concerns focused primarily on the costs versus benefits derived from such an interagency flight scheduling system (particularly for those agencies with small aircraft programs) and the feasibility of such a system given the diverse nature of some agencies' aircraft missions. GSA and ICAP are currently reassessing the DLMS system and other flight systems currently available on the market.

Although an interagency flight logistics and scheduling system may not be a practical Government-wide solution, we believe that opportunities exist for the sharing of aircraft within and among various agencies. The results of our review show that some agencies, and components within those agencies, located in the same geographical area were maintaining and operating their own aircraft instead of sharing resources. GSA also contracted for a consultant study of aircraft utilization. The contractor analyzed agencies' fiscal year 1994 report data concluding that agencies should share aircraft which are in reasonable proximity to each other and have low utilization. For this course, potential savings could be

realized from the sale of the surplus aircraft and costs avoidances associated with operating and maintaining fewer aircraft.

The consultant also opined that agencies with non-operational and surplus aircraft could derive potential savings of $84 million by selling those aircraft. Further, the firm identified several opportunities to make operations more cost efficient by using commercial aircraft when it is less expensive and appropriate and by eliminating low usage aircraft. It projected savings of about $92 million per year through achieving more cost effective operations. These results are consistent with the results of the work performed by the OIGs participating in this review.

GSA has the capability to identify opportunities for agencies to share aircraft through data captured in its Federal Aviation Management Information System (FAMIS) database which states whether an aircraft is available for interagency sharing and denotes its geographic location. With this information, GSA and ICAP can inform agencies of the types of aircraft which are available for intra-agency and inter-agency sharing to meet short-term needs as an alternative to the costly acquisition, leasing, or chartering of aircraft.

Recent Circular Revisions Clarify Procedures

Some agencies reported that the earlier guidance provided by OMB, in particular OMB's Circular A-76 Supplement on procedures for conducting the required cost comparisons for aviation competitions prior to acquisition, was somewhat ambiguous. OMB reissued its Circular A-76 supplemental handbook in March 1996 providing agencies updated guidance and procedures for determining whether recurring commercial activities should be operated under contract with commercial sources or in-house. The revised supplemental handbook establishes policy implementation, specific guidance on preparing the cost comparison estimates, and incorporates OMB Policy Letter 92-1 relating to service contracting and inherently Governmental functions.

Conclusions

The audit work performed by the OIGs and the analyses conducted for GSA provide substantial information to demonstrate that the Federal fleet has the potential to be operated more efficiently, and in some instances, carry out individual agencies' missions with fewer

aircraft. Agencies' formal responses to their OIGs' recommendations to adopt more streamlined or cost effective approaches to managing aircraft operations are encouraging. In fact, some agencies have already taken steps to implement several of the initiatives.

We believe also that the efforts of OMB in expanding guidance to the agencies on conducting cost effective aircraft operations, and the work of GSA and ICAP to provide better information on costing and utilization will help the agencies move forward.

Clearly, the overall success of these endeavors will be determined by the level of effort put forth by the individual agencies to address specific issues. The increased level of attention now given to aircraft operations by the Congress, the oversight agencies, and the OIGs, should help keep progress on track.

MANAGEMENT AND ADMINISTRATIVE INFORMATION SYSTEMS

Under OMB Circular A-126, GSA is assigned to administer a centralized management information system to accumulate reliable and timely financial, operational, and administrative information regarding the Federal civilian aircraft fleet. The intended purposes for maintaining this system are to:

- provide management information to OMB, the Congress, and other decision makers;
- provide GSA, ICAP, and agencies a tool to monitor fleet activities;
- establish a standardized means to account for the aircraft fleet; and
- provide a data resource which can be analyzed to detect trends, perform efficiency or other comparative studies and serve as a management tool for decision-making purposes.

Early work on the GSA information system concluded that existing information was inaccurate, incomplete, and dated. The audits performed by the individual OIGs sought to identify the reasons for these shortcomings and attempted to reconcile their individual data with the data in the GSA centralized system. Auditors also worked to reconcile information in the GSA database with related information maintained by FAA and NTSB.

OMB and GSA Emphasize Systems and Reporting

OMB Circular A-126 requires agencies to maintain systems for their aircraft operations which will permit them to justify the acquisition, use, and retention of individual aircraft. Agencies must also capture cost information for various aspects of their aircraft programs and to accumulate costs which can be summarized into the standard aircraft program cost elements defined by the Circular. To adequately manage their aircraft programs, agencies must have information systems in place to accumulate, maintain, and report reliable and timely data.

GSA operates a centralized aircraft information system named FAMIS to assist agencies in aircraft management, and to track aircraft inventory, cost and utilization data reported by agencies for their owned and operated aircraft. Changes to aircraft inventories are to be reported to GSA as they occur, and agencies report cost and utilization data on an annual basis. Federal regulations also specify that no person may operate aircraft unless the aircraft has been registered by its owner and that aircraft can only be registered by and in the legal name of the owner with the FAA's Aircraft Registry Branch office, located in Oklahoma City, Oklahoma.

PCIE Review Identifies Problems

All ten of the participating OIGs' reports identified problems in the administration area relating to data management and reporting and made numerous recommendations to their respective agencies for improvement. The shortcomings and recommendations addressed several aspects of the agencies' administration of their programs including property records and systems, aircraft inventory reconciliations with FAA records, and external data reporting. The weaknesses identified during the review include:

- Inaccurate Property Records. Six agencies' property records were unreliable. For example, one OIG reported that its comparison between the GSA FAMIS inventory listing and property records for its agency found that while the GSA FAMIS inventory listing identified 34 aircraft that were not included on the agency's property records, the agency's property records included 29 other aircraft that were not on the GSA FAMIS inventory listing.

- Inadequate Cost Systems. Five agencies simply lacked systems capable of capturing accurate aircraft costs in total and by aircraft type or aircraft registration number as required by OMB Circular A-126 and GSA regulations. One OIG stated that its agency's aircraft cost reports for one of its major components were unreliable and the use of them for management information or decision making purposes could result in erroneous conclusions. Another OIG reported that, although its agency's accounting system was designed to effectively meet the agency's operational decision-making needs, the individual aircraft cost data was not provided for management use.

- Incomplete Data Reported. Six agencies did not report all aircraft data to GSA as required. For example, an OIG at one of the larger aircraft owning agencies found that its agency submitted cost data for only 8 of its aircraft during fiscal years 1992 and 1993. As a result, this agency's annual operating costs are significantly understated. Most of these agencies plan to or are currently reporting the required data to GSA in accordance with Federal regulations.

- Aircraft Registration Problems. Five agencies were not properly registering their aircraft with FAA. The OIGs for these agencies noted that erroneous aircraft serial and registration numbers were reported to FAA. In addition, one OIG found that 226 aircraft owned by one of the agency's major components were improperly registered with FAA by entities to which the aircraft had been loaned.

As a result of the problems described above, most agencies were unable to rely on their aircraft data for management and budgetary decision making purposes to ensure they were managing their aircraft programs in the most cost effective manner. Of course, these shortcomings also render the GSA centralized information system unreliable for many evaluative purposes.

Agencies' Responses and Subsequent Actions Are Positive

Agencies concurred with most of the OIGs' findings and recommendations and have taken or plan to take actions to address the recommendations and improve on the deficiencies identified. For instance, agencies are or plan to: enhance existing accounting and reporting systems to track operating costs by individual aircraft and comply with the cost reporting elements required by OMB Circular A-126 and GSA regulations; work with GSA and ICAP to develop a standardized cost accounting guide for agencies' aircraft programs; and promptly record all aircraft acquired in agency property records and report aircraft acquisitions and/or disposals to GSA in compliance with GSA regulations and agency specific policies and procedures. One agency has directed its aircraft program officials to perform periodic internal aircraft inventory reconciliations between its property records, GSA's FAMIS, and FAA's registration records. Further, the agency whose aircraft were identified above as being on loan to non-Federal entities and as being improperly registered with FAA were recently properly re-registered.

GSA Works with FAA to Enhance Data Reliability

In an effort to verify the reliability of the FAMIS aircraft inventory data, GSA requested and obtained FAA's assistance in providing GSA with an automated listing of Government aircraft[1] on a periodic basis, beginning in June 1992. GSA then developed a Master Transaction Database program for the purpose of reconciling its FAMIS aircraft inventory database with FAA's automated Government aircraft listing. Since completing its first reconciliation in June 1992, GSA has continued to perform reconciliations on a recurring six-month basis. Specifically, GSA, using the program, compares the two databases, determines exceptions between common data elements, and provides both the agencies and FAA with exception reports listing the discrepancies identified. GSA is acknowledged for its efforts to coordinate with FAA to minimize and correct aircraft inventory discrepancies reported by the agencies. This process is somewhat limited because agencies are only required to register their aircraft with FAA if they intend to fly them; however, it does provide GSA with an independent approach for ensuring better data reporting on the part of the agencies.

As we reported in our March 1996 GSA audit report, we believe that the numerous data elements which the agencies are required to report need to be reassessed. GSA and ICAP, working with OMB, need

[1] FAA’s database does not distinguish between aircraft registered by Federal, state and local governments, but categorizes them as “government aircraft.”

to evaluate whether tracking and reporting all this data is necessary. We also encouraged GSA to perform data analysis to assure overall reliability of data received from the agencies, follow-up with appropriate agency officials to resolve discrepancies identified, and then consolidate and report on the agencies' aircraft operations. We believe the above steps should serve to foster additional confidence in and cooperation between GSA and the respective agencies. In addition, the above measures would further assure that agencies' aircraft programs are operated more efficiently and effectively. GSA has agreed to pursue this issue.

Conclusions

Our review disclosed that, while the data reported to GSA has improved, agencies still lack adequate inventory tracking and cost accounting systems to record, maintain, and report reliable data in a timely manner. Without adequate systems, agencies are unable to ensure that they are making good business decisions in their efforts to determine:

- the number of aircraft needed to meet agencies' missions;
- aircraft that can be shared with other agencies;
- whether to lease or purchase an aircraft; and
- ways to improve their aircraft programs so that the aircraft are used in an economical manner.

We believe agencies are attempting to achieve the inventory tracking and cost accounting systems necessary to make prudent management and budgetary decisions regarding their aircraft program operations and to disseminate reliable information to meet external reporting requirements in a more accurate and timely manner.

LIST OF OFFICES OF INSPECTORS GENERAL THAT PARTICIPATED IN THE PCIE REVIEW AND REPORTS ISSUED

The following list identifies the 20 reports issued by the 11 agencies that participated in the "President's Council on Integrity and Efficiency Review of Federal Civilian Agencies' Aircraft Management Programs." The reports are organized by agency and by date issued.

Agency, Report Title, Report Number and Date Issued

Department of Agriculture

- U.S. Department of Agriculture, Federal Civilian Agencies' Aircraft Management.
  Report Number: 50050-4-At.
  Date Issued: August 1994.

Department of Commerce

- National Oceanic and Atmospheric Administration, Aircraft Operations Center Needs Management Attention.
  Report Number: ATL-5958-5-0001.
  Date Issued: March 1995.

Department of Energy

- Audit of Aircraft Management at the Nevada Operations Office.
  Report Number: CR-L-94-21.
  Date Issued: December 1993.

- Audit of Aircraft Management at the Albuquerque Operations Office.
  Report Number: CR-B-94-05
  Date Issued: September 1994.

- Audit of Aircraft Management at the Bonneville Power Administration.
  Report Number: CR-B-94-06.
  Date Issued: September 1994.

Department of the Interior

- Lease/Purchase of Aircraft for the Oregon State Office, Bureau of Land Management.
  Report Number: 94-I-476.
  Date Issued: March 1994.

- Use and Acquisition of Aircraft by the Department of the Interior.
  Report Number: 95-I-317.
  Date Issued: January 1995.

General Services Administration

- Audit of GSA's Aircraft Management Program.
  Report Number: A43005/O/W/F96019.
  Date Issued: March 1996.

Department of Justice

- The Federal Bureau of Investigation, Management of Aviation Operations.
  Report Number: 95-9
  Date Issued: December 1994.

- The U.S. Marshals Service, Management of Aviation Operations.
  Report Number: 95-17.
  Date Issued: March 1995.

- Audit of the Drug Enforcement Administration, Management of Aviation Operations.
  Report Number: 95-29.
  Date Issued: August 1995.

- Immigration and Naturalization Service, Border Patrol Management of Aviation Operations.
  Report Number: 96-20.
  Date Issued: August 1996.

National Aeronautics and Space Administration (NASA)

- NASA Aircraft Management, Langley Research Center.
  Report Number: LA-95-001.
  Date Issued: March 1995.

Department of State

- Bureau of International Narcotics Matters Air Wing.
  Report Number: 4-CI-013.
  Date Issued: February 1994.

Department of Transportation (DOT)

- Report on Accounting and Reporting DOT Aircraft Cost and Utilization, Office of the Secretary of Transportation
  Report Number: AS-OT-4-003.
  Date Issued: December 1993.

- Utilization of Administrative Aircraft, Federal Aviation Administration.
  Report Number: AS-FA-5-009.
  Date Issued: February 1995.

- Utilization of Administrative Aircraft, U.S. Coast Guard.
  Report Number: AS-CG-5-010.
  Date Issued: February 1995.

Department of the Treasury

- Bureau of Alcohol, Tobacco, and Firearms Aviation Program: Controls Need Improvement.
  Report Number: OIG-94-034.
  Date Issued: December 1993.

- PCIE Audit of Federal Civilian Agencies' Aircraft Management.
  Report Number: OIG-94-120.
  Date Issued: July 1994.

Tennessee Valley Authority (TVA)

- Review of Aviation Management.
  Report Number: 93-020P.
  Date Issued: September 1993.

AGENCIES' AIRCRAFT INVENTORIES AND COSTS REPORTED BY GSA FOR FISCAL YEARS 1992-1994						
Agency	Inventory			Costs (in millions)		
	FY 1992	FY 1993	FY 1994	FY 1992	FY 1993	FY 1994
Agriculture	328	338	371	$ 89.2	$ 60.0	$ 150.0
Commerce	15	15	18	5.3	8.6	6.3
Energy	47	44	37	37.0	33.1	33.3
Interior	106	105	106	51.0	45.9	58.0
Justice	320	311	339	92.7	76.8	85.8
NASA	127	127	136	8.7	9.2	7.9
State	63	63	76	25.9	52.3	23.1
Transportation	317	310	314	560.7	654.6	598.5
Treasury	146	160	179	141.3	137.6	114.4
TVA	7	10	10	1.1	1.0	.9
All Others	13	14	18	8.8	6.0	9.5
Interagency Transfers	-10	-12	-8	---	---	---
Total	1,479	1,485	1,596	$1,021.7	$1,085.2[2]	$1,087.7

[2] Difference in total due to rounding.

APPENDIX III

MATRIX OF MAJOR SHORTCOMINGS									
Agency	Aircraft Safety			Operational Efficiency			Systems and Reporting		
	A	B	C	D	E	F	G	H[3]	I
Agriculture			X	X	X	X	X	X	X
Commerce	X			X	X	X	X	X	X
Energy				X		X		X	
Interior				X	X	X		X	
Justice	X	X					X		X
NASA		X	X	X	X	X	X	X	X
State	X							X	
Transportation		X		X	X	X	X		X
Treasury	X	X		X		X	X	X	
TVA		X					X	X	X
Sub Totals[4]	4	5	2	7	5	7	7	8	6
Totals[5]	8			7			10		

Legend

AIRCRAFT SAFETY

A - OPERATIONS, MAINTENANCE, AND INSPECTION.
B - PILOT CERTIFICATES AND RATINGS.
C - ACCIDENT AND INCIDENT REPORTING.

OPERATIONAL EFFICIENCY

D - COST COMPARISONS AND ACQUISITIONS.
E - ADMINISTRATIVE USE.
F - CONTINUING NEEDS (UTILIZATION) AND DISPOSAL.

SYSTEMS AND REPORTING

G - PROPERTY RECORDS AND SYSTEMS.
H - FAMIS/FAA RECONCILIATIONS.
I - EXTERNAL DATA REPORTING.

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[3] The FAMIS/FAA reconciliations were performed primarily by GSA's OIG.
[4] Number of agencies that identified a shortcoming within a section category.
[5] Total number of agencies that identified at least one shortcoming within a section.

OFFICES OF INSPECTORS GENERAL POTENTIAL SAVINGS IDENTIFIED AS A RESULT OF THEIR REVIEWS[6] (Source: OIGs' Audit Reports)	
Agency	Potential Savings
Agriculture	$2,724,660
Commerce	$8,772,000
Energy	$14,893,000
Interior	$5,043,900
Justice	---
NASA	$18,150,000
State	---
Transportation	$6,629,617
Treasury	---
TVA	---
Total	$56,213,177

[6] Savings that OIGs determined could be realized if underutilized or excess aircraft were disposed of.

ABBREVIATIONS AND ACRONYMS

CFR	Code of Federal Regulations
DLMS	Demand Logistics Management System
DOT	Department of Transportation
FAA	Federal Aviation Administration
FAMIS	Federal Aviation Management Information System
FY	Fiscal Year
GAO	General Accounting Office
GSA	General Services Administration
ICAP	Interagency Committee for Aviation Policy
NASA	National Aeronautics and Space Administration
NTSB	National Transportation Safety Board
OIG	Office of Inspector General
OMB	Office of Management and Budget
PCIE	President's Council on Integrity and Efficiency
TVA	Tennessee Valley Authority

GLOSSARY

Agency Aircraft - an aircraft, excluding aircraft owned by the Armed Forces, which is: owned and operated by any executive agency or entity thereof; or exclusively leased, chartered, rented, bailed, contracted and operated by an executive agency.

Bailed Aircraft - any aircraft borrowed by a department or agency from the Department of Defense (DoD), state or local government, or other non-Federal entity.

Charter Aircraft - a one-time procurement for aviation resources and associated services.

Civil Aircraft - any aircraft other than a public aircraft. Civil aircraft include privately-owned aircraft and commercial aircraft, such as those used by small air taxis and scheduled airlines.

Commercial Activity - the process resulting in a product or service that is or could be obtained from a private sector source.

Commercial Source - any business or other concern that is eligible for contract award in accordance with Federal Acquisition Regulations.

Contract Aircraft - aircraft procured for an agency's exclusive use for a specified period of time in accordance with the requirements of the Federal Acquisition Regulations 48 CFR Chapter 1 or other applicable procurement regulations.

Federal Civilian Agencies - any nondefense executive agency or any establishment in the legislative or judicial branch of the Government (except the Senate, the House of Representatives, and the Architect of the Capitol).

Government Aircraft - any aircraft owned, leased, chartered or rented and operated by an executive agency.

Inherently Governmental Activity - an activity that is so intimately related to the public interest as to mandate performance by Federal employees. Activities that meet these criteria are not in competition with commercial sources, are not generally available from commercial sources and are, therefore, not subject to OMB Circular A-76 or its Supplement.

Interagency Transfers - aircraft owned by one Government agency which are being used by another Government agency.

Loaned Aircraft - an aircraft owned by a Department or independent office which is on loan to a state or other entity.

Military Aircraft - aircraft which are unique and peculiar to DoD and have limited commercial application.

Mission Requirements - activities that constitute the discharge of an agency's official responsibilities. Such activities include, but are not limited to, the transport of troops and/or equipment, training, evacuation, intelligence and counter-narcotics activities, search and rescue, transportation of prisoners, use of defense attache-controlled aircraft, aeronautical research and space and science applications, and other such activities. Mission requirements do not include official travel to give speeches, to attend conferences or meetings, or to make routine site visits.

Non-operational Aircraft - an owned, leased, or bailed aircraft that cannot be flown or operated by the owning or using agency for an extended period (six months or more).

Official Travel - (i) Travel to meet mission requirements, (ii) required use travel, and (iii) other travel for the conduct of agency business.

Operational Aircraft - an owned, leased, or bailed aircraft that is flown and operated or capable of being flown and operated by the owning or using agency.

Owned Aircraft - aircraft registered to a Department or an independent agency in conformity with the regulations of FAA (14 CFR Chapter 1, Part 47) or in conformity with appropriate military regulations.

Program Operating Costs - costs to operate in-house Government-owned aircraft, which include computed and real costs, and costs to obtain commercial aircraft and related services.

Public Aircraft - Aircraft used exclusively in the service of any Government or of any political subdivision thereof, including the Government of any State, Territory, or possession of the United States, or the District of Columbia, but not including any Government-owned aircraft engaged in carrying persons or property for commercial purposes." Under Public Law 103-411, agencies are required to comply with FAA certification, maintenance, and operational regulations applicable to civil aircraft operations when transporting passengers or property for commercial purposes.

Rental Aircraft - aviation resources or services procured through a standing ordering agreement which is a written instrument of understanding, negotiated between an agency, contracting activity, or contracting office and contractor that contains: terms and clauses applying to future contracts (orders) between parties during its term; a description, as specified as practicable, of supplies or services to be provided; and methods for pricing, issuing, and delivering future orders.

Required Use - Use of Government aircraft for the travel of an executive agency officer or employee, where the use of the Government aircraft is required because of bona fide communications or security needs of the agency or exceptional scheduling requirements.

Senior Federal Officials - Generally, these are persons employed by the White House and executive agencies, including independent agencies, at a rate of pay equal to or greater than the minimum rate of basic pay for the Senior Executive Service. Exempted from this definition, for purposes of OMB Circular A-126, are active duty military officers.

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Ranking Minority Leader United States Senate Subcommittee on Aviation	1
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Ranking Minority Leader United States Senate Committee on Governmental Affairs	1
Chairman United States Senate Subcommittee on Oversight of Government Management and the District of Columbia	1
Ranking Minority Leader United States Senate Subcommittee on Oversight of Government Management and the District of Columbia	1
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Associate Administrator for Governmentwide Policy (M)	3
Inspector General (J)	3
Assistant Inspector General for Auditing (JA, JAO, and JAS)	3
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Assistant Inspector General for Investigations (JI)	1
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