



REPORT ON LEASED VEHICLES

JANUARY 2002

02-04



Office of Audits



UNITED STATES GOVERNMENT PRINTING OFFICE
OFFICE OF INSPECTOR GENERAL

memorandum

DATE: January 18, 2002

REPLY TO

ATTN OF: Inspector General

SUBJECT: Report on Leased Vehicles

TO: Director, Office of Administrative Support
Director, Materials Management Services

The Office of Inspector General conducted a performance audit to evaluate the adequacy, efficiency, and effectiveness of the internal controls over the acquisition of motor vehicles under leasing and full maintenance agreements.

The audit identified several opportunities to improve controls over leased vehicles within GPO and to reduce overall costs of transportation. These three recommendations, when implemented, will improve and strengthen controls over motor vehicle acquisition and help improve the utilization of leased vehicles.

Mr. Joseph Verch and Mr. Rodney Dahl, Supervisory Auditors, and Mr. Michael Ober, Auditor-In-Charge, conducted this audit. Several other staff auditors who are no longer at GPO contributed to this effort.

We appreciate the cooperation and courtesies extended during the audit by the officials and staff of the Office of Administrative Support, Customer Services, Materials Management Services, Production Department, Printing Procurement Department, Superintendent of Documents, Office of Budget, and Office of Comptroller.


ROBERT G. ANDARY

REPORT ON LEASED VEHICLES
TABLE OF CONTENTS

RESULTS IN BRIEF	1
BACKGROUND	2
OBJECTIVE, SCOPE, AND METHODOLOGY	4
FINDINGS AND RECOMMENDATIONS	6
1. INSTRUCTION FOR A GPO MOTORPOOL OPERATION.....	6
2. PREVENTIVE MAINTENANCE	8
3. GPO IS PAYING TOO MUCH FOR EXISTING VEHICLE LEASES	10
APPENDIX I: COST OF PRESENT GPO VEHICLES PER GSA PRICES.....	12
APPENDIX II: OTHER MATTERS DISCUSSED WITH MANAGEMENT	21
APPENDIX III: MANAGEMENT COMMENTS.....	22

**U. S. Government Printing Office
Office of the Inspector General
Office of Audits**

**REPORT ON LEASED VEHICLES
RESULTS IN BRIEF**

From April 2000 through July 2001, the Government Printing Office's (GPO) Office of Inspector General (OIG) conducted a performance audit to evaluate the adequacy, efficiency, and effectiveness of controls over leasing vehicles.

The report contains three recommendations to improve controls over leased vehicles within GPO and to reduce overall costs of transportation. The three recommendations from OIG findings listed below will strengthen controls, maximize manpower efficiently and effectively, and achieve full or close to full utilization:

- GPO Instruction 810.33, *Implementation Plan to Establish a Government Printing Office Motorpool Operation for Motor Vehicle Equipment*, should be revised to conform to existing organizational conditions.
- General Services Administration (GSA) leases should be used whenever possible in order to reduce the overall vehicle maintenance and operating costs.
- Users of leased vehicles should be made aware of all of the terms of contracts, including the maintenance requirements, when the lease is initiated.

BACKGROUND

GPO issued GPO Instruction 810.26, *Motor Vehicle Management Program*, May 5, 1987, in response to a request of the Joint Committee on Printing for the GPO to centralize its policies and standards for operating the GPO motor fleet in accordance with the recommendations of the GPO's own internal study. GPO Instruction 810.26 established policies and standards for:

1. Minimum utilization of motor vehicles;
2. Performance of motor vehicle repairs and maintenance;
3. Acquisition and disposal of motor vehicles; and
4. Leasing versus purchasing of motor vehicles.

This Instruction stated that, "As a standard policy, GPO shall purchase and own all motor vehicles used in the conduct of Office business."

In April 1991, the (OIG) issued Audit Report Number 91-31, *Opportunities Exist for Improving the Management of GPO's Motor Vehicle Operations*. As a result of this report, GPO issued GPO Instruction 810.33, *Implementation Plan to Establish a Government Printing Office Motorpool Operation for Motor Vehicle Equipment*, December 8, 1994. This Instruction "...establishes a Government Printing Office (GPO) motor vehicle program that implements the Public Printer's policy of leasing new equipment acquisitions and assigns program responsibility under a single accountable authority."

In January 2000, the OIG completed an audit of the Garage Operations (Engineering Services), which performs all preventive maintenance and repairs to GPO vehicles. (*Report on Improving the Effectiveness and Efficiency of the Garage Operations, Report #01-02*) The audit identified certain risks of waste and mismanagement in the operation of GPO owned and leased vehicles. Some of these risks were that:

1. Vehicle use was insufficient to justify vehicle acquisition;
2. Maintenance and preventive maintenance provisions were inconsistent and the risk of preventative maintenance not being performed would be undetected; and,
3. Vehicles were not acquired at costs most beneficial to GPO.

While the conditions that identified these risks were discovered during the above audit, they were outside the scope of that audit, and led to the initiation of this audit.

GPO additionally must conform to the limitations stated in GPO's annual appropriation as it relates to leased vehicle acquisitions.

GSA provides vehicles to Government agencies on an as-needed basis. The vehicles come with a credit card to allow purchases of fuel and small maintenance items. If a vehicle needs additional maintenance the user will be told where to take the vehicle for that maintenance. GPO presently leases four vehicles from GSA.

OBJECTIVE, SCOPE, AND METHODOLOGY

The objective of this performance audit was to determine whether the controls over the acquisition, maintenance, and disposition of motor vehicles under the leasing and full maintenance agreements are efficient and effective.

We conducted the audit in the period April 2000 through July 2001 in accordance with generally accepted Government auditing standards, and included such tests of the procedures, operations, and internal controls in place as were considered necessary under the circumstances.

We reviewed Fiscal Year 2000 records of the following organizations that are responsible for maintaining applicable records and/or have motor vehicles assigned:

- Office of Administrative Support;
- Engineering Service;
- Materials Management Service;
- Customer Services;
- Office of Inspector General;
- Production Department;
- Printing Procurement Department;
- Superintendent of Documents; and
- Office of Comptroller.

We also reviewed:

- GPO Instruction 105.1B *Organization and Functions of the Government Printing Office* dated March 17, 1978, which identified general policy and procedures of Customer Services and other departments and offices within GPO;
- GPO Instruction 105.1B CH-24 Subject: *Change to GPO Instruction 105.1B, Organization and Functions of the Government Printing Office, dated June 20, 1997;*

- GPO Instruction 825.18A *Internal Control Program* dated May 28, 1997, which identified policy, standards, and responsibilities for conducting internal control reviews of GPO programs;
- GPO Instruction 810.26 *Motor Vehicle Management Program* dated May 5, 1987;
- GPO Instruction 810.33, *Implementation Plan to Establish Government Printing Office Motorpool Operation for Motor Vehicle Equipment*, dated December 8, 1994;
- GSA Bulletin FPMR G-203, *Aviation, Transportation, and Motor Vehicles*, dated September 28, 1999;
- Vehicle Mileage Report for FY 2000;
- Office of Comptroller Property Management Program, *Report of Motor Vehicle Mileage for FY 2000*; and,
- GPO Notice 105-119, *Organizational Changes*, dated January 14, 1998.

The audit team interviewed management officials and employees from the Offices of:

- Administrative Support;
- Engineering Service;
- Materials Management Service;
- Customer Services;
- Production Department;
- Printing Procurement Department;
- Superintendent of Documents;
- Comptroller; and,
- Budget.

FINDINGS AND RECOMMENDATIONS

1. INSTRUCTION FOR A GPO MOTORPOOL OPERATION

FINDING

GPO Instruction 810.33 *Implementation Plan to Establish a Government Printing Office Motorpool Operation for Motor Vehicle Equipment*, dated December 8, 1994, was never implemented. This Instruction was intended to correct the fragmented management of GPO's old motor vehicle fleet and consolidate the administration of all motor vehicle equipment under the Director, Office of Administration. The Office of Administration's Office of Support would have been the Motorpool Coordinator under a new policy that stated:

"All future GPO motor vehicle acquisitions shall be accomplished under leasing and full maintenance agreements. The existing fleet will be converted at whatever rate is the most cost advantageous to the GPO. Excessive maintenance and repair costs should be avoided through leases that allow immediate replacement of less than satisfactory motor vehicles."

However, since 1994, the Office of Administration has experienced the following organizational changes that have disrupted the implementation of the new Motorpool Operation:

- In 1995, by Change 10 to GPO Instruction 105.1B, the Office of Security and Support Services was reorganized and the Office of Administrative Support was created;
- In 1997, Change 24 to GPO Instruction 105.1B was submitted to the Public Printer, but not approved. That change would have transferred the operation of the GPO Motorpool to the Director, Administrative Support; and
- In 1998, GPO Notice 105-119 abolished the position of Director, Office of Administration.

As a result of the organizational changes, there is no single accountable authority within GPO charged with coordinating overall vehicle acquisition, requirements, usage and maintenance, contrary to Standard 2 of GPO Instruction 825.18A:

"Management controls developed for agency programs should be logical, applicable, reasonably complete, and effective and efficient in accomplishing management objectives."

As a result, motor vehicle management is not coordinated and falls under the responsibility of different organizations. Engineering is responsible for maintenance of owned vehicles, users are responsible for leased vehicles and no organization is responsible overseeing overall usage and planning.

In addition, the outdated GPO Instruction has also contributed to the Director, Materials Management Service, not being kept informed concerning GPO's overall lease requirements.

RECOMMENDATION

The Director, Administrative Support, should ensure that GPO Instruction 810.33, *Implementation Plan to Establish a Government Printing Office Motorpool Operation for Motor Vehicle Equipment* is revised to conform to existing organizational conditions (0204-01).

MANAGEMENT COMMENTS

The Director, Administrative Support, concurred with the finding and recommendation. See Appendix III, page 22.

2. PREVENTIVE MAINTENANCE

FINDING

An OIG review of the preventive maintenance performed on five of the 13 leased vehicles found that the maintenance was not always performed and maintenance records were not always retained, contrary to Standards 2 and 7 of GPO Instruction 825.18A:

“...Management controls must provide reasonable assurance and safeguards to protect assets against waste, loss, unauthorized use, and misappropriation.”
(Standard 2)

“...The documentation for transactions, management controls, and other significant events must be clear and readily available for examination.”
(Standard 7)

The maintenance agreements procured for the 13 GPO leased vehicles by MMS were not uniformly consistent, because the agreements were with either the General Services Administration (GSA) or commercial sources. While the 13 agreements specify that the lessor was responsible for the maintenance costs, the agreements were not always clear on who was responsible for ensuring that the preventive (routine) maintenance was performed:

- Four leases directed GPO to contact the lessor (GSA) monthly on the number of miles the vehicle had been driven. GSA would then inform GPO when and where to take the vehicles for the routine maintenance; and
- The remaining nine leases (commercial sources) left the scheduling of routine maintenance to the discretion of GPO.

It was found that the personnel responsible for the leased vehicles for one GPO organization were unable to provide a schedule of the manufacturer's recommended maintenance for three of five vehicles.

These conditions contributed to confusion on the part of vehicle users regarding maintenance requirements:

- One truck with 56,000 miles was serviced four times, while another truck with 54,000 miles was serviced five times;
- Two trucks had no record of ever having been serviced, and had 5,000 and 14,000 miles respectively; and
- A vehicle with a full-maintenance agreement had the GPO Garage perform routine maintenance.

RECOMMENDATION

The Director, Materials Management Service, should ensure that the users of leased vehicles are made aware of the maintenance agreements of the lease contracts and have the proper manufacturer's maintenance schedules (0204-02).

MANAGEMENT COMMENTS

The Director, Materials Management Service, concurred with the finding and recommendation. See Appendix III, page 23-24.

3. GPO IS PAYING TOO MUCH FOR EXISTING VEHICLE LEASES

FINDING

In FY 2000, the MMS Contracting Officer procured four of thirteen leased vehicles from more expensive commercial sources than GSA, contrary to Standard 2 of GPO Instruction 825.18A:

“Management controls must provide reasonable assurance and safeguards to protect assets against waste, loss, unauthorized use, and misappropriation.”

For example, one GPO organization leased five vehicles from a commercial source for an average cost of \$55,740. The GSA estimate for these same vehicles would total \$23,135 or a savings of \$32,605 or 58 percent. In addition, the GSA lease also included fuel that was an additional cost with the commercial lease.

The GSA lease also provides greater flexibility as the needs of vehicle users change. Commercial leases can be modified or cancelled but the process is more complicated than with GSA leases.

GPO pays a premium for commercial short term leases compared to GSA leases which can last for as long as ten years on trucks. Most of GPO's commercial leases allow up to 20,000 miles annually before additional mileage charges are added. These leases are designed to recover costs during the life of the lease and do not consider the fact that GPO does not put a lot of miles on most vehicles (See Appendix I).

A 1995 study conducted by GPO's Engineering Service showed that the costs per year to lease all vehicles that could be leased from GSA would be \$308,206. Based on prices and mileage from FY 2000, the estimated cost for the same vehicles today would be \$336,339. This represents a 9 percent increase in a 5-year period that is in line with GSA increases of approximately 2 percent per year. This estimate is for comparison purposes and does not reflect the fact that GPO currently has fewer vehicles in use than the 1995 study estimated so the actual present cost would be considerably less. The GSA costs also include all repair costs, all fuel, and preventive maintenance.

Since GPO has fewer vehicles than at the time of the 1995 study, the estimated total cost to replace all GPO vehicles with GSA leased vehicles would now be approximately \$237,000 annually. (See Appendix I). When the savings in fuel costs, maintenance, and spare parts inventory are considered, this seems like a reasonable alternative to purchasing or leasing from commercial sources. This cost is exclusive of cost saving policies that could be implemented by a Motorpool Coordinator.

By comparison, GPO presently spends approximately \$106,000 annually for depreciation of motor vehicles, and pays salaries and benefits to garage workers of about \$222,000. The annual gasoline cost is approximately \$25,750. This does not include gasoline purchased on credit cards or diesel fuel (which is purchased only on credit cards). Other expenses such as parts, tires, oil, and overhead expenses are not included in this estimate. The present total GPO-owned vehicle expense is thus in excess of \$353,750. The cost to GPO of leasing vehicles including four GSA leases is approximately \$84,000 annually for a total vehicle cost of \$437,750. If these vehicles were all leased through GSA, GPO would save at least \$200,750 per year.

RECOMMENDATIONS

The Director, Materials Management Service, should ensure that future leased vehicles are procured through the General Services Administration whenever possible in order to reduce the overall vehicle maintenance and operating costs of a GPO Motorpool (0204-03).

MANAGEMENT COMMENTS

The Director, Materials Management Service, concurred with the finding and recommendation. See Appendix III, page 23-24.

COST OF PRESENT GPO VEHICLES PER GSA PRICES

Cost Code 050

No.	Vehicle No.	Vehicle Type	Equip Code	Monthly Fixed Rate	Monthly Variable Rate	Actual Annual Miles	Annual Fixed Cost	Annual Variable Cost	Total
1	9414	Sedan	1100	\$246.00	0.120	7594	\$2,952.00	\$911.28	\$3,863.28
2	8351	Sedan	1100	\$246.00	0.120	7982	\$2,952.00	\$957.84	\$3,909.84
	Total						\$5,904.00	\$1,869.12	\$7,773.12

COST OF PRESENT GPO VEHICLES PER GSA PRICES

Cost Code 0502

No.	Vehicle No.	Vehicle Type	Equip Code	Monthly Fixed Rate	Monthly Variable Rate	Actual Annual Miles	Annual Fixed Cost	Annual Variable Cost	Total
1	8342	Chevrolet	1125	\$290.00	0.130	4,606	\$3,480.00	\$598.78	\$4,078.78
2	8350	Chevrolet	1125	\$290.00	0.130	6,862	\$3,480.00	\$892.06	\$4,372.06
3	9272	Chevrolet	1125	\$290.00	0.130	4,768	\$3,480.00	\$619.84	\$4,099.84
4	2949	Chevrolet	1125	\$290.00	0.130	925	\$3,480.00	\$120.25	\$3,600.25
5	6132	Chevrolet	1125	\$290.00	0.130	324	\$3,480.00	\$42.12	\$3,522.12
	Total						\$17,400.0	\$2,273.05	\$19,673.05

COST OF PRESENT GPO VEHICLES PER GSA PRICES

Cost Code 1136

No.	Vehicle No.	Vehicle Type	Equip Code	Monthly Fixed Rate	Monthly Variable Rate	Actual Annual Miles	Annual Fixed Cost	Annual Variable Cost	Total
1	4242	Auto	1200	\$165.00	0.100	4,178	\$1,980.00	\$417.80	\$2,397.80
2	4240	Auto-Alero	1100	\$246.00	0.120	3,211	\$2,952.00	\$385.32	\$3,337.32
	Total						\$4,932.00	\$803.12	\$5,735.12

COST OF PRESENT GPO VEHICLES PER GSA PRICES

Cost Codes 3300 & 3400

No.	Vehicle No.	Vehicle Type	Equip Code	Monthly Fixed Rate	Monthly Variable Rate	Actual Annual Miles	Annual Fixed Cost	Annual Variable Cost	Total
1	6110	Pick-Up	4142	\$195.00	0.150	1,170	\$2,340.00	\$175.50	\$2,515.50
2	6992	Pick-Up	4150	\$185.00	0.125	5,054	\$2,220.00	\$631.75	\$2,851.75
3	6996	Pick-Up	4250	\$193.00	0.150	389	\$2,316.00	\$58.35	\$2,374.35
4	3900	Pick-Up	4350	\$227.00	0.155	462	\$2,724.00	\$71.61	\$2,795.61
5	6991	Crew Cab	4352	\$246.00	0.155	7,579	\$2,952.00	\$1,174.75	\$4,126.75
6	8493	S&P Truck	8011	\$359.00	0.650	2,333	\$4,308.00	\$1,516.45	\$5,824.45
7	2530	Dump Truck	8051	\$439.00	0.725	198	\$5,268.00	\$143.55	\$5,411.55
8	1314	Packer	(no support)			812			
	Total						\$22,128.00	\$3,771.96	\$25,899.96

Appendix I

COST OF PRESENT GPO VEHICLES PER GSA PRICES

Cost Code 4310

No.	Vehicle No.	Vehicle Type	Equip Code	Monthly Fixed Rate	Monthly Variable Rate	Actual Annual Miles	Annual Fixed Cost	Annual Variable Cost	Total
1	6212	Mini-van	4100	\$195.00	0.130	7,558	\$2,340.00	\$982.54	\$3,322.54
2	8448	Mini-van	4100	\$195.00	0.130	3,921	\$2,340.00	\$509.73	\$2,849.73
3	6863	Mini-van	4100	\$195.00	0.130	4,969	\$2,340.00	\$645.97	\$2,985.97
4	6214	Mini-van	4100	\$195.00	0.130	4,538	\$2,340.00	\$589.94	\$2,929.94
5	4043	Mini-van	4100	\$195.00	0.130	6,097	\$2,340.00	\$792.61	\$3,132.61
6	6864	Mini-van	4100	\$195.00	0.130	4,884	\$2,340.00	\$634.92	\$2,974.92
7	8447	Cargo-Van	4210	\$212.00	0.145	3,362	\$2,544.00	\$487.49	\$3,031.49
8	3990	Cargo-Van	4210	\$212.00	0.145	3,409	\$2,544.00	\$494.31	\$3,038.31
9	8799	Cargo-Van	4210	\$212.00	0.145	0	\$2,544.00	\$0.00	\$2,544.00
10	3881	Cargo-Van	4210	\$212.00	0.145	1,269	\$2,544.00	\$184.01	\$2,728.01
11	4241	Sedan	1100	\$246.00	0.120	5,939	\$2,952.00	\$712.68	\$3,664.68
	Total						\$27,168.00	\$6,034.19	\$33,202.19

COST OF PRESENT GPO VEHICLES PER GSA PRICES

Cost Code 4520

No.	Vehicle No.	Vehicle Type	Equip Code	Monthly Fixed Rate	Monthly Variable Rate	Actual Annual Miles	Annual Fixed Cost	Annual Variable Cost	Total
1	8871	Truck	6110				\$0.00	\$0.00	\$0.00
2	8524	Cargo Van	7410				\$0.00	\$0.00	\$0.00
3	4202	Truck	6110	\$215.00	0.135	6,822	\$2,580.00	\$920.97	\$3,500.97
4	4150	Truck	6110	\$215.00	0.135	8,096	\$2,580.00	\$1,092.96	\$3,672.96
5	3963	6 ton Truck	8001	\$368.00	0.650	192	\$4,416.00	\$124.80	\$4,540.80
6	8491	6 ton Truck	8000	\$348.00	0.620	0	\$4,176.00	\$0.00	\$4,176.00
7	3964	6 ton Truck	8001	\$368.00	0.650	597	\$4,416.00	\$388.05	\$4,804.05
8	5047	Cargo Van	8001	\$368.00	0.650	5,149	\$4,416.00	\$3,346.85	\$7,762.85
9	6987	Cargo Van	8001	\$368.00	0.650	10,900	\$4,416.00	\$7,085.00	\$11,501.00
10	4253	Truck	6110	\$215.00	0.135	11,731	\$2,580.00	\$1,583.69	\$4,163.69
11	7845	Van	4366	\$282.00	0.190	3,761	\$3,384.00	\$714.59	\$4,098.59
12	4658	Cargo Van	8001	\$368.00	0.650	12,067	\$4,416.00	\$7,843.55	\$12,259.55
13	8446	Panel	4110	\$193.00	0.130	6,072	\$2,316.00	\$789.36	\$3,105.36
14	6988	Cargo Van	8001	\$368.00	0.650	9,840	\$4,416.00	\$6,396.00	\$10,812.00
15	4663	Van	4366	\$282.00	0.190	2,561	\$3,384.00	\$486.59	\$3,870.59
16	8445	Panel	4210	\$212.00	0.150	6,742	\$2,544.00	\$1,011.30	\$3,555.30
17	9034	Panel	4210	\$212.00	0.150	2,113	\$2,544.00	\$316.95	\$2,860.95
18	5048	Cargo Van	8001	\$368.00	0.650	6,178	\$4,416.00	\$4,015.70	\$8,431.70
19	8455	Cargo Van	8001	\$368.00	0.650	3,996	\$4,416.00	\$2,597.40	\$7,013.40
20	6862	Van	4110	\$193.00	0.130	3,356	\$2,316.00	\$436.28	\$2,752.28
21	7790	Panel	4310	\$240.00	0.150	4,649	\$2,880.00	\$697.35	\$3,577.35
22	7792	Panel	4310	\$240.00	0.150	2,571	\$2,880.00	\$385.65	\$3,265.65
	Total						\$69,492.00	\$40,233.04	\$109,725.04

COST OF PRESENT GPO VEHICLES PER GSA PRICES

Cost Code 9334

No.	Vehicle No.	Vehicle Type	Equip Code	Monthly Fixed Rate	Monthly Variable Rate	Actual Annual Miles	Annual Fixed Cost	Annual Variable Cost	Total
1	8258	Cargo Van	4210	\$212.00	0.145	16,570	\$2,544.00	\$2,402.65	\$4,946.65
2	8264	Passen Van	4100	\$195.00	0.130	15,072	\$2,340.00	\$1,959.36	\$4,299.36
3	8298	2 ton Truck	4365	\$282.00	0.185	322	\$3,384.00	\$59.57	\$3,443.57
4	8299	2 ton Truck	4365	\$282.00	0.185	2,544	\$3,384.00	\$470.64	\$3,854.64
5	8307	4 ton Truck	8001	\$368.00	0.650	3,346	\$4,416.00	\$2,174.90	\$6,590.90
	Total						\$16,068.00	\$7,067.12	\$23,135.12

COST OF PRESENT GPO VEHICLES PER GSA PRICES

Multi-Cost Code

No.	Cost Code	Vehicle No.	Vehicle Type	Equip Code	Monthly Fixed Rate	Monthly Variable Rate	Actual Annual Miles	Annual Fixed Cost	Annual Variable Cost	Total
1	0001	3311	Sedan	1100	\$246.00	0.120	1,005	\$2,952.00	\$120.60	\$3,072.60
2	8200	3719	Truck-3500	4115	\$201.00	0.130	9,155	\$2,412.00	\$1,119.15	\$3,602.15
3	9421	6421	Van	4366	\$282.00	0.190	8,426	\$3,384.00	\$1600.94	\$4,984.94
	Total							\$8,748.00	\$2,911.69	\$11,659.69

COST OF PRESENT GPO VEHICLES PER GSA PRICES

Cost Code	Total
0050	\$7,773.12
0502	\$19,673.05
1136	\$5,735.12
3300 &3400	\$25,899.96
4310	\$33,202.19
4520	\$109,725.04
9334	\$23,135.12
Multi – Cost Code	\$11,659.69
Total	\$236,803.29

OTHER MATTERS DISCUSSED WITH MANAGEMENT

GPO Instruction 810.33 establishes overall control of all GPO vehicles leased and owned. Section 7. b. of this instruction states:

“The Director of Engineering will establish a centralized motorpool operation to control the maintenance and use of motor vehicles. Specific responsibilities include:

- (1) performing routine maintenance and service on all motor vehicles according to a prescribed schedule, with major servicing and repairs on leased vehicles being accomplished through other means...”

This statement is contrary to earlier requirements that all vehicles be acquired with full maintenance agreements.

Memorandum

APPENDIX III

DATE: November 20, 2001

REPLY TO

ATTN OF: Director, Office of Administrative Support

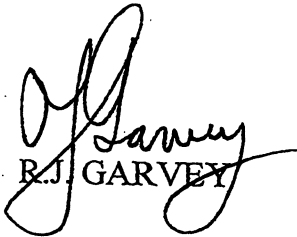
SUBJECT: Draft Audit Report – Leased Vehicles

TO: Inspector General

We reviewed the findings and recommendations contained in the draft report on the review of the Government Printing Office (GPO) leased vehicles and concur in your finding that GPO Instruction 810.33, *Implementation Plan to Establish a Government Printing Office Motorpool Operation for Motor Vehicle Equipment* should be revised.

GPO Instruction 810.33, issued on December 8, 1994, does not conform to the current GPO organizational structure. As staffing allows, the Office of Administrative Support will revise the Instruction to conform to current conditions.

Thank you for the opportunity to comment. If you wish to discuss this further, please contact me on 20784.


R.J. GARVEY

memorandum

APPENDIX III

DATE: November 16, 2001

REPLY TO
ATTN OF: Director, Materials Management Service

SUBJECT: Report on Leased Vehicles

TO: Assistant Inspector General for Audits

Your draft report on leased vehicles has been reviewed and your recommendations that pertain to Materials Management Service appear reasonable. No effort has been made, nor seems warranted, to verify the findings.

Your recommendation for "Preventive Maintenance" is that the "Director, Materials Management Service, should ensure that the users of leased vehicles are made aware of the maintenance agreements for the lease contracts and have the proper manufacturer's maintenance schedules."

As a result, Materials Management Service's General Procurement Division, which contracts for leased vehicles, has instructed their Contracting Officers to include a clause that states: "The Contractor is to provide 3 copies of the maintenance schedule, with the location of where the maintenance is to be performed, time of delivery and marked to the attention of the Contracting Officer."

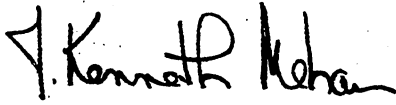
The Contracting Officers were instructed to forward a copy of all maintenance agreements and a copy of the contract/purchase order to the requesting activity and the ordering department. In addition, any schedules for maintenance of the vehicle will be distributed to the ordering department and to the Garage and one copy will be maintained in the file jacket.

The recommendation for the third issue is that the "Director, Materials Management Service, should ensure that future leased vehicles are procured through the General Service Administration whenever possible in order to reduce the overall vehicle maintenance and operating costs of a GPO Motorpool." This is acceptable.

The findings have been reviewed but no attempt has been made to verify the detailed records on individual vehicles or estimated costs from a study that was conducted in 1995 or extrapolate this data to today's situation.

Regardless, as we do currently lease some vehicles from the General Services Administration, it is agreed that future leased vehicles will be procured through the General Services Administration whenever possible in order to reduce the overall vehicle maintenance and operating cost of GPO Motorpool.

It was a pleasure working with Mr. Rodney Dahl, Supervisory Auditor, and Mr. Michael Ober. Let me know if there is anything further required at this time to complete your report on leased vehicles.

A handwritten signature in black ink, appearing to read "J. Kenneth Mehan". The signature is written in a cursive style with a large initial "J" and "M".

J. KENNETH MEHAN

